Presented to Parliament pursuant to Section 21(1) of the National Loans Act 1968

Consolidated Fund Account 2009-2010

LONDON: The Stationery Office
HC 406 £9.75

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on behalf of Parliament.

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Foreword

1 The Consolidated Fund (CF) was first set up in 1787 as 'one fund into which shall flow every stream of public revenue and from which shall come the supply for every service'. The basis of the financial mechanism by which the CF is operated is governed by the Exchequer and Audit Departments Act 1866.

2 In order to separate government revenue and expenditure on the one hand and government borrowing and lending on the other, the National Loans Fund (NLF) was established on 1 April 1968 by the National Loans Act 1968 to account for government borrowing and lending, which were until then accounted for within the CF. The accounts for the CF and NLF are now published separately.

3 Both the CF and NLF are administered by the Treasury, with the bank accounts maintained at the Bank of England. The CF can therefore be regarded as central government's current account, whereas the NLF can be regarded as central government's main borrowing and lending account. By virtue of section 19(1) of the National Loans Act 1968, the net liabilities of the NLF are a liability of the CF.

Scope of the Consolidated Fund Account

4 The CF receives the proceeds of taxation and certain other government receipts, makes issues to finance Supply Services, meets the Standing Services directly charged by Statute, and reimburses the NLF for net interest costs. The CF finishes every day with a nil balance on its bank account because any surpluses or deficits are offset by transfers to or from the NLF.

5 The receipts of the CF mainly consist of

- tax revenues such as those collected by Her Majesty's Revenue and Customs (HMRC);
- other receipts paid over by departments known as Consolidated Fund Extra Receipts (CFERs);
- repayments from the Contingencies Fund; and
- balancing payments from the NLF when daily payments by the CF exceed its receipts.

6 The payments from the CF are mainly for

- Supply Services, which are payments issued to Government departments to finance their expenditure. These are approved annually by Parliament in a vote on the spending Estimates submitted to it by the Government. The departments then use the cash for the purposes approved by Parliament;
- Standing Services, which are charges exempt from any need to be voted annually by Parliament because it has, by statute, permanently authorised the payments. These include, for example, the salaries of members of the judiciary, expenses of holding general elections, United Kingdom contributions to the budget of the European Communities and for financial assistance payments (see below);
- Standing Service payments for Political and Public salaries and pensions include Speakers, Opposition Leaders, Whips and the offices of high ranking officials, which include the Comptroller and Auditor General, Parliamentary Ombudsman and Information Commissioner;
- Issues to the Contingencies Fund; and
- Balancing payments to the NLF when daily receipts into the CF exceed its payments.

The National Audit Office (NAO) bears the cost of all external audit work performed on the Consolidated Fund.

Standing service for Financial Assistance

7 During 2008-2009 the Banking Act 2009 was passed by Parliament and a new power was given to the Consolidated Fund as part of the Treasury support for banks legislated in the Act. The Treasury can make a payment in respect of providing financial assistance to or in respect of a bank or other financial institution directly from the Consolidated Fund if the Treasury is satisfied that the need for expenditure is too urgent to permit arrangements to be made for the provision of money by Parliament, although Parliament must be informed as soon as is reasonably practicable. During the year no payments were issued (2008-2009, £1.6 billion was paid from the Consolidated Fund to HM Treasury in connection with providing financial assistance to the Dunfermline Building Society). This payment was brought to account in HM Treasury's resource accounts as non-voted capital expenditure. Details of HM Treasury's activity on this and other financial sector interventions can be found on its website at www.hm-treasury.gov.uk and in its 2008-2009 and 2009-2010 Annual Report and Resource Accounts.

Outturn

8 The outturn for the year shows payments and receipts of £549.6 billion (2008-2009 – £560.3 billion), including £195.6 billion (2008-2009 – £165.5 billion) from the NLF to cover what would have been the deficit for the year.

9 Advances to HMRC to cover daily revenue shortfalls as described in note 2, and transactions with the Contingencies Fund, artificially inflate both receipts and payments. After adjusting for these, and transfers to and from the NLF, total underlying receipts decreased by 7% from £371.3 billion to £344.0 billion and underlying payments also decreased by 2% from £515.8 billion to £504.4 billion. This caused underlying net payments to rise from £144.5 billion to £160.4 billion. In addition, the payments made by the CF to meet the NLF's net interest payments increased from £21.0 billion to £35.2 billion. As a result, the net deficit on the CF, which was financed by transfers from the NLF, increased from £165.5 billion to £195.6 billion, an increase of £30.1 billion.

Receipts

10 The increase in the deficit of £30.1 billion was largely the result of a decrease in tax receipts paid to the Consolidated Fund of £33 billion.

11 Miscellaneous receipts increased by £2.9 billion principally because of £4.1 billion higher Consolidated Fund Extra Receipts (CFERs). The increase in CFERs is predominantly due to an increase in the Treasury's receipts paid to the Consolidated Fund to £11.8 billion (2008-2009 £6.3 billion) which has been generated from interventions in the financial sector. Further information on these interventions can be found in the Treasury's resource accounts. However, this increase has been partly offset by a reduction in other departments' CFERs received in 2009-2010 by £1.5 billion.

Payments

12 Supply payments to government departments fell in 2009-2010, and is mostly due to a fall in Supply payments to HM Treasury, which decreased by £43.5 billion in 2009-2010. This was due to a number of financial sector interventions in 2008-2009 including the Government's investments in Royal Bank of Scotland and the Lloyds Banking Group and support provided in respect of Bradford & Bingley, Northern Rock and other financial institutions. In 2009-2010, further financial sector interventions took place including HM Treasury acquiring shares in RBS and Lloyds bank, and the split of Northern Rock into Northern Rock plc and Northern Rock (Asset Management) plc. Further details of how HM Treasury used the cash issued to it from the CF can be found at the references in paragraph 7.

13 The fall in Supply payments to HM Treasury has been partly offset by other government departments' Supply payments generally increasing. Significant year-on-year increases in Supply issued to government departments include £8.8 billion for the Department of Health, £8.5 billion for the Department of Work and Pensions, £5.3 billion for the Department for Children Schools and Families and £2.9 billion for the Ministry of Justice. Further details of how Supply has been spent can be found in each of the departmental resource accounts.

14 Payments to the NLF for net interest payments are £14.3 billion higher in 2009-2010 compared with 2008-2009, reflecting a significant increase in gilts issued by the NLF.

Preparation of the Account

15 The Account is prepared under section 21(1) of the National Loans Act 1968. The Act requires the Treasury to prepare an account for the CF for each financial year in such form and containing such information as the Treasury considers appropriate.

16 The CF Account remains on a cash basis, as an account of payments and receipts. Notes to the Account provide detail on receipts and Standing Service payments. Certain transactions, balances and contingent liabilities, borne directly by the CF, cannot be brought to account in other statutory accounts and are disclosed more appropriately in notes accompanying the CF Account. These items include liabilities in respect of pensions paid directly from the CF, coinage issued and redeemed, the UK's capital subscription to the European Investment Bank, the Public Dividend Capital (PDC) of the Land Registry and some contingent liabilities. This additional information is disclosed on an accruals basis in Notes 7-14 to the CF Account to assist preparation of Whole of Government Accounts.

17 There is no direct read-across between the accruals-based Notes 7-14 and the cash-based CF receipts and payments account.

Audit

18 As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Consolidated Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Consolidated Fund's auditors are unaware.

19 The Account is audited by the Comptroller and Auditor General under the requirements of the National Loans Act 1968.

Nicholas Macpherson 16 July 2010
Accounting Officer
HM Treasury

Statement of Accounting Officer's responsibilities

Under section 21(1) of the National Loans Act 1968 the Treasury is required to prepare an account relating to the Consolidated Fund for each financial year in such form and containing such information as the Treasury considers appropriate.

The Consolidated Fund Account is prepared on a cash basis and must properly present the receipts and payments for the financial year. As explained in paragraph 16 of the Foreword, Notes 7-14 accompanying the Account disclose certain information relating to the Consolidated Fund on an accruals basis, to assist preparation of Whole of Government Accounts.

The Treasury has appointed Nicholas Macpherson, its Permanent Secretary, as Accounting Officer for the Fund, with overall responsibility for its operation, for preparing the annual account and for submitting it to the Comptroller and Auditor General for audit.

In preparing the Account the Accounting Officer is required to observe the relevant accounting and disclosure requirements in so far as they are relevant to the Account, and apply suitable accounting policies on a consistent basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in 'Managing Public Money'.

Statement on Internal Control

Scope of responsibility

As Accounting Officer for the Consolidated Fund, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Fund's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 'Managing Public Money'. I am also obliged to conduct a review of the effectiveness of the system of internal control. This review covers all controls, including financial, operational and compliance controls and risk management. The Consolidated Fund is managed generally within the framework of the Treasury's system of internal control. This framework includes resourcing the administration of the Consolidated Fund, security, and the management of risks across the Treasury's business. In addition, there are further controls that are specific to the management of the Consolidated Fund, as detailed below.

The Consolidated Fund is managed by the Treasury Accountant and his managers within the Exchequer Funds and Accounts (EFA) Team of HM Treasury.

The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them, rather than eliminate all risk. 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 Consolidated Fund's policies, aims, and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 March 2010 and up to the date of approval of the financial statements, and accords with Treasury guidance.

Capacity to handle risk

EFA is managed within HM Treasury's risk management framework, which is explained in HMT's Annual Report and Accounts. The Treasury Accountant has overall responsibility on a day-to-day basis for risk management within EFA, and for ensuring that my financial, regularity and propriety responsibilities as Accounting Officer of the Consolidated Fund are discharged appropriately. He is supported by EFA management who are responsible for ensuring that the operations in their area are compliant with plans, policies, procedures and legislation. EFA management ensure that staff working on the Consolidated Fund are trained and equipped to manage risk in a way appropriate to their authority and duties. Training on risk management is provided as required, either by management or by attending appropriate courses. Guidance on risk management is available to all staff on the intranet and individuals' objectives reflect the need to manage risks. Business continuity resilience is regularly tested locally and with business partners, and lessons learned feed into improved business continuity processes.

The risk and control framework

Risk management is key to all processes within EFA, including business continuity resilience planning for those public funds for which EFA is responsible. The risk management strategy includes periodic horizon scanning to identify any changes in risk exposure, to evaluate the change and to identify appropriate mitigating actions. Significant risk issues are recorded in a risk register and are assessed by likelihood and impact. A risk owner, who is responsible for managing risk, is assigned to each risk. The risk register is regularly reviewed by EFA management.

There have been no significant changes in the risk or control environment during the year.

The key risks in managing the Consolidated Fund are

- irregularity of transactions, including fraudulent or erroneous payments;
- incorrect accounting;

- failure of IT systems;
- failure to provide an effective service in adverse circumstances, including disaster situations;
- failure of principal counterparties to provide agreed services; and
- loss of personal data.

EFA has various controls in place for managing the risks associated with the Consolidated Fund. Clear separation of duties is enforced by appropriate user permissions within the Accounting System and payment approval panels. Up-to-date policy and procedures manuals including job instructions are readily accessible to all operational staff. Payment instructions are computer-generated and are derived from underlying transaction records. This minimises the risk of keying errors. In addition, application controls exist within the IT system used to manage financial transactions and account for receipts and payments on the Fund. Supply issued to departments to finance expenditure is approved annually by Parliament through the annual Appropriation Acts. EFA input these limits onto the IT system, which ensure these limits are adhered to. There is also a clear and comprehensive audit trail in the IT system, to which the National Audit Office Exchequer Section has real-time access. Well-developed Service Level Agreements for the provision of services from all principal counterparties are in place. They cover details of the monitoring and control arrangements that both parties are expected to observe. Data and information risk are managed in accordance with HMT's policies which involve a range of controls to prevent unauthorised disclosures. These include encryption, and physical and IT security. EFA's own Data Handling Policy identifies risks specific to EFA. This policy is reviewed on a six-monthly basis or as required. Monthly management accounts for the Fund are also produced and reviewed by the Treasury Accountant, and are provided to me.

Separately, under the Exchequer and Audit Department Act 1866, the Comptroller and Auditor General, through the National Audit Office Exchequer Section, authorises Consolidated Fund payments in advance and reconciles Fund transactions on a daily basis.

A number of controls exist in respect of business continuity. To ensure operational resilience in key areas in the event of a business continuity situation, staff within EFA are trained to provide cover for times when other staff members are absent. Measures are in place to facilitate the National Audit Office's normal payments approval process in the event of disruption to enable the essential payments business to continue. The risks that impact upon EFA's key stakeholders are managed by their involvement in business continuity planning and testing. Business continuity arrangements are regularly reviewed and tested within the framework of the Treasury's corporate Business Continuity Plan facilities. The Consolidated Fund's operations were not affected by the severe winter weather.

During the year, audit committee arrangements for the HM Treasury group were revised. Responsibility for supporting me as Accounting Officer in matters relating to governance, internal control and risk management processes lay with the Exchequer Funds Audit Committee until 31 December 2009 and with the Treasury Audit Committee from 1 January 2010.

The membership of the Exchequer Funds Audit Committee during the period was

- Colin Price, Committee Chair, non-executive Director of the UK Debt Management Office Managing Board and formerly Global Pension Fund Adviser/Finance Director at Shell Pensions Management Services Limited;
- Brian Larkman, non-executive Director of the UK Debt Management Office Managing Board and formerly Global Head of Money Markets at the Royal Bank of Scotland plc; and
- Mark Clarke, formerly Director General (Finance and Strategy) at the Department for Business, Enterprise and Regulatory Reform.

The Exchequer Funds Audit Committee met three times during 2009-2010.

From 1 January 2010, the Treasury Audit Committee has been tasked with supporting the Permanent Secretary and the Treasury Additional Accounting Officers in their responsibilities for managing risk, internal control and governance related to the

- Treasury Group's Resource Account;
- Consolidated Fund;
- Contingencies Fund;
- National Loans Fund; and
- Exchange Equalisation Account.

The Permanent Secretary appoints members of the Committee for periods of up to three years, extendable by no more than one additional three-year period. The Chair of the Committee, Michael O'Higgins, reports directly to the Permanent Secretary.

The membership of the Treasury Audit Committee since 1 January 2010 is

- Michael O'Higgins, Committee Chair, independent member of the Treasury Board;
- Michael Ashley, Head of Quality and Risk Management for KPMG Europe LLP and member of their Board;
- Zenna Atkins, Chairman of Ofsted; Executive Director of Social Solutions Limited, independent member of the Royal Navy Board and Chair of their Audit Committee, Chairman of Places for People Group Limited and independent member of the South East of England Development Agency;
- Janet Baker; Non-executive Director, Healthcare Purchasing Consortium and formerly a Senior Partner at PA Consulting;
- Brad Fried, Managing Partner, Grovepoint Capital LLP, Non-executive Director of the Group Board of Investec Bank plc and formerly Chief Executive Officer of Investec plc[1]; and
- Avinash Persaud, Emeritus Professor of Gresham College, Chairman, Intelligence Capital Limited, Chairman of the Warwick Commission on Financial Reform and Member of the UN Commission on International Financial Reform.

The Treasury Audit Committee has a robust Conflicts of Interest Policy, which requires members to excuse themselves from discussions where potential conflicts may occur. Members are required to inform the Permanent Secretary about any potential conflicts and highlight these at the start of each meeting as appropriate.

In addition to the independent members, the appropriate Accounting Officers, HM Treasury's Group Director of Finance, the Chief Executives of the Office of Government Commerce and the UK Debt Management Office, and the Treasury Accountant attend Committee meetings as required. Before each meeting members have the opportunity for a pre-committee discussion with the National Audit Office, Group Head of Internal Audit and Head of Internal Audit for the Exchequer Funds.

The Treasury Audit Committee met twice between 1 January and 31 March.

An annual risk-based internal audit programme is performed by Exchequer Funds Internal Audit. The programme is agreed with the Treasury Accountant in advance. The work programme always includes a review of the receipts and payments process within EFA, due to the perceived level of risk. The Audit Committee reviews the risk-based work programme and is kept informed of progress and amendments.

The external audit function is provided by the Comptroller and Auditor General and the National Audit Office attend all Audit Committee meetings.

1 Brad Fried stepped down as Chief Executive Officer of Investec plc in February 2010 and became a Non-executive Director of the Group Board of Investec plc in April 2010.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of Exchequer Funds Internal Audit who provided positive assurance as to the management and control of the CF in 2009-2010 and the executive managers within EFA who have responsibility for the development and maintenance of the internal control framework, as well as comments made by external auditors in their management letter and other reports. I have been supported by the Exchequer Funds Audit Committee and latterly the Treasury Audit Committee, and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place.

The Treasury Audit Committee considered the 2009-2010 accounts in draft and provided me with its views before I formally signed the accounts. In my opinion, the system of internal control was effective with no significant control issues identified in 2009-2010.

Nicholas Macpherson 16 July 2010
Accounting Officer
HM Treasury

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Consolidated Fund for the year ended 31 March 2010 under the National Loans Act 1968. These comprise the Receipts and Payments Account and supporting notes one to six, and the accruals based disclosures in Notes 7 to 14. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the National Loans Act 1968 and in the form prescribed by HM Treasury. My responsibility is to audit the financial statements in accordance with applicable law and 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 Consolidated Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments 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 receipts and payments 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, which comprise the Receipts and Payments Account and supporting Notes 1 to 6, properly present, in accordance with the National Loans Act 1968 and in a form prescribed by HM Treasury, the receipts and payments of the Consolidated Fund for the year then ended; and
- the information contained within Notes 7 to 14, in relation to certain statutory pension arrangements, coinage issued and redeemed, non-current investments and contingent liabilities as at 31 March 2010, is not materially misstated and has been prepared in accordance with the accounting policies set out in the Notes; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and in a form prescribed by HM Treasury.

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 for 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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

16 July 2010

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

Receipts and Payments Account for the year ended 31 March 2010

Receipts	**Notes**	**2009-2010 £ million**	2008-2009 £ million
Tax revenue			
HMRC	2	**300,856**	335,095
Vehicle Excise Duty	2	**5,637**	5,565
National Non-Domestic Rates	2	**21,494**	20,011
		327,987	360,671
Other Receipts			
Repayments from the Contingencies Fund		**1,000**	12,010
Miscellaneous	3	**25,006**	22,060
Deficit funded from the National Loans Fund		**195,600**	165,519
Total receipts		**549,593**	560,260
Payments			
Supply services	4	**494,553**	506,405
Standing services			
Payments to the National Loans Fund for net interest payments		**35,213**	20,951
Payments to the budget of the European Communities	5	**9,515**	7,561
Other standing services	6a	**9,312**	13,343
		548,593	548,260
Issues to the Contingencies Fund		**1,000**	12,000
Total payments		**549,593**	560,260

Nicholas Macpherson 16 July 2010
Accounting Officer
HM Treasury

The notes on pages 13 to 26 form part of this Account.

Notes to the Account

1 Statement of accounting policies

These accounts are prepared on a cash basis under section 21(1) of the National Loans Act 1968. In addition, accruals-based disclosures are made at Notes 7-14 to assist preparation of Whole of Government Accounts. They are restricted to those items not disclosed in departmental resource accounts or elsewhere. These include pensions paid directly from the CF, coinage issued and redeemed, the UK's capital subscription to the European Investment Bank, the Public Dividend Capital (PDC) of the Land Registry and some contingent liabilities. These disclosures have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of investments. There is no direct read-across between Notes 7-14 and the Consolidated Fund receipts and payments account.

The Receipts and Payments Account and some notes are stated in millions of pounds sterling (£m). The remainder of the notes are stated in thousands of pounds sterling (£000).

2 Tax revenue

Detailed breakdowns of tax revenues paid into the Consolidated Fund are set out in Trust Statements prepared by the receiving departments. These departments are Her Majesty's Revenue and Customs (HMRC), the Driver and Vehicle Licensing Agency (DVLA) and the Department for Communities and Local Government (DCLG).

HMRC is empowered to receive funding from the CF to meet its cash needs on days when its revenue-related outflows exceeded its receipts. Some £9.0 billion was advanced from the CF for this purpose in 2009-2010 (£11.5 billion in 2008-2009). These advances do not have to be repaid and are reported in note 6a.

3 Miscellaneous receipts

	2009-2010 £ 000	2008-2009 £ 000
Consolidated Fund Extra Receipts	**23,839,037**	19,783,403
OFGEM revenue in respect of the Fossil Fuel Levy	**129,000**	223,000
United Kingdom coinage issued (Note 9)	**111,823**	165,304
Crown Estate surplus revenue	**208,000**	227,000
Broadcasting additional receipts and penalties	**24,417**	42,327
Crown's share of the Crown's Nominee Fund	**40,000**	18,000
Share of surplus accrued from securities for National Savings Bank	**25,026**	38,467
Capital surplus from National Savings Bank securities	**593,522**	0
Land Registry – dividend on public dividend capital	**18,573**	19,709
National Savings Bank Ordinary Account contribution for management expenses	**353**	5,485
Prior year over-issues of Supply repaid (Note 4)	**1,378**	29,712
Court Funds Investment Account – surplus income	**4,732**	4,240
Insolvency Service – unclaimed dividends	**3,567**	3,352
Supply 2008-2009 returned due to Machinery of Government change (Note 4)	**0**	1,361,313
European Union Solidarity Fund Grant	**0**	131,193
Miscellaneous	**6,509**	6,855
Receipts subsequently repaid	**81**	247
Total	**25,006,018**	22,059,607

The overall increase in miscellaneous receipts of £2.9 billion is mainly due to an increase in Consolidated Fund Extra Receipts (CFERs) of £4.1 billion. The increase in CFERs is predominantly due to an increase in the Treasury's receipts paid to the Consolidated Fund of £5.5 billion, which has been generated from interventions in the financial sector. Further information on these interventions can be found in the Treasury's resource accounts. In 2009-2010 there has been a reduction in other departments' CFERs received in 2009-2010 from £13.5 billion in 2008-2009, to £12.0 billion in 2009-2010.

As a result of National Savings & Investments' (NS&I) decision to rationalise its product range, Ordinary Accounts were taken off sale in 2004, and all accounts closed in 2008. Between 2004 and 2008, depositors were given the option of either withdrawing the amount they had deposited in full, or transferring the balance to other NS&I products. When the accounts were closed in 2008-2009, funds held with the Commissioners for the Reduction of the National Debt (CRND) in relation to Ordinary Accounts were transferred to the Residual Account with the National Loans Fund. A residual account was established to manage investments which NS&I has been unable to return to customers. This reduced the NS&I liability to Ordinary Account Depositors to nil. The Finance Act 2009 made provision for the remaining funds held within CRND to be transferred to the Consolidated Fund. This was done on 1 September 2009 when £593.5m was transferred.

A £1.4 billion one-off return of Supply to the CF in 2008-2009 related to the creation of the Department of Energy and Climate Change (DECC).

4 Analysis of supply services

a Supply services issues and repayments

		2009-2010	2008-2009
		£ 000	£ 000
Supply Issues			
For current year		**494,487,167**	506,331,151
For previous years		**66,063**	74,272
Gross supply services issued		**494,553,230**	506,405,423
Prior year over-issues surrendered in cash	(Note 3)	**(1,378)**	(29,712)
Supply returned to CF due to Machinery of Government change	(Note 3)	**0**	(1,361,313)
Net supply services issued		**494,551,852**	505,014,398

Note 4a shows receipts and payments of supply in a financial year.

b Supply services analysed by period

		2009-2010 £000	2008-2009 £000	2007-2008 £000
Year for which supply granted				
Cash supply granted by Parliament (as reported)		**518,146,801**	516,448,723	409,090,270
Cash excess vote		**n.a.**	0	5,780
Revised cash supply granted by Parliament		**518,146,801**	516,448,723	409,096,050
Surplus not required (as reported)		**n.a.**	(11,154,618)	(14,683,607)
Adjustment for prior year issues *				709
Revised Total Net Cash Requirement outturns reported by government departments		**n.a.**	505,294,105	394,413,152
Year of payment/(receipt)				
2007-2008	Issues made in year	**0**	0	397,693,233
	Prior year issues applied to a subsequent year	**0**	0	2,558,570
	Prior year over-issues surrendered in cash	**0**	0	0
2008-2009	Issues made in year	**0**	506,331,151	74,272
	Prior year issues applied to a subsequent year	**0**	5,883,920	(5,883,920)
	Prior year over-issues surrendered in cash	**0**	0	(29,712)
	Supply returned to CF due to Machinery of Government change	**0**	(1,361,313)	0
2009-2010	Issues made in year	**494,487,167**	65,354	709*
	Prior year issues applied to a subsequent year	**5,623,629**	(5,623,629)	0
	Prior year over-issues surrendered in cash	**n.a.**	(1,378)	0
	Supply returned to CF due to Machinery of Government change	**0**	0	0
Total		**n.a.**	505,294,105	394,413,152

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2009-2010 will not be finalised until all Government departments have published their accounts. Therefore this figure and the subsequent analysis is noted as not available (n.a.). This will be published in the 2010-2011 Consolidated Fund Account. Excess Votes are always approved in March of the following year, therefore any adjustments to Supply in respect of Excess Votes will always be recorded as an adjustment to the previous year's figures. In 2009-2010 the amount approved by Parliament and paid from the Consolidated Fund in respect of cash excess votes incurred during 2008-2009 was nil (In 2008-2009 Parliament approved a cash Excess Vote of £5,780,000 incurred during 2007-2008 with respect to the Department of Business, Enterprise and Regulatory Reform: UKAEA Pension Schemes).

* 2007-2008 figure has been restated to reflect retrospective changes in Supply in respect of an adjustment within the Food Standards Agency's 2007-2008 Resource Accounts.

c Departmental drawings

The following analysis sets out the cash supplied to the 10 highest drawing departments during 2009-2010. Details of how Supply has been spent can be found in each of the departmental resource accounts.

Cash Supplied by the Consolidated Fund

		2009-2010 £m	2008-2009 £m
Department			
1.	Department of Health	**80,350**	71,588
2.	Department for Work and Pensions	**78,805**	70,346
3.	Department for Children, Schools and Families	**55,819**	50,537
4.	HM Treasury	**45,452**	88,917
5.	Ministry of Justice	**49,320**	46,464
6.	Department for Communities and Local Government	**39,299**	37,363
7.	Ministry of Defence	**37,064**	36,205
8.	Department for Business, Innovation and Skills*	**23,592**	24,270
9.	HM Revenue and Customs	**16,355**	15,952
10.	Department for Transport	**13,786**	12,520
		439,842	454,162
	Other	**54,711**	52,243
	Total	**494,553**	506,405

*A Machinery of Government change created the new 2009-2010 Supply Net Cash Requirement (NCR) of the Department of Business Innovation and Skills (BIS) via a reduction of the NCRs of the Department for Innovation, Universities and Skills (DIUS) and the Department for Business, Enterprise and Regulatory Reform (BERR). The Supply for these two departments has been added together to create the comparative figure for 2008-2009.

5 United Kingdom contributions to the Budget of the European Communities

Member States' contributions to the Budget of the European Communities are made on the basis of the financing system set out in the Own Resources Decision (ORD) which was agreed by all Member States and incorporated into UK law by virtue of the European Communities (Finance) Act 2001. A new ORD was agreed in June 2007 and entered into UK law by virtue of the European Communities (Finance) Act 2008 which received Royal Assent on 19 February 2008. This ORD has been applied since 1 June 2009. However, there was a one-off cost, which was made on 1 June 2009 of £683 million to cover the retrospective effect of the ORD. UK contributions in 2008-2009 were made on the basis of the previous ORD as ratification by all Member States had not been completed, see Note 11.

Contributions relate to calendar years and are formula based using factors that are in many cases subject to periodic revision over a number of years as better information becomes available – for example, Gross National Income (GNI). Revisions to a Member State's contributions for a given year may therefore be made for several years. Payments are made based on the amount estimated to be payable for the financial year plus an adjustment for earlier years based on the latest estimate of the contribution for those years.

The Own Resources Decision provides for the Budget of the European Communities to be financed by own resources consisting of

i customs duties, including those on agricultural products;

ii sugar levies;

iii VAT, which is the product of the application of a uniform rate, not exceeding 1 per cent, to a harmonised expenditure base, which must not, for any Member State, exceed 0.5% of its GNI; and iv a 'fourth' resource based on Member States' shares in Community GNI. The rate of this GNI based resource is whatever is required, given all other revenue, to balance the Budget.

The UK's abatement is calculated in accordance with the formula set out in the Own Resources Decision. It is equal to approximately 66 per cent of the difference in the previous year between what the UK would have paid if the Budget of the European Communities had been financed entirely by VAT (but excluding the UK's contribution to expenditure outside the Community, mainly aid) and the UK's receipts from the Budget of the European Communities.

			2009-2010	2008-2009
	Contribution for year ended 31 March 2010	**Adjustment of prior years' contributions**	**Total**	Total
	£ 000	**£ 000**	**£ 000**	£ 000
Customs duties	**1,966,328**	**0**	**1,966,328**	1,999,774
Sugar levies	**8,646**	**0**	**8,646**	46,188
VAT contribution (before abatement)	**1,697,912**	**(576,715)**	**1,121,197**	2,455,050
Fourth resource contributions	**9,396,857**	**1,240,107**	**10,636,964**	8,654,389
	13,069,743	**663,392**	**13,733,135**	13,155,401
Less: UK abatement	**(3,919,442)**	**(298,763)**	**(4,218,205)**	(5,594,635)
UK's total contribution to EC Budget	**9,150,301**	**364,629**	**9,514,930**	7,560,766

Contingent liabilities relating to the Budget of the European Communities are described in Note 11.

6a Other Consolidated Fund Standing Services payments

	Notes	**2009-2010** £ 000	2008-2009 £ 000
Civil List, Annuities and Pensions			
Civil List payments		**9,513**	9,513
Royal Household Pension Scheme	(7d)	**3,694**	3,532
Pensions for Judicial Services	(8)	**44,733**	46,376
MEPs' pensions	(7d)	**2,086**	962
Political and Public Service pensions	(8)	**545**	422
Civil List pensions	(8)	**132**	131
Salaries and allowances			
Courts of Justice		**157,747**	152,881
Members of the European Parliament		**2,822**	5,501
Political and Public	(6b)	**1,426**	1,469
Miscellaneous services			
Election and referendum expenses		**111,160**	550
Advances to HMRC in support of revenue	(2)	**8,972,000**	11,534,000
Royal Mint	(9)	**6,551**	7,327
Miscellaneous refunds		**84**	24,707
Financial assistance payments		**0**	1,555,162
Other		**2**	234
Total		**9,312,495**	13,342,767

The decrease in Standing Service payments of £4.0 billion is mainly due to a decrease in advances to HMRC of £2.6 billion, and £1.6 billion being paid last year in respect of financial assistance to the Dunfermline Building Society using powers contained in the Banking Act 2009. Further details of the Treasury's interventions in the financial sector can be found in the Treasury's resource accounts for 2009-2010.

Following the election of the new European Parliament, all new MEPs are paid from the European Parliament's budget. Those who have been re-elected had the option of opting out of the new legislation and continue to be paid from the CF. As a result, the number of MEPs paid by the CF fell from 58 to 6 and the cost fell in 2009-2010 by £2.7 million. This will fall further in 2010-2011 as it will be the first full year at the reduced level. MEPs' pension figure has increased in 2009-2010, as a result of a number of MEPs retiring. Included within salaries and allowances in respect of MEPs, shown above, are resettlement grants totalling £935,000. These are paid, under the European Parliament (Pay and Pensions) Act 1979 as amended in 1994, to MEPs that stood down at the European Elections or that stood at the election and were not re-elected.

6b Political and public service payments

Political and Public Service Payments reported in note 6a comprise payments to the holders of political posts or public offices for which specific statutory powers exist enabling the CF to make such payments, and the associated employers' national insurance contributions.

The payments to office holders are shown below and do not include employers' national insurance contributions. In line with the rest of the CF accounts, these are reported on a payments basis. Any backdated payments are included in the year they are paid. Full Year Equivalents are also reported for information where the office holder only served for part of the year.

6bi Payments to holders of Political Posts

	2009-2010 Salary and full year equivalent (FYE) £	2008-2009 Salary and full year equivalent (FYE) £
The Rt Hon David Cameron MP # Leader of the Opposition – HOC	**72,326**	73,719
The Rt Hon Lord Strathclyde # Leader of the Opposition – HOL	**114,052***	108,320*
The Rt Hon Patrick McLoughlin MP # Opposition Chief Whip – HOC	**40,646**	41,153
Baroness Anelay of St Johns # Opposition Chief Whip – HOL	**108,497***	102,578*
Andrew Robathan MP # Deputy Opposition Chief Whip – HOC	**26,158**	26,485
John Randall MP # Assistant Opposition Chief Whip – HOC	**26,158**	26,485
The Rt Hon Michael Martin MP *Speaker – HOC (to 21 June 2009)*	**18,163** ***(FYE 79,754)***	79,335
The Rt Hon John Bercow MP # *Speaker – HOC (from 22 June 2009)*	**60,725** ***(FYE 78,356)***	0
The Rt Hon Jack Straw MP + Lord Chancellor	**78,356**	79,336

* The salary figures include a night time subsistence allowance, payable under legislation to the value of £38,280 per annum from 1 August 2008.

\# The above salaries were paid at the 1 November 2007 salary rate, rather than the entitled salary, each individual waived their entitled pay increases for years 2008-2009 and 2009-2010.

\+ The Lord Chancellor has chosen to limit his salary to the same level as that received by a Secretary of State in the Commons and he has signed a waiver to put this into effect. He also chose to waive his entitled pay increase for the years 2008-2009 and 2009-2010, and is currently being paid at the 1 November 2007 rate. Details for the Lord Chancellor are also disclosed in the Ministry of Justice resource accounts. The Lord Chancellor's payments are made as part of the Courts of Justice payroll in note 6 but are included here to give a complete report of payments to politicians from the CF.

Pensions are paid to former Prime Ministers, Speakers and Lord Chancellors in accordance with legislation and based on their entitled salary. No other position in Parliament has entitlement to a pension from the CF.

The Consolidated Fund does not pay any other expenses or allowances or make any other payments to MPs.

6bii Payments to Public Office Holders

	2009-2010 Salary and full year equivalent (FYE) £	2008-2009 Salary and full year equivalent (FYE) £
Tim Burr[1]		
Comptroller and Auditor General	28,792	
(to 31 May 2009)	*(FYE 172,753)*	170,200
Amyas Morse[1]		
Comptroller and Auditor General	175,000	
(from 1 June 2009)	*(FYE 210,000)*	0
Ann Abraham[2]		
Parliamentary and Health Service Ombudsman	172,753	170,200
Douglas Bain[3]		
Northern Ireland Chief Electoral Officer	94,860	92,728
Richard Thomas[4]	34,222	
Information Commissioner (to 28 June 2009)	*(FYE 140,000)*	153,917
Christopher Graham[4]	105,777	
Information Commissioner (from 29 June 2009)	*(FYE 140,000)*	0
James Sam Younger[5]		120,758
Chair of the Electoral Commission (to 31 December 2008)	0	*(FYE 155,610)*
Jenny Watson[5]	100,374	25,000
Chair of the Electoral Commission (from 1 Jan 2009)		*(FYE 100,000)*
Ian Kelsall[5]		
Electoral Commissioner (fee based)	13,275	18,812
Neil McIntosh[5]		
Electoral Commissioner (fee based)	0	518
Karamjit Singh[5]		
Electoral Commissioner (fee based)	6,803	14,834
Max Caller[5]		
Electoral Commissioner (fee based)	40,899	52,824
Henrietta Campbell[5]		
Electoral Commissioner (fee based)	24,768	24,888
John McCormick[5]		
Electoral Commissioner (fee based)	24,372	23,315

1 Details of the salary of the Comptroller and Auditor General are also disclosed in the National Audit Office resource accounts.

2 Details of the salary of the Parliamentary and Health Service Ombudsman are also disclosed in the Parliamentary and Health Service Ombudsman resource accounts.

3 Details of the salary of the Northern Ireland Chief Electoral Officer are also disclosed in the Report of the Chief Electoral Officer for Northern Ireland.

4 Details of the Information Commissioners salary are also disclosed in the Annual Report of the Office of the Information Commissioner. The 2008-2009 salary also included backdated pay.

5 Details of the salaries of the Chair of the Electoral Commission, and of Electoral Commissioners, are also disclosed in the Electoral Commission's resource accounts.

The CF makes payments in relation to pensions for former Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and the Chair of the Electoral Commission. The pension entitlement at retirement is calculated in accordance with the Principal Civil Service Pension Scheme rules and will be paid by the CF. Subsequent increases in pensions are paid by the Civil Service Superannuation vote, not by the CF.

7 Unfunded pension arrangements

The Consolidated Fund pays as a Standing Service the pension benefits of those Royal Household (RH) employees who entered employment before 31 March 2001 under the Royal Household Pension Scheme (RHPS), and the pension benefits of Members of the European Parliament (MEPs) under the European Parliament (UK Representatives) Pension Scheme. Pension benefits are based on final pensionable salary. The following data for pension liabilities, which are accounted for as unfunded defined benefit arrangements, is in accordance with IAS 19 – *Employee Benefits*. The liabilities are measured on an actuarial basis using the projected unit method and discounted using the yield available on AA corporate bonds. The rate to use is advised by HM Treasury each year in accordance with chapter 12 of the Government's Financial Reporting Manual. Actuarial gains and losses are recognised in full as they occur.

a Actuarial assessment assumptions

A full actuarial assessment was carried out for the Royal Household Pension Scheme as at 31 March 2010. A full actuarial assessment was carried out for the MEPs under the European Parliament (UK Representatives) Pension Scheme, as at 31 March 2010. Both actuarial assessments were performed by the Government Actuary's Department. The major assumptions used by the actuary for both schemes were:

	At 31 March 2010 % per annum	At 31 March 2009 % per annum
Rate of increase in salaries	**4.30**	4.30
Discount rate	**4.60**	6.04

Life expectancy

The assumed life expectancy at age 65 of MEP pensioners retiring in normal health was as follows

	At 31 March 2010		At 31 March 2009	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**24.3**	**24.9**	23.9	24.3
Future pensioners	**26.2**	**26.6**	25.8	26.0

The assumed life expectancy at age 60 of Royal Household pensioners retiring in normal health was as follows

	At 31 March 2010		At 31 March 2009	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**29.1**	**32.3**	28.6	31.8
Future pensioners	**30.6**	**33.8**	30.2	33.3

In addition, two further assumptions were used by the actuary for the Royal Household Pension Scheme:

	At 31 March 2010 % per annum	At 31 March 2009 % per annum
Rate of increase in pension payments	**2.75**	2.75
Inflation assumption	**2.75**	2.75

b 2009-2010 Expenditure and income

	2009-2010 RH £ 000	**2009-2010 MEPs £ 000**	**2009-2010 Total £ 000**	2008-2009 Total £ 000
Expenditure				
Current service costs (including employee contributions)	**1,182**	**570**	**1,752**	2,695
Interest on scheme liability	**4,831**	**1,700**	**6,531**	6,201
Total expenditure	**6,013**	**2,270**	**8,283**	8,896
Income				
Pension contributions receivable				
Employers' contributions	**986**	**0**	**986**	1,015
Employees' contributions	**127**	**270**	**397**	637
Total income	**1,113**	**270**	**1,383**	1,652
Net expenditure	**4,900**	**2,000**	**6,900**	7,244

c Movement in liabilities during the year

	2009-2010 RH £ 000	**2009-2010 MEPs £ 000**	**2009-2010 Total £ 000**	2008-2009 Total £ 000
Scheme liability at beginning of the year	**(81,222)**	**(29,220)**	**(110,442)**	(116,689)
Current service costs	**(1,055)**	**(300)**	**(1,355)**	(2,058)
Employee contributions	**(127)**	**(270)**	**(397)**	(637)
Benefit payments (note 6a)	**3,694**	**2,086**	**5,780**	4,494
Net individual pension transfers	**18**	**0**	**18**	0
Other finance charges – interest	**(4,831)**	**(1,700)**	**(6,531)**	(6,201)
Total	**(83,523)**	**(29,404)**	**(112,927)**	(121,091)
Actuarial gain / (loss)	**(21,575)**	**(2,600)**	**(24,175)**	10,649
Liability at end of year	**(105,098)**	**(32,004)**	**(137,102)**	(110,442)

The above movement in liabilities is based on the actuarial assessments at 31 March 2010.

d Analysis of pension benefits paid by the Consolidated Fund

This table provides details of the cash payments paid by the Consolidated Fund in relation to Royal Household and MEPs' pensions as disclosed above. The pension increase element of MEPs' pensions is borne on the Civil Service Superannuation Resource Account.

	2009-2010	**2009-2010**	**2009-2010**	2008-2009
	RH	**MEPs**	**Total**	Total
	£000	**£000**	**£000**	£000
Total pension paid	**3,251**	**1,436**	**4,687**	4,281
Commutation and lump sum benefits	**443**	**999**	**1,442**	488
Total pension benefits paid	**3,694**	**2,435**	**6,129**	4,769
Less: increase element of MEPs' pensions borne by the Civil Service Superannuation Resource Account	**0**	**(349)**	**(349)**	(275)
Total borne by the Consolidated Fund	**3,694**	**2,086**	**5,780**	4,494

e Analysis of actuarial (gains)/losses on unfunded pension schemes

	2009-2010	**2009-2010**	**2009-2010**	2008-2009
	RH	**MEPs**	**Total**	Total
	£000	**£000**	**£000**	£000
(Gains)/Losses arising on scheme liabilities	**(958)**	**(3,400)**	**(4,358)**	(165)
Changes in assumptions underlying the present value of liabilities	**22,533**	**6,000**	**28,533**	(10,484)
Total	**21,575**	**2,600**	**24,175**	(10,649)

8 Other pensions

In addition to the pensions described in Note 7, the Consolidated Fund also makes payments in relation to (i) pensions in respect of judicial services; (ii) pensions for Parliamentary Officers for political and civil services provided; and (iii) Civil List pensions. IAS 19 disclosures have not been provided for these payments for the reasons given below.

Pensions for judicial services – Liabilities in respect of this scheme are included in the Judicial Pension Scheme resource account. Payments from the Consolidated Fund in respect of this scheme in 2009-2010 amounted to £44.7 million (£46.4 million in 2008-2009).

Pensions for Parliamentary Officers for political and civil services provided – relate to pensions for former Prime Ministers, Speakers, Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Senior Electoral Commissioners. In total, a sum of £545,000 was paid from the Consolidated Fund in 2009-2010 in respect of these pensions (£422,000 in 2008-2009). The actuarial liability falling on the Consolidated Fund, across all these schemes, has been assessed at £8.3 million at 31 March 2010 (£7.1 million at 31 March 2009) and is not material to the Consolidated Fund.

Civil List 'pensions' – these are not pensions in the accepted sense. They represent 'awards' for distinguished service to the arts and science and are payable for the life of the recipient. In total, a sum of £132,000 was paid from the Consolidated Fund in 2009-2010 in respect of these pensions (£131,000 in 2008-2009). This is not material to the Consolidated Fund.

9 Coinage issued and redeemed

The face value of coins issued by the Royal Mint is payable to the Consolidated Fund and the face value of coins redeemed by the Royal Mint is a charge on the Consolidated Fund. The cost of minting the coinage is charged to the Treasury's Resource Account (£22.9 million in 2009-2010 and £37.5 million in 2008-2009).

Sums due to the Consolidated Fund

	2009-2010 £ 000	2008-2009 £ 000
Balance at 1 April	**7,896**	9,171
Coins issued	**107,899**	163,833
Cash received by Consolidated Fund (Note 3)	**(111,823)**	(165,304)
Coins redeemed	**(4,954)**	(7,070)
Cash paid by Consolidated Fund (Note 6a)	**6,551**	7,327
Bank and other charges	**(39)**	(61)
Balance at 31 March	**5,530**	7,896

10 Investments

a European Investment Bank

Section 2 paragraph 3 of the European Communities Act 1972 provides for payments in respect of the capital or reserves of the European Investment Bank, or in respect of loans to the European Investment Bank (the 'EIB'), to be made from the Consolidated Fund.

The UK's interest in the EIB is a non-current investment. The EIB's capital has been provided through subscriptions by EU Member States, broadly in proportion to the Gross National Product of the individual countries. The aim is to further the objectives of the European Union by making long-term finance available for investment projects.

The UK's investment in the EIB, based on its 16.17 per cent share of subscribed capital, was worth €6,155,786,000 as at March 2010 (16.17 per cent, worth €5,852,292,000 at 31 March 2009). The investment is revalued each year at the UK's share of the net assets of the EIB as reported in the EIB's accounts to 31 December of the previous year translated at the euro/sterling exchange rate at 31 March. No new cash was invested in 2009-2010 or in 2008-2009.

	2009-2010 £ 000	2008-2009 £ 000
European Investment Bank		
At 1 April	**5,421,801**	4,453,314
Change due to exchange rate movements	**(200,270)**	721,177
Change due to increase in EIB net assets	**270,783**	247,310
At 31 March	**5,492,314**	5,421,801

b Land Registry Public Dividend Capital

When the Land Registry was established as a trading fund it was deemed to have received Public Dividend Capital from the Consolidated Fund.

	2009-2010	2008-2009
	£ 000	£ 000
Land Registry Public Dividend Capital		
At 31 March	**61,545**	61,545
Total fixed asset investments at end of year	**5,553,859**	5,483,346

11 Contingent liabilities and provisions

Contingent Liabilities

The normal convention is for contingent liabilities that would fall on the Consolidated Fund to be reported in the appropriate departmental resource account. However, some contingent liabilities have been identified that fall outside these arrangements, so they are reported here instead. All the following contingent liabilites fall outside the scope of IAS 37 as the possibility of an outflow of resources is remote, However, disclosure of these liabilities is necessary under Parliamentary accountability requirements. These are as follows

	At 31 March 2010 £m	At 31 March 2009 £m
EC Budget: Guarantees on borrowing and lending operations+	**2,843**	2,414
European Investment Bank: callable capital subscription^	**31,851**	23,454
Value of UK coins in circulation µ	**3,949**	3,919

Provisions

	At 31 March 2010 £m	At 31 March 2009 £m
EC Budget: Member States contributions*	**0**	628

+ The UK's maximum liability from *current* outstanding loans to EU Member States and Third Countries. Guaranteed loans to EU Member States include outstanding support under the Balance of Payments Facility, which offers medium-term financial assistance for EU countries outside the euro area. Guarantees to Third Countries includes support to Bosnia-Herzegovina, Georgia and Serbia and Montenegro for Macro Financial assistance purposes and other specific projects. The loans are guaranteed by the EU Budget and the liability will only crystallise if the loans are defaulted on. The European Commission periodically prepares reports showing the total capital outstanding. The latest report is at 30 June 2009, which shows total capital outstanding at €23,450 million. The UK share of this total liability is estimated at 13.59 per cent (€3,186 million) which has been converted to sterling (£2,843 million) at the exchange rate of 1.1208 prevailing at 31 March 2010.

In December 2008, the ceiling for the maximum amount of loans granted to non euro-area Member States under the EU's Balance of Payments facility was increased from €12 billion to €25 billion. In May 2009 this limit was increased to €50 billion. If any of these loans were drawn and, in turn, defaulted, it will impact the EU budget. The precise UK share of this liability is determined by the Own Resources Decision on financing the EU budget (see below). As a maximum, however, it is estimated the UK's liability would be around 13.59 per cent (€6,795 million) of the total, which has been converted to sterling (£6,063 million) at the exchange rate of 1.1208 prevailing at 31 March 2010. (2008-2009, £3,148 million, being €3,398 million at the exchange rate 1.0794 prevailing at 31 March 2009).

^ An increase of the EIB's subscribed capital from €164.8 billion to €232.4 billion came into force on 1 April 2009, to enable the EIB to expand its lending volume as part of its anti-crisis measures in response to the economic downturn. The paid-in capital was financed from the EIB's additional reserves, with the balance being callable from Member States and therefore had no impact on the value of the UK's share in the bank, as the increase was financed from the bank's reserves. As a result, no liability has crystallised during the year, and the Consolidated Fund contingent liability of the EIB has increased by €10.4bn to €35.7bn. The latest EIB financial statements at 31 December 2009, show the UK is liable for this amount of callable capital to the EIB (€25,316 million as at 31 December 2008). Under Article 5 of the EIB's Statute the Board of Directors may call upon each Member State to pay its share of the balance of the subscribed capital should the Bank have to meet its obligations. In the current environment, it is unlikely that Member States will be called upon to pay the remaining capital.

µ As at 31 March 2009, the estimated value of coins in circulation was £3,919 million. This increased by £30 million to £3,949 million at 31 March 2010. The contingent liability of £3,949 million represents the CF's potential obligation in respect of returned coins. During 2009-2010, £6.6 million was redeemed from the Consolidated Fund as a standing service payment (note 6a).

* Changes to the system by which Member States finance the annual EC Budget are set out in a document known as the Own Resources Decision (ORD) which was agreed in June 2007. These changes impact on the regular monthly UK contributions to the EC Budget which are paid from the Consolidated Fund. In addition, there was a one-off effect on the Consolidated Fund to cover the retrospective effect of some changes. These changes, including the extra cost, came into effect in June 2009 following the completion of ratification of the ORD by all Member States. The ORD entered into UK law by virtue of the European Communities (Finance) Act 2008 which received Royal Assent on 19 February 2008. The cost of this one-off element which was made on 1 June 2009, was £683 million, and as a result no provision is required for 31 March 2010. In 2008-2009, £628 million was calculated and included as a provision at 31 March 2009.

12 Related parties

There are no related parties of the Consolidated Fund. The Treasury has a custodian role with the Consolidated Fund, which is outside the scope of IAS 24.

13 Events after the reporting period

Provision for financial support to all EU Member States, under Article 122 of the Treaty on the Functioning of the European Union, of up to a total of €60 billion came into force in May 2010 to enable the EU to expand its lending volume as part of its anti-crisis measures. As with the Balance of Payments facility, this European Financial Stability Mechanism uses the EU budget as a guarantee against these loans. In the unlikely event of default, these loans would be covered by the EU budget. The precise UK share of this liability is determined by the Own Resources Decision on financing the EU budget. As a maximum, however, it is estimated the UK's liability would be around 13.59 per cent (€8,154 million) of the total, which has been converted to sterling (£7,275.2 million) at the exchange rate of 1.1208 prevailing at 31 March 2010.

14 Date of authorisation for issue of Account

The Account was authorised for issue by the Accounting Officer on 16 July 2010.

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