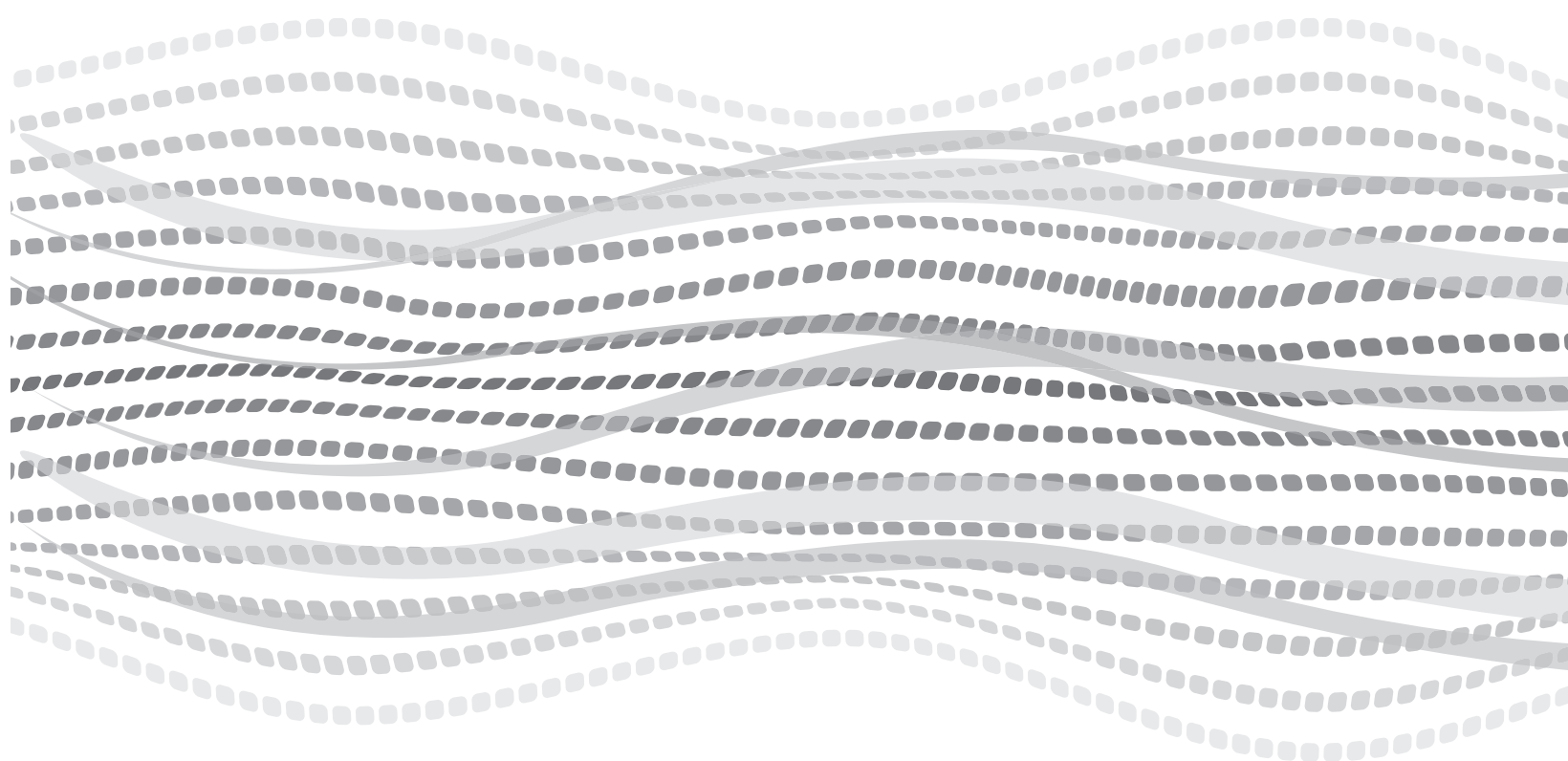


Serious Organised Crime Agency
Annual Report and Accounts
2013/14 (1 April 2013 to 6 October 2013)



SOCA was a Home Office Non-Departmental Public Body

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Presented to Parliament pursuant to paragraph 9 of Schedule 8 to
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Management Commentary

Strategic Report

Statutory Background

The Serious Organised Crime Agency (SOCA) was an Executive Non-Departmental Public Body (NDPB), reporting to the Home Secretary, and was financed primarily by Grant-in-Aid from the Home Office together with funding from other Government departments and bodies including the Scottish Executive and the Northern Ireland Office. The Accounts have been prepared under direction given by the Secretary of State in accordance with the Serious Organised Crime and Police Act 2005 (Section 20).

SOCA assumed its statutory functions on 1 April 2006. It brought together staff from the National Crime Squad (NCS) and the National Criminal Intelligence Service (NCIS), staff and resources from HM Revenue and Customs (HMRC) to support the transfer to SOCA of certain work on drug trafficking and associated criminal finance, and some of those dealing with organised immigration crime in the UK Immigration Service. SOCA added to this a number of individuals with other backgrounds to widen the skills available. The NCS and NCIS ceased to exist on 31 March 2006.

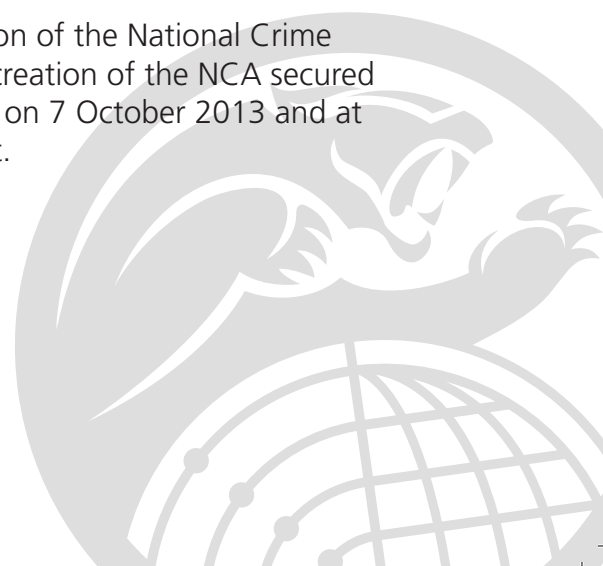
On 1 April 2008 the Assets Recovery Agency (ARA) merged with SOCA and this merger resulted in new civil recovery arrangements within SOCA. ARA as an entity ceased to exist on 31 March 2008.

In April 2010 the UK Human Trafficking Centre (UKHTC) became part of SOCA. UKHTC continued to have its own management Board and retained its previous identity and functions.

On 1 April 2012 five functions from the former NPIA merged with SOCA and an additional function merged on 1 November 2012. This increased SOCA's posts by approximately 200.

The Child Exploitation and Online Protection Centre (CEOP) was an affiliated unit and while it had operational independence from SOCA it was accountable to the SOCA Board through a Board chaired by a Non-Executive Director of SOCA. It published its own separate annual review. Resources allocated to CEOP are included in the SOCA Statement of Accounts.

The Government published in June 2011 its plan for the creation of the National Crime Agency (NCA). The Crime and Courts Act which included the creation of the NCA secured Royal Assent on 25 April 2013. The NCA came fully into being on 7 October 2013 and at midnight on 6 October 2013 SOCA as an entity ceased to exist.



Statement of Purpose and Vision

SOCA was an intelligence-led agency with law enforcement powers.

The Home Secretary set SOCA strategic priorities and judged the success of its efforts. Within that framework, SOCA planned its priorities, including how it exercised the functions given to it by statute, and what performance measures it adopted.

In the period reported, SOCA's approach continued to reflect the strategic priorities set for the Agency by the Home Secretary. It also reflected a number of wider strategies, in particular relevant sections of the National Security Strategy (NSS), as well as strategies produced in Scotland and in Northern Ireland in respect of tackling organised crime.

In response to these requirements, the SOCA Board set the following priorities for activity in the period to 6 October 2013:

- ▶ the dislocation of those criminal markets where SOCA had the lead responsibility for UK law enforcement and support to other agencies in areas for which these agencies had the lead. These were identified within the Organised Crime Strategy;
- ▶ the systematic management, on a risk basis, of all SOCA Persons of Interest (PoIs) identified as involved in organised crime impacting on the UK, through effective information management and planned interventions; and
- ▶ the delivery of more law enforcement activity against more organised criminals, at reduced cost and securing criminal convictions against the most serious criminals.

In addition, SOCA would support the seamless transition of SOCA into the NCA while maintaining the tempo of SOCA's operational activity.

Principal activities

SOCA's functions were set out in the Serious Organised Crime and Police Act 2005 (SOCPA) and (in relation to civil recovery functions) in the Proceeds of Crime Act 2002 (as amended by the Serious Crime Act 2007). In respect of serious organised crime SOCA had the functions of:

- ▶ preventing and detecting serious organised crime; and
- ▶ contributing to the reduction of such crime in other ways and to the mitigation of its consequences.

In respect to information relating to crime, SOCA had the function of gathering, storing, analysing and disseminating information relevant to:

- ▶ the prevention, detection, investigation or prosecution of offences; or
- ▶ the reduction of crime in other ways or the mitigation of its consequences.

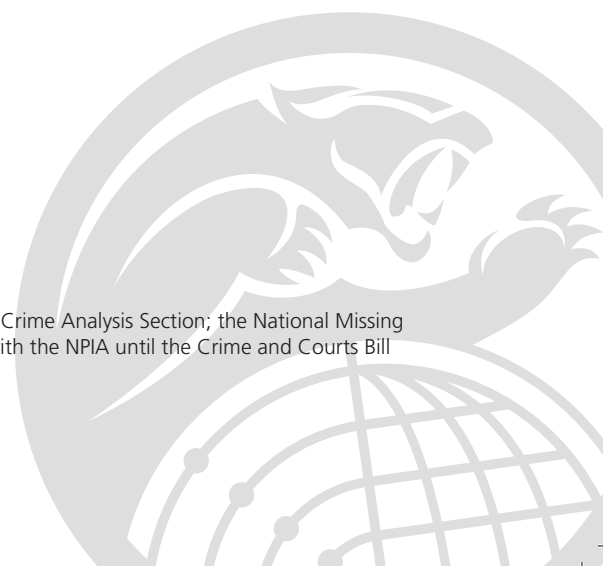
SOCA worked in close collaboration with: UK intelligence and law enforcement partners, notably UK police forces, including through the implementation of the 'Integrated Operating Model', HM Revenue and Customs (HMRC), the former UK Border Agency (UKBA) and the Border Force; the wider public, private and third sectors; and equivalent bodies internationally.

SOCA provided and managed, on behalf of the UK, the Suspicious Activity Reports regime, the UK Financial Intelligence Unit, the Interpol and the Europol Bureau functions, one of the two UK Central Authorities for the European Arrest Warrant regime, the National Compromise Database and other similar roles.

The Home Secretary announced in December 2011 her intention to transfer key national critical operational functions from the National Policing Improvement Agency (NPIA) to the NCA¹. In the interim, in advance of the establishment of the NCA, the Home Secretary directed that those functions should move to SOCA, one of the major precursor bodies to the NCA. These functions were successfully embedded within SOCA.

SOCA also housed the Organised Crime Co-ordination Centre. This is a multi-agency capability that forms a significant part of the NCA Intelligence Hub.

¹ Crime Operational Support; Specialist Operations Centre; Central Witness Bureau; Serious Crime Analysis Section; the National Missing Persons Bureau; and Proceeds of Crime Centre (PoCC) (statutory responsibility remained with the NPIA until the Crime and Courts Bill took effect and the NCA became operational).



SOCA Performance 1 April to 6 October 2013

During the 189 days of 2013-14 leading up to the creation of the National Crime Agency (NCA), SOCA continued to fulfil its functions as mandated by the Serious Organised Crime and Police Act 2005 (SOCPA) and in accordance with both the Organised Crime Strategy – *Local to Global*, and with other Government Strategies designed to impact on organised crime affecting the UK.

At the point of transfer to the NCA, SOCA (including the Child Exploitation and Online Protection Centre) had a head count of 4090 staff, based throughout the UK and overseas.²

In the period, SOCA was reporting against the emerging performance regime for the NCA, which included reporting against a set of developing Key Performance Questions (KPQs).

KPQ 1: How comprehensive is SOCA/shadow NCA's understanding of the threat from serious and organised crime?

During the reporting period, SOCA issued 258 alerts warning partners of specific threats. 65 pieces of assessed intelligence reporting were also produced and shared with partners.

KPQs 2 and 3: What is the effect of SOCA/shadow NCA's response to the threat? How effective is SOCA/shadow NCA at partnership working?

Drugs

During this reporting period, SOCA activity led to the seizure of 1.2 tonnes of heroin in the UK and overseas³. Purity levels of heroin detected at the UK border remained at around 50%, while purity at street dealer level remained at around 25%.

SOCA's work also led to 34.7 tonnes of cocaine being seized within this period. Purity levels of cocaine at the UK border and at street dealer level were around 70-80% and 25-30% respectively.

0.4 tonnes of cutting agents were also seized. In addition, 14.5 tonnes of opium and 16.2 tonnes of cannabis were interdicted⁴.

2 This figure includes permanent staff on secondments and career breaks.

3 The 2012-13 heroin figure was over reported as a result of an error in the year-end validation process and should have been 4.9 tonnes.

4 The 2012-13 opium figure was under reported as a result of the same error in the year-end validation process and should have been 52.2 tonnes.

Criminal finances and profits

In this reporting period, SOCA used its criminal and civil powers to deny criminals access to £41 million. A further £446.6 million was denied by partners, including £428 million overseas.

Assets denied – category

Cash seizures	£1.5m
Restrained assets (gross)	£16.2m
Assets frozen (gross – civil and tax powers)	£12.2m
Value of confiscation orders obtained	£4.8m
Value of civil recovery orders (gross – including consent orders)	£6.3m
Value of assets denied by partners (UK)	£18.6m
Value of assets denied by partners (Overseas)	£428m
Total assets denied to criminals	£487.6m

Firearms interdictions

217 guns were seized in the UK and overseas, as well as 14 other firearms.⁵

Casework

There were 333 arrests in the UK and 780 arrests overseas as a result of SOCA activity. SOCA cases reaching court achieved a conviction rate of 90%.

Disruptions

There were 400 major, moderate and minor disruptions of organised crime groups in the period to 6 October 2013.

European Arrest Warrants

In this reporting period, 1028 arrests were made under a European Arrest warrant; 90 for individuals who were wanted by the UK, 938 for individuals wanted from the UK.

Ancillary orders

A total of 24 ancillary orders were awarded during this reporting period, including 16 Serious Crime Prevention Orders. 354 ancillary orders were either in place at 6 October 2013, or due to become active on the subject's release from prison.

⁵ The 2012-13 'firearms other' figure incorrectly included 621 'weapons other'. The total should have read 52.

KPQ 4: How effectively does SOCA/shadow NCA manage resources?

– see ‘Results and Financial Position’ (below)

Results and financial position

<i>Funding Source</i>	<i>Resource Expenditure</i>	<i>Capital Expenditure</i>
	<i>2013-14</i>	<i>2013-14</i>
	<i>Actual</i>	<i>Actual</i>
	<i>£m</i>	<i>£m</i>
DEL Allocations	194.2	7.1
AME Expenditure Approval		
Externally Funded Capital Projects	–	1.8
Sub Total – Budget Comparisons	194.2	8.9
Funding for non DEL projects	(1.7)	–
AME for Revaluation Reserve	–	–
Actuarial pension costs	14.7	–
Pension actuarial loss	2.4	–
Pension employer contribution	(2.1)	–
Total Expenditure Per Accounts	207.5	8.9

The budgets for SOCA were allocated for the full financial year 2013-14, taking into account the formation of the NCA from 7 October 2013. Any unused budget remaining at 6 October 2013 transferred to the National Crime Agency. The full year budget was £442m Resource, £36.6m Capital, and £191m Annually Managed Expenditure.

£194.2m resource was utilised in SOCA as noted above, and the remaining £247.8m was made available to the NCA. However, it should be noted that £20m of this budget was agreed in December 2013.

£8.9m capital was utilised in SOCA, as noted above, and the remaining £27.7m was made available to the NCA. Of the total £36.6m capital allocation, £20m was agreed after NCA commencement.

Expenditure in the period 1 April to 6 October 2013 was in line with forecasts.

SOCA’s accounts included externally funded capital expenditure which was fully recharged to scheme sponsors.

IAS 19 (Accounting for Pension Costs) expenditure incorporates the current service cost net of employee contributions and interest costs on pension liabilities. Expenditure for the reporting period up to 6 October 2013 was £14.7m (2012-13: £31.55m).

Going Concern Statement

The activities of SOCA were primarily financed by the Home Office.

The Statement of Financial Position at 6 October 2013 shows net liabilities of £445.4m (2012-13: £457.9m). This reflects the inclusion of pension liabilities falling due in future years.

The National Crime Agency (NCA) came into being on 7 October 2013. The NCA incorporated the functions previously exercised by SOCA, a Non-Departmental Public Body, as well as a number of other national policing functions.

The basis of the transfer from the Serious Organised Crime Agency to the National Crime Agency was undertaken within the principles set out in the Machinery of Government framework.

The NCA is a Non-Ministerial Department and as such is funded by HM Treasury. The NCA is accountable to the Home Secretary for its performance.

In common with other government departments, the future financing of NCA liabilities is to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament.

Accordingly, it has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Compliance with Public Sector Payment Policy

SOCA policy, in line with Government requirements, was to pay all invoices within 30 days of receipt, unless a longer payment period had been agreed or the amount billed was in dispute. SOCA monitored its statistics monthly, with all departments taking action as necessary.

<i>Payment statistics at 6 October 2013:</i>	<i>2013-14</i>	<i>2012-13</i>
	<i>(%)</i>	<i>(%)</i>
Paid within 5 days	22	22
Paid within 10 days	40	42
Paid within 30 days	96	95

In 2013-14 SOCA paid no interest to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998 (2012-13: £1k). The £1k paid in 2012-13 was recovered from another Government Department.

SOCA complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.



Final SOCA Sustainability Report

Introduction

This is SOCA's third and final Sustainability Report. It covers the period 1 April 2013 to 6 October 2013, SOCA's last day of operating.

During 2013-14, SOCA continued to be committed to reducing its impact upon the environment. This was achieved by setting targets and monitoring performance through its Sustainability Strategy, which was part of SOCA's overall Investment and Capability Strategy. Statutory requirements and performance measures provided a structure through which progress could be monitored.

The objective of the Sustainability Strategy was to reduce the environmental impact of the organisation by:

- ▶ Complying with all legal and regulatory requirements;
- ▶ Managing CO₂e emissions from building energy use and official travel;
- ▶ Managing water use and waste responsibly; and
- ▶ Encouraging suppliers and staff to support sustainability initiatives.

Framework

SOCA continued to work towards a set of challenging Government targets to be met by 2015:

- ▶ Recycling 75% of waste;
- ▶ Reducing waste by 25%;
- ▶ Reducing water consumption by 25%;
- ▶ Cutting carbon emissions by 25%; and
- ▶ Cutting domestic official travel flights by 20%.

Establishing Baselines

One of the key requirements of the Greening Government Commitment and subsequent reporting is to establish a baseline from which to measure performance improvements. In agreement with the Home Office, this continued to be based on 2010-11 and 2011-12 data sets to backfill and provide a 2009-10 baseline. Since then SOCA opened a new office in the North West housing some 700 staff and although other offices in the North West have subsequently closed, the majority remain part of the SOCA estate and have to be maintained

until they are sold or re-let. The latter part of 2012-13 and the early part of 2013-14 saw staffing numbers increase in preparation for the commencement of the National Crime Agency. There will therefore be a need to re-baseline if the comparators are to be meaningful.

Controls and processes were implemented and have been enhanced since April 2013 to assure accuracy. Moving the utility accounts onto the Office of Government Commerce (OGC) framework continued, automated metering neared completion, and real time energy monitoring was implemented from August 2013 utilising new technology.

2013-14 Activities

SOCA complied with The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 SI 2007/991 by displaying Energy Certificates, which were updated annually, and undertook regular air conditioning inspections. Resulting findings and recommendations were used to identify possible future savings and passed on to the relevant departments to be implemented.

Actions included reconfiguration of the building management systems in line with building occupancy, replacement or cleaning of filters, and belt drives maintenance on air handling units to agreed facility contract standards. A policing mechanism was implemented following the inspection, to ensure future inspections are carried out to agreed standards at scheduled intervals on a 6 monthly basis.

Change Management procedures included Sustainability as an area that must be considered and Projects had to consider the impact on the environment. Project teams at Olympic House and our Northern Ireland Office consulted directly with the SOCA Sustainability team which resulted in the provision of ammonia chillers that use less electricity than conventional chillers as well as on oil to gas conversion both of which ought to reduce carbon emissions.

A Building Management System upgrade was incorporated within the project specification for the Old Queen Street reconfiguration including the possible use of air source heat pump which extracts heat from the outside air and can get heat from this air even when temperatures are as low as -15C. This would remove the need for 90kw electrically heated elements. Heat pumps have some impact on the environment as they need electricity to run, but the heat they extract from the air is constantly being renewed naturally leading to lower fuel bills and carbon emissions. This was incorporated into the overall project and will be installed as part of it.

A comprehensive energy review was completed via our facility management suppliers, Amey and Interserve. Detailed reports were completed to establish where and how energy savings could be made. This information will be used when preparing business cases for SOCA's successor, the NCA.



A feasibility study to assess the practicality of the installation of photovoltaic solar panels at a large site was commissioned and the results will be quantified and submitted to the NCA senior management for investment consideration.

SOCA participated in the Carbon Reduction Commitment Energy Efficiency Scheme. Charges are levied on the amount of carbon emissions produced in the period reported. 13,706 tonnes of carbon were produced and allowances were purchased in August 2013 from the Environment Agency at £12 per tonne to cover these emissions. £164,472 of allowances was submitted to cover these emissions at the end of September 2013.

The organisation remained committed to raising staff awareness. A Sustainability webpage was available to all staff on the SOCA Intranet system, which advised staff of work and initiatives being undertaken, contact details for staff suggestions and a notice board advising of current and upcoming events. An online package to increase individual awareness on the impact they had on the environment, both at work and at home, was also available.

SOCA did not undertake any activity that requires a biodiversity strategy, and has nothing to report in this area.

These initiatives will reap the benefits for the future by enabling the National Crime Agency to keep control of its costs and reduce the carbon footprint.

Performance against targets

All the tables below show a comparison of 27 weeks for 2013-14 against 52 weeks for 2012-13.

Summary

	2013-14 £000	2012-13 £000	2013-14 Consumption	2012-13 Consumption
Estate Energy	1,600	2,911	13.0M. kWh	35.9M. kWh
Estate Waste	89	147	204.83 tonnes	316.8 tonnes
Estate Water	61	115	21,233 cu. M.	33,147 cu. M.
Total	1,750	3,173		

Carbon Footprint – Energy and Travel

Total CO₂ Emissions

	2013-14 tonnes CO ₂ e	2012-13 tonnes CO ₂ e
Energy	6,099	14,954
Travel	4,162	9,456
Total	10,261	24,410

Energy

	2013-14 Consumption kWh	2013-14 Tonnes CO ₂ e	2012-13 Consumption kWh	2012-13 Tonnes CO ₂ e
Gas and Oil	2,676,865	492	12,571,066	2,324
Electricity	10,364,327	5,607	23,344,441	12,629
TOTAL ENERGY EMISSIONS	13,041,192	6,099	35,915,507	14,953

It is difficult to draw any firm conclusions from the energy figures. The 2013-14 period is for the six months covering the Spring and Summer period where gas and oil consumption remains comparatively low because the estate required less heating. However electricity will be comparatively high because the estate required the electric coolers to provide cool air.

Overall the trend has been towards increased consumption from the original baseline due to increased office space as mentioned in the establishing baselines section. The Building Management Systems upgrade which was completed before the end of March 2014, together with the outcome of the energy review, should reverse this trend.

Travel

Travel	2013-14 Consumption	2013-14 tonnes CO ₂ e*	2012-13 Consumption	2012-13 tonnes CO ₂ e
Fleet vehicles	1,132,172 litres	2,767	2,450,545 litres	5,926
Private vehicles	542,764 miles	179	1,734,723 miles	571
Hire vehicles	200,675 miles	66	595,387 miles	169
Rail	1,812,046 miles	164	3,112,870 miles	274
Air	5,650,094 litres	986	12,377,898 litres	2,516
TOTAL		4,162		9,456

* Travel tonnes CO₂e for the six month period of 2013-14 were calculated using averaged conversion factors.

A reduction in CO₂e has been achieved for the SOCA fleet as a result of more efficient vehicles being procured. The use of hire vehicles and private vehicles reduced in the early part of 2013-14 and there was an increase in the use of rail travel. Overall this led to a reduction in CO₂e from vehicles and rail travel as shown above.

The number of flights taken in the period reported was 1,262 Domestic (2012-13: 3,311) and 1,362 International (2012-13: 3,644).



Waste

Waste	2013-14 tonnes	2012-13 tonnes
Landfill	79.0	138.5
Recycled	70.9	176.1
Incinerated with energy recovery	27.9	2.2
Composted	2.2	0.0
TOTAL	180.0	316.8

Waste data for the 2013-14 financial year was received directly from our Facility Management (FM) suppliers. We have had meetings with our FM contractors and their suppliers to standardise the reporting process. The figures for 2012-13 are unreliable given that our suppliers invoiced us using estimated charges which were difficult to retrospectively report. SOCA worked closely with suppliers to improve invoicing for 2013-14 so it was based on actual readings. For this reason SOCA's successor the NCA has requested and obtained permission from the Department for Environment, Food and Rural Affairs (DEFRA) to baseline its Sustainability Report to 2013-14.

Going forward we should see progress towards the target of 75% recycled waste which currently stands at 40% with a further 16% either composited or incinerated with energy recovery. The landfill figure for the current period is increased due to the buildings work across the estate in readiness for the inception of the NCA.

SOCA's successor, the NCA, is working with its FM suppliers to increase the types of waste that can be recycled. These currently include shredded and un-shredded paper, dry mixed recyclables, food waste and packaging.

One of the options being considered is the use of an online tool to record waste generated from construction projects with the aim of reducing further the amount sent to landfill. There are guidelines on how to deal with electrical and ICT waste. The NCA actively encourages staff to consider their own impact.

Water

Water	2013-14 m ³	2012-13 m ³
Water consumption	21,233	33,147

The water usage figures are currently obtained from information supplied from invoices. Due to the nature of the water industry, invoicing is a mixture of monthly, quarterly and annually in advance depending on the individual water provider. Usage for the 6 months of 2013-14 may include an element of annual invoicing from some sites.

Our FM partners agreed to supply monthly meter readings from October 2013. This will enable closer scrutiny of individual sites and enable prompt action investigating anomalies and promoting saving initiatives.

Governance

SOCA provided quarterly sustainability reports to the Home Office which were also subject to review by SOCA's internal audit department. Gaps in data were estimated and calculated on base data for the relevant period from the previous year. Consumption data was only reported for locations where SOCA paid utilities directly.

Sustainable Construction

Policy remained in place to apply Building Research Establishments Environmental Assessment Method (BREEAM) to capital builds and large refurbishment projects. BREEAM sets the standard for best practice in sustainable design, construction and operation, minimising energy demands created by our buildings.

Conclusion

SOCA continued to make improvements in data collection to help account for its impact on the environment by embedding sustainability within projects as well as engaging with suppliers and creating staff awareness. Working directly with our Facility Management suppliers and external partners, installation of automated meter readers across the Estate is nearing completion and Building Management Services settings are now in line with staff occupation at our non 24/7 locations. Surveys are undertaken to identify energy reduction projects, all of which should contribute to a fall in the level of CO₂e produced and associated energy cost reduction.

The NCA will continue with the work that SOCA started, contributing to a measurable drop in utility usage / CO₂e emissions in the later quarters of 2013-14. The priorities for the NCA in 2014-15 would therefore be to:

- ▶ Reduce CO₂e emissions by reviewing fleet, building controls and the air travel impact;
- ▶ Reduce water usage by trialling water reduction technologies and raising awareness;
- ▶ Reduce waste through recycling, composting or incineration to energy;
- ▶ Increase the involvement of staff in recommending initiatives via intranet, Green Champions, Climate Week presentations;
- ▶ Liaise with suppliers to further identify savings initiatives; and
- ▶ Deliver upgraded / enhanced remotely accessed Building Management System, and associated savings following implementation of joint projects with Amey / Interserve.



Estates Management

The majority of the SOCA estate was held under Operating Leases. Six buildings were owned, these were last valued in February 2013.

SOCA took account of the emerging NCA Estates Strategy when making any decisions on lease renewals or new Estates projects or expenditure.

Gender Breakdown

At 6 October 2013, the breakdown of staff by gender was as follows;

	<i>Male</i>	<i>Female</i>	<i>Total</i>
Directors	6	0	6
Senior Managers	15	5	20
Other Employees	2,353	1,412	3,765
Total	2,374	1,417	3,791

This total comprises permanent and fixed term paid employees of SOCA at 6 October 2013. The higher figure of 4090 mentioned in "SOCA Performance 1 April to 6 October" also includes contingent labour, staff on unpaid career breaks and those staff attached to SOCA at no cost to the organisation.

Social and Community Issues

SOCA employed Community Liaison Officers (CLOs) who provided valuable advice to operational teams on the potential impact of operational activity in local communities. In addition, CLOs built valuable relationships with partner agencies on community issues and developed regional engagement priorities for their area.

The SOCA Communities Fund was a Board sponsored initiative aimed at reinvesting some of the proceeds of crime into local communities. The fund was open to all SOCA officers but was largely led by the CLO network as any applications for funding must have contributed to the delivery of regional engagement priorities. The fund was set for 2013-14 at £173k and applications were invited from all SOCA staff.

For the period ending 6 October 2013 the SOCA Community Fund supported a total of five projects ranging from Crimestoppers to local policing team initiatives. The total amount of expenditure for the period ending 6 October 2013 was £5.8k.

In addition SOCA:

- ▶ Encouraged its staff to participate in local community activities, including local and national charitable activities;
- ▶ Worked in partnership with Crimestoppers; and
- ▶ Operated an Estates Strategy that specifically focused on a minimum impact on the environment.

Inclusion, Diversity and Equality

SOCA was committed to treating individuals with respect and dignity. It sought to create and maintain an environment which valued all staff and respected the contribution they made and where fairness and equality of opportunity were assured. Inclusion, diversity and equality issues were embedded within all strategic planning, policy development and organisational processes.

SOCA aimed to provide a positive environment in which everyone felt valued, and where the organisation was open to the experience, insights and skills of people of different age, disability, sex, gender reassignment, race, religion, belief, sexual orientation and political opinion.

SOCA aimed to support a range of work styles for individual staff members, while meeting organisational need. Respect for others was an integral part of the SOCA Performance Qualities Framework and was part of SOCA's recruitment process and annual individual performance reviews.

Staff engagement

SOCA communicated with its people through a mix of channels and mechanisms, and required managers to ensure staff had the information they needed to do their jobs and to regularly discuss issues within their teams. The channels of communication included:

- ▶ **Chairman's notepad and Director General updates** – personal voice commentaries on SOCA direction of travel, the first was set in the broadest context, the second focused on short regular single-issue updates.
- ▶ **Top team visits** to SOCA sites, including Q&A sessions and a briefing on the issues of the moment.
- ▶ **A monthly SOCA Narrative** for managers provided a snapshot of core matters.
- ▶ **SOCA intranet** for fast-time news, online information tools, an archive of material and a library of policies, handbooks etc.
- ▶ **Weekly ebuletin** of news and information and a recap of the past week.
- ▶ **Take it to the top** – a facility through which staff could pose questions to the Board, with the answers shared with staff via the intranet.
- ▶ **A bi-monthly online magazine** – Linx – that explored the wider SOCA story.
- ▶ **Staff awards ceremonies** which recognised and celebrated achievement.
- ▶ **Staff surveys** that monitored engagement and indicated where improvement was needed.
- ▶ **An induction programme** for new staff provided an overview of SOCA priorities, strategies, values and activities.

There was a particular emphasis on change communication over the last year as SOCA moved towards the NCA. SOCA used the intranet, ebulletin and the SOCA Narrative to keep staff informed about the NCA and the transition process. It held workshops with directors and senior staff and consulted more widely where appropriate. The SOCA intranet hosted an NCA site and a monthly NCA newsletter. A transition network linked into staff in every business area.

In the run-up to go-live the internal communication team became the shadow NCA internal communication team and worked with the Board to help the DG Designate NCA communicate directly with all incoming officers fortnightly, enabled all incoming officers to attend an induction event with directors, built the suite of communication channels the NCA would use to communicate with its officers, and planned its communication approach.

High Potential Development Scheme

SOCA developed the "High Potential Development Scheme" (HPDS) in order to recruit high calibre staff who had the ability to become future leaders through internal and external recruitment campaigns.

The scheme enabled SOCA to recruit and retain the best people, drive efficiency and develop creative solutions to problems. In 2013-14 SOCA did not run a recruitment campaign for the HPDS.

Virtual Global Taskforce Company

SOCA had a non-trading wholly owned subsidiary company called Virtual Global Taskforce Limited, a company limited by guarantee to the value of £10. This company was set up previously by the National Crime Squad for the Child Exploitation and Online Protection (CEOP) Centre in order to protect the name of a registered trademark, and ownership passed to SOCA on 1 April 2006. The company is currently dormant.

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014

Directors Report

Composition of Management Board

	<i>Date Appointed</i>	<i>Contract end date</i>
Director General		
Trevor Pearce	1 Sept 2010	
Chairman		
Sir Ian Andrews	3 Aug 2009	2 Aug 2013
Stephen Rimmer*	7 Aug 2013	
Executive Directors		
Malcolm Cornberg**	1 April 2006	24 Jul 2013
Stephen Webb***	25 Jul 2013	
Bradley Jones****	1 Sept 2010	8 Apr 2013
Gerry Liddell*****	5 Sept 2011	30 Sep 2013
Robert Lauder	9 Apr 2013	
Non-Executive Directors		
Peter Clarke	1 Sept 2009	6 Oct 2013
Francis Plowden	1 Sept 2009	6 Oct 2013
Martyn Thomas	1 July 2011	6 Oct 2013

* Stephen Rimmer acted as interim Chair of SOCA on a part-time basis during the period 7 August to 6 October 2013. During this time, he continued in his substantive post of Director General of the Crime & Policing Group

** Malcolm Cornberg resigned as Executive Director Capability and Service Delivery on 24 July 2013

*** Stephen Webb was appointed as Interim Executive Director Capability and Service Delivery for the period 25 July to 6 October 2013.

**** Bradley Jones left SOCA on 8 April 2013.

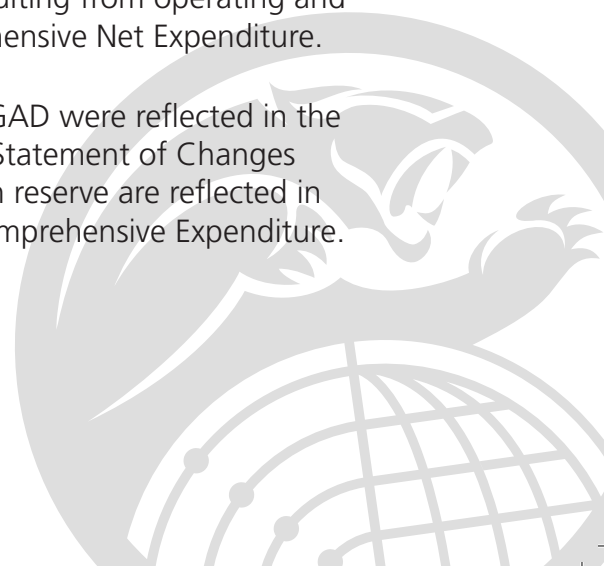
***** Gerry Liddell left SOCA under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions scheme on 30 September 2013.

Pension Liabilities

Details of the pension schemes of which SOCA staff were members can be found in Note 3 (Pages 66 to 71).

In accordance with FReM, the changes in pension liabilities resulting from operating and finance costs have been charged to the Statement of Comprehensive Net Expenditure.

The actuarial gains / losses on pension liabilities calculated by GAD were reflected in the Statement of Financial Position (Pension Reserve) through the Statement of Changes in Taxpayers' Equity. The movements in gain/loss in the pension reserve are reflected in Statement of Comprehensive Net Expenditure under Other Comprehensive Expenditure.



Register of interests

Details of company directorships and other significant interests held by Board members during the accounting period are available to be viewed by the public at the following web address:

<http://webarchive.nationalarchives.gov.uk/20131001162056/http://www.soca.gov.uk/about-soca/how-we-are-run>

Financial Instruments

Due to the largely non-trading nature of its activities and the way in which it was financed, SOCA was not exposed to the degree of financial risk faced by commercial entities. Further information with respect to risk management and strategy is provided in Note 9 of the Annual Accounts.

Remuneration of the External Auditors

The remuneration for the National Audit Office is disclosed in Note 5 of the accounts totalling £0.125m (2012-13: £0.132m). There was no other work for which a fee was payable.

Staff Sickness Reporting

SOCA staff were absent on sick leave for an average of 2.8 days per employee during the 6 months from 1 April 2013 to 6 October 2013. (2012-13: 5.9 days for the 12 month period).

Reporting of Personal Data Related Incidents

There was one personal data related incident in 2013-14 (one personal data related incident in 2012-13). The incident in 2013-14 required a report to be made to the Information Commissioner.

A second incident relating to alleged contravention of the Data Protection Act 1998 was investigated. Charges were dropped in March 2014 on the advice of the Crown Prosecution Service.

Events after the Reporting Period

The Serious Organised Crime Agency ceased to exist at midnight on 6 October 2013. The National Crime Agency (NCA) commenced operations on 7 October 2013 after Royal Assent to the Crime and Courts Act 2013 ('The Act') that enabled the formation of the NCA and the cessation of SOCA had been granted on 25 April 2013.

In addition to the transfer of SOCA, there were other transfers of functions as part of the formation of the NCA including:

- ▶ 25 staff from the former Proceeds of Crime Centre (PoCC) from the former National Police Improvement Agency (NPIA) to the Economic Crime Command (ECC) within the NCA. Although the transfer took place on 01 November 2012 into SOCA, legislation in force then meant PoCC could only be reported under NPIA as explained in Note 25 (on page 91) until the NCA commenced operations on 7 October 2013;
- ▶ 268 staff from the Criminal and Financial Investigation (CFI) Border function of the Home Office on 7 October 2013 to the NCA. Of these staff transfers, 266 moved to the NCA's Border Policing Command (BPC) and 2 into the Legal team. By bringing SOCA's former International department and CFI into a single function, the BPC will work in collaboration with the Home Office and overseas partners to target threats to the UK, and tackle serious and organised crime before it reaches the UK;
- ▶ 67 staff from the Metropolitan Police's Central e-crime Unit (PCeU) into the National Cyber Crime Unit (NCCU) to enhance the NCA's capabilities to tackle cyber and technology crime. The transfer was on 7 October 2013; and
- ▶ 13 staff in total from the National Fraud Office within the Home Office to the NCA. 11 of these staff transferred on 1 December 2013; 3 staff into the NCA's Intelligence Hub and 8 staff into the ECC. The remaining 2 staff transferred into the NCA on 1 February 2014 and await secondment to the Cabinet Office.

The Home Office allocated an annual budget to SOCA for the financial year 2013-14. Funds not utilised at the cessation of SOCA have been transferred to the NCA for the period from NCA inception to 31 March 2014. The National Crime Agency is a Non-Ministerial Department and as such will be funded by HM Treasury. An advance of £198.7m was received from the Contingencies fund to fund the NCA.

The Accounting Officer Keith Bristow authorised the 2013-14 SOCA closure accounts to be issued on the date of the Comptroller and Auditor General's audit certificate.

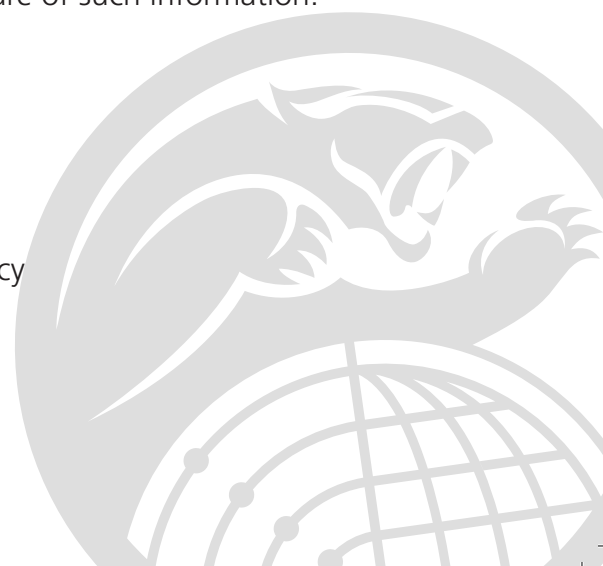
Declarations

- 1) As far as I am aware, there is no relevant audit information of which the auditors are not aware.
- 2) I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of such information.

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014



Remuneration Report

Changes to the Board of Directors of SOCA during the period reported. (Audited)

New Board Members

Stephen Rimmer was appointed as Interim Chair (on a part-time basis) with effect from 7 August 2013. He retained his substantive post as Director General of the Crime and Policing Group (CPG) within the Home Office.

Stephen Webb joined the SOCA Board as Interim Executive Director Capability and Service Delivery on 25 July 2013 on attachment from the Home Office.

Robert Lauder joined the SOCA Board as Interim Director Operational Delivery with effect from 9 April 2013.

Robert Lauder was a non voting member of the Board. This ensured that SOCA had an equal number of voting Non-Executive Directors and full time Directors in line with Schedule 1 of SOCPA 2005.

Board Members Leaving

The following Board members left during the accounting period;

- ▶ Bradley Jones (8 April 2013);
- ▶ Malcolm Cornberg (24 July 2013);
- ▶ Sir Ian Andrews (2 August 2013); and
- ▶ Gerry Liddell (30 September 2013).

All other Executive Directors continued in post until the start of the NCA.

Appointment of Board of Directors of SOCA and Accounting Officer

The Chair and Non-Executive Directors of SOCA's Board were appointed by the Home Secretary. The Non-Executive Directors Martyn Thomas, Peter Clarke and Francis Plowden all had their appointments extended up to 6 October 2013.

SOCA Non-Executive Directors were paid on the basis of an annual salary to attend scheduled Board and Committee Meetings, with additional payments made for non-scheduled attendance on a per diem basis.

The Home Secretary approved the appointment of Trevor Pearce as Interim SOCA Director General with effect from 1 September 2010.

The SOCA Board approved the appointment of Bradley Jones as Executive Director Enforcement with effect from 1 September 2010, Gerry Liddell as Executive Director Strategy and Prevention with effect from 5 September 2011 and Robert Lauder as interim Executive Director Operational Delivery with effect from 9 April 2013.

Francis Plowden had additional responsibility as the Chair of the CEOP Board and Chair of the SOCA Audit and Risk Committee.

The Executive Directors were appointed through open and fair competition; such appointments were sometimes filled by means of fixed term secondments from other organisations.

Senior Management salaries were based on recommendations of the Senior Salaries Review Body, an Independent body providing advice to the Prime Minister and others on senior civil servants' salaries.

SOCA conducted internal appointments through a Senior Appointments Committee that comprised the SOCA Chair, Director General and two Non-Executive Directors. The Secretariat role for this committee was held by the Executive Director, Capability and Service Delivery.

The salaries of the London based Director General and Executive Directors included London weighting allowance. Bonuses ranging from £2.5k to £12.5k were paid to three of the Executive Directors in 2013-14.

A number of Board Members held directorships in other companies or organisations which are not related parties. Information on these can be found on the archived SOCA website, at the following web address:

<http://webarchive.nationalarchives.gov.uk/20131001162056/http://www.soca.gov.uk/about-soca/how-we-are-run>

Pool cars were available to Directors for business purposes.

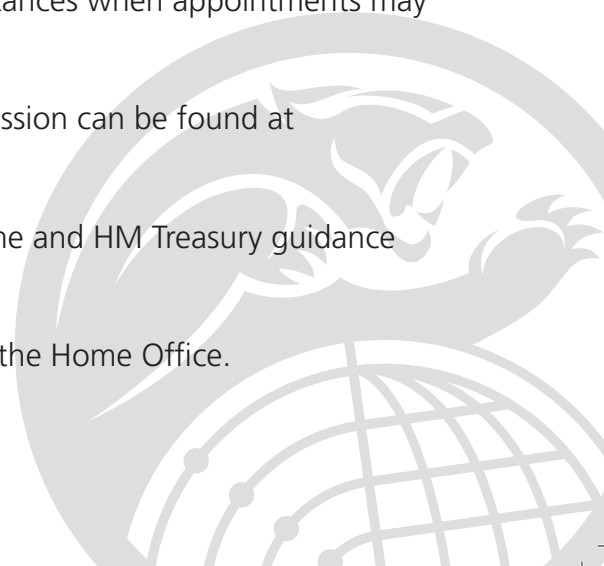
Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles, published by the Civil Service Commission, specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

SOCA was mandated by the Civil Service Compensation Scheme and HM Treasury guidance when dealing with loss of office.

One compensation payment was made, which was funded by the Home Office.



Bonuses

Bonuses were based on performance levels attained and were made as part of the appraisal process. Bonus payments disclosed in this report for 2013-14 relate to performance in that year.

Notice periods for senior staff

The notice periods for the SOCA Chair, Director General, Executive Directors and Non-Executive Directors were all 3 months.

Single total figure of remuneration. (Audited)

Details of 2013-14 remuneration in respect of salaries paid are set out below.

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets.

Officials Date appointed/ Contract end	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits ⁶ (£'000)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Director General										
Trevor Pearce 1 Sep 10	75-80 (145-150)	145-150	12.5	5.0	-	-	27	47	110-115	195-200
Chairman										
Sir Ian Andrews 3 Aug 09 / 2 Aug 13	30-35 (55-60)	65-70	-	-	-	-	-	-	30-35	65-70
Stephen Rimmer* 7 Aug 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Executive Directors										
Malcolm Cornberg** 1 Apr 06 / 24 Jul 13	60-65 (145-150)	145-150	-	5.0	-	-	23	51	80-85	200-205
Stephen Webb*** 25 Jul 13	15-20 (85-90)	N/A	-	N/A	-	N/A	3	N/A	20-25	N/A
Bradley Jones**** 1 Sep 10 – 8 Apr 13	0-5 (105-110)	105-110	-	5.0	-	-	(70)	44	(65)-(70)	155-160
Gerry Liddell***** 5 Sep 11 – 30 Sep 13	50-55 (105-110)	105-110	7.5	5.0	-	-	2	152	60-65	260-265
Robert Lauder***** 9 Apr 13	45-50 (95-100)	N/A	2.5	N/A	-	N/A	15	N/A	60-65	N/A
Non-Executive Directors										
Peter Clarke 1 Sep 09 – 6 Oct 13	10-15 (15-20)	15-20	-	-	-	100	-	-	10-15	15-20
Francis Plowden 1 Sep 09 – 6 Oct 13	10-15 (15-20)	20-25	-	-	-	-	-	-	10-15	20-25
Martyn Thomas 1 Jul 11 – 6 Oct 13	5-10 (10-15)	10-15	-	-	-	-	-	-	5-10	10-15
Sue Garrard***** 1 Sep 09 – 31 Aug 12	-	-	-	-	-	-	-	-	-	-

6 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contribution made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Annual Report and Accounts 2013/14

- * Stephen Rimmer acted as interim Chair of SOCA on a part-time basis during the period 7 August to 6 October 2013. During this time, he was not remunerated by SOCA and continued in his substantive post of Director General of the Crime & Policing Group. No charge was made to SOCA for Mr Rimmer's services. Details of Mr Rimmer's remuneration for the 2013-14 financial year can be found in the Home Office Annual Reports and Accounts 2013-14.
- ** Malcolm Cornberg resigned as Executive Director Capability and Service Delivery on 24 July 2013. He received a compensation payment of £189.6k, which was agreed with and funded by the Home Office. He also received a payment in lieu of annual leave of £14.1k.
- *** Stephen Webb was appointed as Interim Executive Director Capability and Service Delivery for the period 25 July to 6 October. Mr Webb continued to be remunerated by the Home Office during this period, but his salary details for 25 July to 6 October 2013 are included here for completeness, as they will not appear in the Home Office Annual Reports and Accounts 2013-14.
- **** Bradley Jones left SOCA on 8 April 2013, as agreed prior to 31 March 2013, after 7 years and 8 days pensionable service under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions. Under these regulations, the compensation payment is based on one months pay per year of service up to a maximum of 21 months for those under pension age. This is the standard tariff that applies to all members of the Civil Service Scheme. Under the Scheme he was paid £62.3k and additionally £20.1k in lieu of notice.
- ***** Gerry Liddell left SOCA under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions scheme on 30 September 2013. Under these regulations, the compensation payment is based on one months pay per year of service up to a maximum of 21 months for those under pension age. This is the standard tariff that applies to all members of the Civil Service Scheme. Under the Scheme he was paid £184.5k
- ***** Robert Lauder bonus should have been £7.5k, only £2.5k paid. Remaining £5k to be paid in 2014.
- ***** Non-Executive Director Sue Garrard was a public appointment by the Home Secretary. When first appointed she was a civil servant and, as a result, SOCA did not pay her annual salary or pension contributions. In January 2011, Sue Garrard resigned from the Civil Service to take a senior communications post within a multinational company. Sue continued her role as a Non-Executive Director pro bono publico until her contract ended on 31 August 2012.

Benefits and Pension contributions (Audited)

In addition to salaries paid and taxable benefits in kind for travel and the associated taxes paid by SOCA, the pension entitlements of the Senior Management Team are disclosed below.

Pension Entitlements 2013-14

	Employer Pension contributions in 2013-14 £	Real increase in Pension 2013-14 £'000	Real increase in lump sum 2013-14 £'000	Total Accrued Pension at age 60 in 2013-14 £'000	Total Lump Sum at age 60 in 2013-14 £'000	Cash Equiv Transfer Value 2013-14 £'000	Real Increase in Cash Equiv Transfer Value 2013-14 £'000
Trevor Pearce	18,044	0.0-2.5	-	15-20	-	310	23
Malcolm Cornberg	10,800	0.0-2.5	-	20-25	-	443	22
Bradley Jones	588	(5.0)-(7.5)	40-42.5	5-10	40-45	154	(55)
Gerry Liddell	13,053	(0.0)-(2.5)	22.5-25	45-50	160-165	987	3
Stephen Webb	4,199	0.0-2.5	-	35-40	-	453	-
Robert Lauder	12,227	0.0-2.5	-	15-20	-	280	14

Pension Entitlements 2012-13

	Employer Pension contributions in 2012-13 £	Real increase in Pension 2012-13 £'000	Real increase in lump sum 2012-13 £'000	Total Accrued Pension at age 60 in 2012-13 £'000	Total Lump Sum at age 60 in 2012-13 £'000	Cash Equiv Transfer Value 2012-13 £'000	Real Increase in Cash Equiv Transfer Value 2012-13 £'000
Trevor Pearce	33,388	2.5-5.0	-	15-20	-	281	41
Malcolm Cornberg	33,388	2.5-5.0	-	20-25	-	418	50
Bradley Jones	25,512	2.5-5.0	-	10-15	-	208	38
Gerry Liddell	25,502	5.0-7.5	20-22.5	45-50	135-140	981	141

The Non-Executive Directors are non-pensionable appointments.

Cash Equivalent Transfer Values (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits the individual has accrued as a consequence of their total SOCA and related precursor agency service, not just their current appointment. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values (Amendment)) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

Real Increase in CETV

This is effectively the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the individual and is worked out using common market valuation factors for the start and end of the period.

Related Party Transactions (Audited)

The Directors' related party transactions for the period 1 April 2013 to 6 October 2013 have been fully disclosed under Note 19 and are reported below.

Related Party transactions took place in the period to 6 October 2013 relating to Peter Clarke, Non-Executive Director, who is also a Board member for the Trustees at Crimestoppers.

Crimestoppers is a registered charity which has received monies from the SOCA Community Fund for specific projects in 2013-14. The distribution of the Community Fund is decided by a Board of Trustees. Peter Clarke is not a member of this Board. SOCA additionally paid Crimestoppers £50k (2012-13: £50k) as a donation to support its activities. Peter Clarke was not part of the decision making process for any of these transactions.

Median Earnings of the work force and ratio between this and the highest paid Director (Audited)

Reporting bodies are required to disclose the relation between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in SOCA for the reporting period was £155-£160k (2012-13: £150k-155k). This was 4.4 times (2012-13: 4.2) the median remuneration of the workforce (excluding the highest paid director), which was £36,298

(2012-13: £36,478). SOCA's calculation of the median earnings of the work force and ratio between this and the highest paid director was based on full-time equivalent staff as at 6 October 2013 on an annualised basis.

Remuneration during the reporting period ranged from £15k to £159k (excluding contingent labour).

There were two IT specialist contractors who may have received remuneration in excess of the highest-paid director. No contingent labour costs are included in the median pay calculation. The impact of excluding contingent labour and seconded staff does not have a material impact on the calculation.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. SOCA's median pay included allowances but not overtime.

The highest paid director received a bonus of £12.5k (2012-13: £5k) and this is the reason behind the slight movement in the ratio. It was also the cause for the change in banded remuneration. There was a change in the highest paid director because of a resignation. In 2012-13, the highest paid director was the Executive Director of Capability and Service Delivery. In 2013-14, the highest paid director was the SOCA Director General.

The movement in the median pay is a result of bringing the National Police Improvement Agency (NPIA) staff onto the SOCA pay scale.

SOCA's median pay calculation does not include contingent labour such as agency staff or contractors because this is third party information which SOCA did not have access to and could not disclose without permission. Also, costs for staff seconded to SOCA are not included because the charges to SOCA included both employer pension and national insurance contributions as well as VAT and administration fees, all of which are not included when calculating the median pay.

SOCA's successor the NCA is working with the providers of all contingent labour including seconded staff to ensure costs are provided in a format that is suitable for inclusion in the median pay calculation.

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014



Statement of the Accounting Officer's Responsibilities

Under the Serious Organised Crime and Police Act 2005, the Home Secretary directed SOCA to prepare annually a Statement of Accounts in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts were to be prepared on an accruals basis and must give a true and fair view of the state of affairs of SOCA at the year-end and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer was required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- ▶ observe the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that SOCA will continue in operation.

The Secretary of State for the Home Department has appointed the Director General of the NCA as the Accounting Officer for SOCA. His responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding SOCA's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in Managing Public Money.

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014

SERIOUS ORGANISED CRIME AGENCY (SOCA)

Closing Governance Statement

The Government published in June 2011 its plan for the creation of the National Crime Agency (NCA). The NCA replaced the Serious Organised Crime Agency on 7 October 2013. From April 2013 SOCA supported the NCA through shadow working arrangements under the operational command, control and responsibility of SOCA's Director General. This closing Governance Statement provides information on the structure of internal control, risk management and corporate governance in SOCA for the period 1 April 2013 to 6 October 2013.

Statement

On closure of SOCA, the Director General National Crime Agency (DG NCA), appointed as Accounting Officer, assumed personal responsibility for governance, internal control and risk management for the NCA and responsibility for closure of SOCA Accounts, including the Governance Statement.

As Accounting Officer of SOCA, the Director General (DG SOCA) Trevor Pearce had personal responsibility for maintaining a sound system of governance, internal control and risk management within SOCA to support the achievement of the Home Office's policies, aims and objectives, whilst safeguarding public funds and departmental assets.

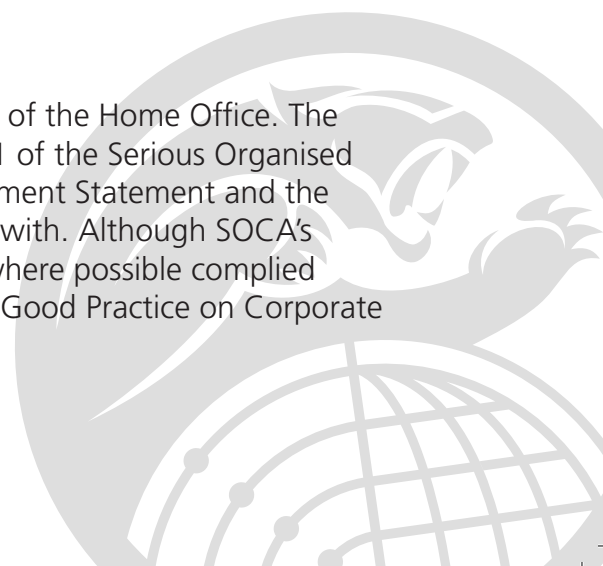
DG SOCA confirmed that he had reviewed the governance, internal control and risk management arrangements in operation for the organisation. A system of internal control was in place in SOCA during the period 1 April 2013 to 6 October 2013 which accorded with HM Treasury guidance.

The system of governance, internal control and risk management was designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable assurance of effectiveness. The DG SOCA was satisfied that SOCA's control framework was fit for purpose and took into account the external environment in which it operated.

The DG NCA reviewed the information on governance, internal control and risk management and was satisfied with the opinion provided by DG SOCA.

Governance

SOCA was an Executive Non-Departmental Public Body (NDPB) of the Home Office. The governance arrangements for SOCA were set out in schedule 1 of the Serious Organised Crime and Police Act 2005 (SOCPA) supported by the Management Statement and the Financial Memorandum for SOCA, all of which were complied with. Although SOCA's governance framework was set by primary legislation, SOCA where possible complied with the principles of the Treasury and Cabinet Office Code of Good Practice on Corporate Governance in central government departments.



SOCPA also provided the legislative basis for SOCA's functions, supplemented by the Serious Crime Act 2007 (in respect of civil recovery functions). These functions were to prevent and detect serious organised crime, to contribute to its reduction in other ways and the mitigation of its consequences, and to gather, store, analyse and disseminate information on organised crime.

SOCA supported the operation of the Child Exploitation and Online Protection Centre (CEOP). CEOP was an affiliated unit of SOCA and while it had operational independence from SOCA it was accountable to the SOCA Board through a committee chaired by a SOCA non-executive. It published its own separate Business Plan and Annual Review.

National Crime Agency (NCA)

The Crime and Courts Act 2013 which deals with the establishment of the NCA and the abolition of SOCA received royal assent on 25 April 2013.

From April 2013 SOCA supported the 'Shadow NCA' through shadow working arrangements. (Shadow working describes how the NCA began to operate in advance of becoming fully operational by setting the strategic direction for the deployment of the resources that will comprise the Agency against the NCA's expected priorities.) Full shadow working commenced on 2 September 2013. SOCA/CEOP remained statutorily responsible for tackling serious organised crime until the NCA became fully operational on 7 October 2013.

The NCA is a Non-Ministerial Department (NMD) with the Director General directly accountable to the Home Secretary and, through the Home Secretary, to Parliament. The Home Secretary has determined the strategic priorities for the NCA.

An Interim NCA Board met monthly from February to September 2013, chaired by the Director General Designate, NCA with a SOCA Non-Executive Director attending in an advisory capacity. The Interim Board supported the development and establishment of the Agency in line with the duties and responsibilities as set out in the Crime and Courts Act 2013.

To ensure sound corporate governance structures were in place for the new Agency, the Interim Board considered and agreed internal governance arrangements during this period, which were ratified at the first formal NCA Board meeting after go-live.

Keith Bristow attended the last SOCA Board in September 2013. The Board expressed concern that it had not been possible for it to be assured that all the SOCA risks had transferred across. However, it was noted that there was continuity of senior management, personal briefings had taken place with the DG NCA and the NCA's Deputy Director General (DDG) and the Audit and Risk Committee had made recommendations for their successors to review all outstanding Internal Audit and compliance recommendations to understand the residual risks the NCA was inheriting.

As a result of these discussions and to ensure full visibility of risks at handover the outgoing SOCA DG wrote to the incoming NCA DG documenting the key risks at transfer.

Role and Composition of Board

SOCA complied with the principles as set out in Corporate Governance in central government departments: Code of Good Practice (Cabinet Office, July 2011). In accordance with the specified governance arrangements, SOCA was led by a Board of four Non-Executive and three Executive members, with the role of chairing the Board separated from the role of Director General / Accounting Officer.

The SOCA Board continued to operate during the reporting period although there was some change in membership. On 24 July 2013 Malcolm Cornberg left SOCA; Stephen Webb was subsequently appointed by the SOCA Senior Appointments Committee (SAC) as an interim Executive Director in his place. Sir Ian Andrews tendered his resignation on becoming aware that he had failed to declare, as obliged to do so under the SOCA Code, that he had become a Director of a company through which he provided management consultancy services to clients, all of whom he had already declared. A new Chair, Stephen Rimmer, was appointed by the Home Secretary.

Through its operation, the Board assured sound financial management; set the organisation's risk appetite and ensured appropriate controls were in place to manage risk; scrutinise the performance of the organisation and ensure SOCA had the capacity to deliver against current needs.

This was delivered through a series of standing agenda items (discussed at monthly meetings), including corporate reporting (performance, risk and resource) and NCA Engagement; updates on major investments and contracts; and updates from CEOP and the Audit and Risk Committee (ARC).

The Board received timely and detailed reports on the standing agenda items, which were sponsored and presented by a Board member. Presentations were requested to either inform the Board or enable rigorous challenge where concerns had been raised.



Board members' attendance for the period 1 April 2013 to 6 October 2013 was:

<i>Board Member</i>	<i>Actual Attendance</i>	<i>Possible Attendance*</i>	<i>Percentage Attendance</i>	<i>Comments</i>
Executive**				
Trevor Pearce	5	5	100%	
Malcolm Cornberg	4	4	100%	Left SOCA 24 July 2013. Last meeting as a member was 24 July.
Gerry Liddell	3	5	60%	
Stephen Webb	1	1	100%	Member from 29 July 2013
Non-Executive				
Sir Ian Andrews (Chair)	4	4	100%	Resigned 01 Aug 2013. Last meeting as a member was 24 July.
Stephen Rimmer (Chair)	1	1	100%	Member from 7 August 2013
Peter Clarke	5	5	100%	
Francis Plowden	5	5	100%	
Martyn Thomas	5	5	100%	

* No meeting of the SOCA Board was held in August 2013.

** Bradley Jones / Robert Lauder were non voting members and so are not included in this table. This ensured that SOCA had an equal number of voting Non-Executive Directors and full time Directors in line with Schedule 1 of SOCPA 2005

Board's Effectiveness

The Board has considered its performance and assessed that it operated effectively. The atmosphere of the meetings was businesslike and efficient, with frank exchanges of views and a level of challenge. There was full participation from all members; agendas and time were well managed and overall attendance was good.

All members understood the business and were involved in other meetings and advisory roles. For example, Non-Executive Directors attended Strategy Groups and supported identified areas of the business. They also advised the DG SOCA and Executive Directors in the discharge of their responsibilities. During the period, the Chair and DG SOCA met with Government Ministers and senior officials, including the Home Secretary, to update them on a wide range of issues; this included performance review meetings, Ministerial Serious and Organised Crime meetings and the Police Oversight Group amongst others. The Chair and DG SOCA also attended the Home Affairs Select Committee (HASC).

Information provided to the Board including financial, risk and performance data was of a high quality and was well presented. Where required, the Board considered issues referred to it by sub-committees and Strategy Groups. Representatives from areas of the business and Home Office were asked to attend the Board to enhance members' understanding of key pieces of activity impacting on both SOCA and the NCA. Representatives from suppliers were also asked to attend the Board where there were particular issues, for example senior managers from CGI, SOCA's ICT provider.

The Board had corporate responsibility for ensuring that SOCA fulfilled the strategic priorities set by the Home Secretary and for promoting the efficient and effective use of staff and other resources. The priorities which the Board set for 2013/14 were:

- ▶ support the seamless transition of SOCA into the NCA and support the Director General designate of the NCA;
- ▶ the dislocation of those criminal markets where SOCA has the lead responsibility for UK law enforcement and contributing to the dislocation of those criminal markets where other agencies have the lead responsibility;
- ▶ the systematic management, on a risk basis, of all SOCA Persons of Interest (Pols) identified as involved in organised crime, causing harm to the UK, through effective information management and planned interventions; and
- ▶ delivery of more law enforcement activity against more organised criminals, at reduced cost and securing criminal convictions against the most serious criminals.

These were delivered through four enabling strategies; Operational; People; Investment and Capability; and Risk, Assurance and Security. Each of these had a Strategy Group chaired by an Executive Director with support from a Non-Executive Director.

The last SOCA Board meeting took place on 25 September 2013. The SOCA Board retained statutory responsibility until the time at which the NCA became fully operational. The Director General remained responsible for SOCA's operational activity and, as Accounting Officer, for SOCA's expenditure and accounting arrangements. All outstanding SOCA Board actions were completed, discharged or transferred to the NCA. Senior leadership to SOCA business was further supported by monthly meetings of the Executive members of the Board and by weekly meetings of the Executive Tasking Group (ETG).

SOCA worked in close collaboration with UK intelligence and law enforcement partners, notably UK police forces, including through the implementation of the Integrated Operating Model, HM Revenue and Customs (HMRC), the UK Border Agency (UKBA) and the Border Force; the private and third sectors; and equivalent bodies internationally.

Audit and Risk Committee

The Audit and Risk Committee (ARC) comprised three Non-Executive Directors as members, of which one was chair. Also in attendance at the ARC was the DG SOCA, Executive Director Capability and Service Delivery, Deputy Director Finance, Head of Corporate Assurance, Risk Manager and representative(s) from the Home Office and National Audit Office (NAO).

On behalf of the SOCA Board and DG (as Accounting Officer), the Committee oversaw the management of risk and other assurance controls necessary for the good governance of SOCA, including the activities of SOCA's Risk, Assurance and Security (RAS) Strategy Group. From April 2013 to 6 October 2013 the Committee met three times. Members reviewed

the comprehensiveness of the Strategic Risk Register, internal audit, corporate compliance coverage and other external compliance regimes applicable to SOCA.

In particular the Committee considered the:

- ▶ 2012/13 Accounts, Annual Report and Governance Statement;
- ▶ audit programme updates;
- ▶ plan for the NAO audit of SOCA on closure;
- ▶ Strategic Risk Register; and
- ▶ handover to the NCA (due diligence issues, including legal risks and transfer of risks).

The ARC in September 2013 discussed a paper titled 'Transfer of Risks from SOCA to the NCA' which set out how the process was being managed and the agreed risk management process being implemented for the NCA. The Committee discussed their responsibilities in handing over the risks to the NCA and were reassured that briefings had taken place between the DG SOCA and DG/DDG NCA of all known risks being transferred across including litigation risks and that DG NCA would be attending the SOCA Board later that day for the agenda item on 'Transfer of Risks to the NCA'.

Risk Management Framework

Risk management was at the core of SOCA activity and was embedded across operational, project, programme and strategic levels within the Agency. Support to risk managers across the business was provided through the dedicated Risk Management team within the Strategy and Information business area.

The SOCA Board ensured clear ownership and accountability throughout the risk management process through the establishment of the Risk, Assurance and Security (RAS) Strategy. The RAS Strategy was supported by a Risk Management Policy and Handbook which defined SOCA's risk management framework and related responsibilities and processes. In particular, SOCA maintained a Strategic Risk Register (SRR) throughout the period which was overseen by the organisation's RAS Strategy Group.

At the point of closure there were 12 strategic risks recorded in the SRR, each one of which was underpinned and controlled through the application of specific controls. The status and impact of these control measures was formally reviewed by the RAS and the ARC on a quarterly basis and used to derive the overall risk rating for strategic risks. The majority of these risks have now been closed, and two specific risks were transferred to the NCA.

The SOCA SRR was supported by underlying feeder registers maintained by business areas (hub registers were developed where common process and risks were relevant to multiple business areas), project/programme management areas, the Child Exploitation and Online Protection Centre (CEOP) and former National Policing Improvement Agency (NPIA) functions.

The SOCA Risk Management Team collaborated closely with the Internal Audit and Compliance teams. The work of Internal Audit (supported by the Home Office shared service provision) provided assurance that the necessary measures were in place to manage, mitigate and/or remove threats and embedded in business practice. This process was also assisted by the Continuous Improvement team within Organisational Development Department.

Legislation provided for various bodies to inspect SOCA to provide opinion on the adequacy of risk management process and controls, including:

- ▶ the Surveillance Commissioner;
- ▶ the Interception Commissioner;
- ▶ the Information Commissioner;
- ▶ Her Majesty's Inspectorate of Constabulary (HMIC);
- ▶ the Independent Police Complaints Commission (IPCC); and
- ▶ the National Audit Office (NAO).

In April 2013 the ARC was advised that the Interception of Communications Commissioner was sufficiently content to defer any further review for 18 months. The Surveillance Commissioner similarly deferred any future inspection until NCA go-live as a result of the confidence levels derived from the last review.

The NCA Risk Management Framework was developed on the basis of SOCA best practice, namely to set clear objectives to bring risk ratings within acceptable limits, to develop plans to achieve these targets and provide regular updates against actions taken to mitigate them to an agreed level. The NCA process was scrutinised and agreed by Interim NCA Deputy Directors and SOCA Executives prior to implementation.

During the final three months of SOCA, a corporate risk assessment process was undertaken by both SOCA and NCA Deputy Directors. The assessment was cross-referenced with the SOCA risk management arrangements and used to derive the NCA risk management framework. The final SOCA SRR was considered by the RAS Strategy Group on 17 September 2013 and endorsed by the ARC on 25 September 2013.

Significant Risks and Issues

The nature of SOCA's business created a range of significant risks cutting across operational and enabling functions. The focus between April 2013 and SOCA close was the identification and effective management of generic threats to the delivery of SOCA business as usual as well as the management of specific threats, and threats relating to the development and establishment of the NCA.



The key top-level risks to SOCA were held on the Strategic Risk Register which was formally reviewed and updated on a quarterly basis. In respect of the significant risks:

- ▶ The management of a seamless transition into the NCA risk was revised in Q1 2013/14 to reflect the changing requirements of the transition process. The controls continued to deconflict priorities, to prevent an adverse affect on SOCA business as usual activity whilst ensuring that lessons learnt from SOCA successes were incorporated into NCA design work to maximise opportunities for the NCA's success. The level of management activity to support the transition moved from shadow working to full shadow working on 2 September 2013;
- ▶ The transitioned NPIA functions continued to be managed as a specific risk. The risk was originally developed to manage the transfer and service delivery of six NPIA functions. Once this transition was successfully completed the functions continued to be monitored to ensure capability and staffing levels were maintained;
- ▶ Two specific elements were managed through ICT related risks – the modernisation of SOCA IT equipment and core IT systems resilience. These risks were managed and delivery was monitored through ongoing high-level engagement between the IT supplier and SOCA senior management team and require ongoing senior engagement in the NCA;
- ▶ In Q1 2013/14 the specific risk relating to CEOP referrals and case developments was revised to reflect a change in the threat profile. Following the successful mitigation of the risk relating to a procedural change implemented by a partner, the risk was refreshed to maintain close Board oversight of activity required to support successful transition to the NCA; and
- ▶ Where SOCA identified cross cutting risks with the potential to impact on a number of Government and Law Enforcement partners these were referred to the Home Office for management. This included the renewal of central government contracts and cross-Government communication arrangements. SOCA also provided significant information to the Home Affairs Select Committee to support its inquiry around private investigators.

Internal Controls

Health and Safety

SOCA's annual Health and Safety Business Plan worked towards achieving compliance with SOCA's Health and Safety Management System (currently based on HSG65). Compliance with the Business Plan was monitored via the H&S Steering Group and the Board and general compliance levels were good.

Preparation for the NCA in terms of health and safety management took place in the run up to NCA go-live. The H&S Management System for the NCA is based on BS18001 and provides a comprehensive framework for safety risk management and Board level assurance. Work took place to identify and fill any gaps in H&S compliance with incoming officers from

other agencies. The Interim NCA Board was advised of the need to appoint a board-level H&S champion.

Security Incidents and Breaches

The overall number of security incidents during the period was down by 16% compared to the previous year. Incidents were dealt with using an established robust and well managed system. Each event was placed onto the corporate record and analysed by the Incidents Team.

Appropriate advice and mitigation was provided by the Security Department and lessons learned recorded. Each month statistics regarding incidents were provided for dissemination and discussion at a senior level. A dashboard of statistics was discussed by the Risk Assurance and Security strategy group in April, July and September.

Data incidents tended to be isolated errors or acts with a limited impact, and did not indicate any systemic weaknesses in the controls. The two personal data incidents where the Information Commissioner was informed of the circumstances are recorded in the relevant section of the Resource Accounts.

Business Continuity Planning

A SOCA critical function was defined as one where the failure to ensure continued delivery could threaten life, legal compliance and / or the reputation of the Agency. A number of critical functions were identified within SOCA and were reviewed annually by the Executive Committee to ensure all relevant areas were represented.

A Business Continuity Plan (BCP) was maintained and updated within the appropriate business group for each critical function. Under SOCA's Business Continuity policy and associated procedures each critical function BCP Owner was required to review their plan each quarter and these were scheduled for local testing at least annually (each owner tested their own plan, as opposed to a test orchestrated from the centre).

An assessment of the NCA's BCP requirements was conducted to ensure the appropriate coverage would be in place at the point of go-live. In preparation for transition into the NCA, work was progressed around the convergence of NPIA ICT arrangements with SOCA systems to facilitate the delivery of a full set of robust contingency plans at go-live.

ICT Continuity Management

ICT continuity management is grouped into two principal areas of business: Modernisation and Business As Usual (BAU).

The ICT Modernisation Programme oversaw delivery of the multi-million pound contract between SOCA and the consortium i2d led by CGI. In addition to carrying out ICT Modernisation, i2d was contracted to provide BAU services in support of SOCA's ICT.



Further work was contracted through Contract Change Notes (CCNs) to provide ICT services for the NCA.

There was a considerable delay with the contracted delivery of Modernisation. This resulted in a high degree of intrusive management of i2d/CGI by senior SOCA management. The contract, delivery and progress were, and continue to be, the subject of close scrutiny at SOCA and NCA board level. There was also scrutiny from the Home Office in relation to progress and benefits realisation.

Progress was subject to Major Projects Authority Gateway Reviews and assessments, which produced recommendations that have been and are being implemented. The Modernisation Programme and BAU Service were overseen by a Partnership Board which consisted of SOCA and CGI senior representatives – a similar governance structure is also in place to manage the client/supplier relationship for the NCA.

CGI acquired Logica in the summer of 2012 and one of their first activities was to offer an alternative Desktop Solution as it was clear that the solution originally bid was not going to deliver the required results. This alternative Desktop Solution is now under a revised Delivery Plan and roll-out will take place during 2014. The revisions to solution and schedule need to be contractualised but this activity is not holding up development activity.

Internal governance within SOCA comprised a number of management and programme management groups which assured the delivery of Modernisation and BAU, dealt with delays encountered with delivery and measured service performance against agreed contracted Service Levels and other agreed delivery parameters. These groups worked closely with their CGI counterparts and were often co-located at both SOCA and CGI office locations.

Performance Management

SOCA's priorities were set out in its Annual Plan for 2013/14. SOCA focused its efforts on supporting the creation of the NCA and ensuring a smooth transition to the new agency, while continuing to maintain and report against its operational focus, albeit to the wider remit of the NCA.

Monthly performance was measured in line with the emerging performance framework for the NCA, reporting against Key Performance Questions (KPQs) and Key Performance Indicators (KPIs). SOCA Performance staff were fully engaged in the development of the framework alongside staff from the Home Office Programme Team and Home Office Oversight Unit.

The Board received monthly performance reports on progress against the KPQs and KPIs. These reports were also presented to the Interim NCA Board and used to frame discussion between DGs SOCA/NCA, the Home Office and ministers.

The Executive Tasking Group held monthly performance meetings which considered a more in-depth report covering tactical and strategic performance issues.

Financial Management

Planning and budget setting was managed by SOCA for the period by delegating approximately 50% of the agreed annual delegation for the SOCA element of the NCA funding envelope. Monthly management reports provided the year to date budget position and outturn forecast for both resource and capital.

SOCA Financial risks and/or opportunities were escalated to the Board and the relevant sub-committees to enable best use of financial resources in year. Transition costs were separately identified and monitored against the various budget control totals. Annually Managed Expenditure (AME) requirements were covered by the Home Office departmental delegation.

Capital programmes were closely monitored, with a finance review of all business cases. Regular forecasting of investment costs and resulting depreciation was undertaken. The investment programme transferred to the NCA.

SOCA provided the Home Office with cash forecasts, drawing down Grant-in-Aid on a need basis (minimising cash balances). The net cash requirement for the period to SOCA closure was negotiated with the Home Office to ensure SOCA had sufficient cash to discharge its actual and accrued liabilities for the period.

Policies and procedures are designed to ensure sound internal control mechanisms are applied. Finance has updated these documents for the NCA in response to external regulatory changes, management review and audit feedback.

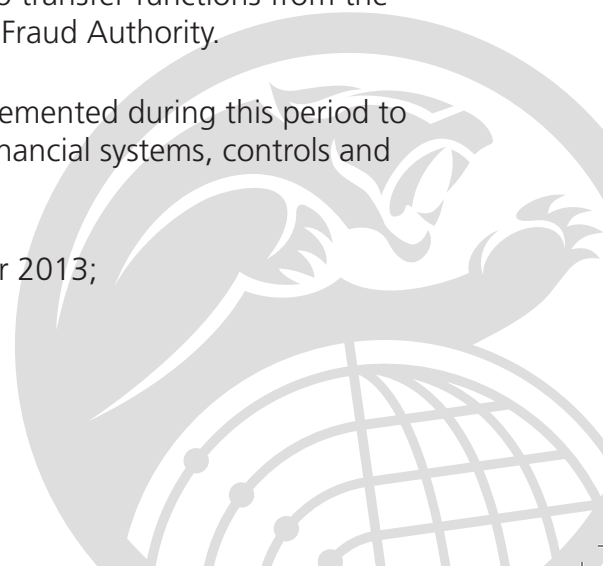
Finance and Commercial were key partners in challenging proposed delivery plans and pricing mechanisms presented by suppliers, ensuring that SOCA obtained value for money and delivery to agreed milestones.

All internal audit recommendations were discussed, agreed and implemented. Finance completed the 2012-13 statutory accounts with an unqualified audit opinion.

Increased resources were directed towards preparation for the NCA. SOCA finance worked closely with the NCA Programme Finance Team, the NCA Interim Board, Home Office, Treasury and other pre-cursor partners to ensure a smooth transition. Financial management support from April 2013 was provided to shadow working arrangements across the agency and finance teams were fully integrated within project teams to transfer functions from the Home Office, the Metropolitan Police Service and the National Fraud Authority.

A comprehensive and integrated finance project plan was implemented during this period to facilitate the closure of SOCA and the establishment of NCA financial systems, controls and procedures. Significant areas included:

- ▶ Payroll – the establishment of the NCA Payroll from October 2013;
- ▶ Budgets and financial management reporting;



- ▶ Transactional services – transition of customer and supplier records;
- ▶ Ensuring financial and integrated systems were fit for purpose;
- ▶ Statutory accounts – agreed timetables for the preparation and audit of the SOCA closure accounts and NCA first year accounts; and
- ▶ Governance and financial delegations – Scheme of Delegation and bank mandates.

SOCA continued to work with HM Treasury and the Home Office to regulate, inform and report as per agreed protocols on all indemnities that may give rise to potential liabilities incurred by SOCA to its successor body the NCA.

Managing Risk of Financial Loss (MRoFL)

SOCA implemented Managing Risk of Financial Loss, a cross government initiative to encourage departments and NDPBs to embed a systematic approach to assessing the risk of financial loss arising from the operation of financial processes. With support from Internal Audit, SOCA/NCA engagement with the MRoFL process has progressed and the NCA Internal Audit programme for October 2013 to March 2014 includes work on staff expenses, payroll and accounts receivable.

People Management

SOCA's workforce was managed through an established workforce planning and resourcing regime that formed the bedrock of its People Strategy. This strategy was governed by a senior People Strategy Group chaired by the SOCA Executive Director of Corporate Services.

The aim of the People Strategy was "to provide a diverse workforce of the right numbers that is appropriately skilled, managed and motivated to support the Board's strategic vision". The Strategy provided the framework for staff and managers and the Human Resources (HR) function in partnership in building the capability of the workforce to enable a flexible response to the changing environment.

SOCA's role profile and career pathways structure utilised internal development of staff to address emerging skills and specialism shortfalls wherever possible and to encourage staff retention. All staff members participated in a Personal Development Scheme (PDS) through which annual performance and personal development objectives were set against business plans. Mandatory management objectives included completion of PDS.

A comprehensive Occupational Health and Welfare system provided a range of health care and employee support services. The SOCA Equality Scheme (SES) was in place to set out the legal duties of the agency in relation to inclusion, diversity and equality.

SOCA staff were managed by a comprehensive suite of policies and operating procedures, which ensured that required standards of behaviour were clearly outlined. Well established

capability and misconduct procedures provided processes for dealing with shortfalls in standards of either performance or conduct, and where appropriate the Independent Police Complaints Commission were fully engaged.

Recruiting externally to SOCA was, and continued to be, affected by the Government's recruitment freeze. This had particular impact upon recruitment to those grades predominately providing front line operational delivery and support. During 2012-13, SOCA obtained approval to recruit 160 front line staff to fill key operational posts. This recruitment campaign has been completed and a number of officers have taken up post already, with others starting in the NCA.

From 7 October 2013, SOCA officers transferred into the NCA. SOCA HR provided the professional lead on addressing all people issues relating to this transfer, including developing terms and conditions (and the consequent Trade Union engagement) on behalf of all SOCA staff (including affiliated CEOP staff) as well as selected officers from the Metropolitan Police Service and the Home Office. In total over 4000 officers were matched and transferred into the NCA structure.

Information Management

The primary objective preceding the NCA's go-live was to ensure that all the key elements needed to maintain high standards of information security, assurance and management were made ready to provide a sound foundation for the new Agency's launch.

A comprehensive review of existing security and assurance policies was undertaken by their authors and policy holders in liaison with a transition management team to assess their suitability for adoption by the NCA and to align them with the posture and culture aimed for by the Interim NCA Board. For example the Information Risk Directive issued by the Office of the Government Senior Information Risk Owner (OGSIRO) was used to inform the drafting of the NCA Information Risk Appetite policy.

The programme to make business-critical information systems more resilient continued, and work on handing over appropriate accreditation systems was maintained. The development of a Capability Alignment Model ensured that the ICT architectural approach remained aligned to the expanded business needs of the NCA and potential changes in the threat environment.

Work continued to be undertaken to demonstrate compliance with as many of the requirements of Level 4 of the Information Assurance Maturity Model as was possible before the NCA's launch. Auditing the output of the new protective monitoring system introduced at go-live is being taken forward by the NCA.

All of these developments were overseen by the SOCA Senior Information Risk Owner (SIRO) and the Risk, Assurance and Strategy Group which he chaired. Equivalent governance arrangements were established for the NCA, including the appointment of a SIRO, Departmental Security Officer and Information Asset Owners. Briefing on their roles and responsibilities was delivered to ensure that information risk continued to be properly managed as the new Agency moved forward.

In parallel with those core information governance matters, action was taken to implement the three recommendations made by HMIC following SOCA's identification of an error in the capture and reporting of data relating to European Arrest Warrants (EAW). The Home Secretary notified Parliament in April 2013 that she had directed an inspection of this data and related processes.

The outcomes were:

- ▶ Completion by the NCA in November 2013 of an audit comparing EAW and relevant Police National Computer data;
- ▶ A focused and publicised campaign, in partnership with police forces, to find and arrest fugitives hiding in the UK was undertaken by the NCA on its launch in October; and
- ▶ The review of the Case Information Management System – to the extent that this has not been superseded by process changes in the NCA – will take place once the system has been fully implemented in October 2014.

Programme and Project Management

SOCA's Business Development Department (shadow NCA Organisational Development Department) provided a single point of entry for all change activity, ensuring that all competing proposals were properly and consistently assessed, weighed, prioritised and managed. From assistance with the writing of business cases to the review of benefits, Business Development ensured that change was delivered and communicated in an optimal way, aligned with best practice and reduced bureaucracy and duplication of effort.

SOCA used a blend of PRINCE2 and the Managing Successful Programmes (MSP) standard to manage all projects and programmes. This is the Major Projects Authority (MPA) standard for managing programmes.

All major projects were subject to a variant of Starting Gate process which is a mandatory element of the assurance regime for emerging major projects. All capital and centrally funded resource activity was preceded by approval and authorisation of an appropriate business case. All capital projects and programmes were directed by the Senior Responsible Officer (SRO) commensurate with the type and complexity of the investment activity.

All SROs were required to deliver mandated project and programme governance arrangements at project start-up, delivery and closure and to manage risks and issues to benefit delivery. Monthly reports to the formal governance bodies, the Investment and Capability Strategy Group (ICSG) and Investment and Capability Design and Review Working Group (ICD&RWG) included progress against any Gateway recommendations. These formal governance bodies monitored and managed data on both delivery of benefits and expenditure incurred and forecast within the annual approved / authorised envelope.

SOCA's key change programmes had embedded specialist resources leading planning, delivery and benefits realisation. This was a key component of reporting to SOCA's Investment Board and Gateways. Benefits Realisation Monitoring was managed by Programme and Project Management (PPM) specialists.

All SOCA's major programmes and projects were managed through regular assurance and stakeholder engagement.

SOCA's change programme for 2013-14 was focused on NCA Transition. The Business Development Department (BDD) provided a focal point for all engagement with the NCA Programme in relation to transition and its implementation within SOCA. To do this it had visibility of other NCA Programme engagement on non-transition issues, to ensure effective resource management and de-confliction. It also co-ordinated SOCA's response to transition proposals, including those requiring investment in new or modified capabilities, developing a joint view with the NCA Programme as to prioritisation and inward dependencies.

The NCA Programme handed over to NCA business as usual change management and entered its closure phase in October 2013.

The Organisational Development Portfolio Office provides support to NCA programmes and provide assurance and independent governance across the programmes.

Operational Delivery

All operational activity was subject to appropriate risk, health and safety and security assessments. The 2012 Annual Report of the Interception of Communications Commissioner was laid before Parliament on 1 August 2013. The report covered the Interception Commissioner's last annual inspection in 2012 of the intelligence agencies and local authorities. This was a good report for SOCA and, whilst some minor errors were made, the professionalism, integrity and ethical approach of SOCA officers was recognised. The report included a short sanitised SOCA case study. The report concluded that all agencies and departments, which included SOCA, had been compliant with legislation and had acted with integrity and in a highly ethical manner.

New legislation for the regulation of biometric data contained within the Protection of Freedoms Act 2013 (POFA 2013) also prompted a review of evidential materials such as fingerprints and DNA samples. All network branches reviewed their casework and physical holdings and were able to provide assurance of compliance with specific deadlines introduced by POFA 2013 and which enabled SOCA's Director General to provide an agency assurance to the ACPO lead for the POFA Project.

The Northern Ireland Assembly voted against legislative consent for the NCA in Northern Ireland. In the absence of such consent, the Crime and Courts Act 2013 was amended to ensure arrangements for the NCA operating in Northern Ireland were compliant with the Sewel Convention, by disapplying those provisions which dealt substantively with transferred / devolved matters. Accordingly, whilst the Crime and Courts Act 2013 enabled the NCA

to operate in Northern Ireland, as a direct consequence of the Northern Ireland Executive's decision not to take forward legislative consent, the powers and activities of the NCA in Northern Ireland are restricted to reserved/excepted matters.

An NCA officer is not designated with the powers of a Northern Ireland constable, and criminal and civil recovery investigations will, in the main, be limited to reserved/excepted criminality.

SOCA was keen to ensure that at NCA go-live, the people of Northern Ireland continued to benefit from the full protection and operational impact that has been available to them under SOCA. SOCA engaged with key stakeholders in Northern Ireland, utilising every available opportunity to secure agreement for a fully operational NCA. At the same time, SOCA was actively involved in contingency planning with the Home Office and partners in relation to both operational delivery and civil recovery case work. SOCA sought to avoid having to discontinue existing civil recovery cases and hand back criminal assets to defendants on its civil recovery cases. SOCA also sought to avoid transferring ongoing criminal investigations to an already stretched Police Service of Northern Ireland.

Child Exploitation and Online Protection Centre (CEOP)

The Chief Executive of CEOP was accountable to DG SOCA for maintaining sound systems of internal control in the business areas for which he was responsible. This system of internal control supported the achievement of CEOP's policies, aims and objectives, whilst safeguarding public funds and assets.

The Chief Executive of CEOP and the CEOP Board managed and monitored the systems of internal control in the following way:

- ▶ completion of the implementation of the recommendations identified by the Quest review project, improving the effectiveness and efficiency of processes in the CEOP Bureau (formerly Referrals and Case Development);
- ▶ close working with SOCA Corporate Assurance on an internal audit in August 2013 directed by DG SOCA of areas including the CEOP Bureau, HR, Finance, Commercial and ICT;
- ▶ delivery of a corporate process to handle requests from SOCA's Public Information Compliance Unit (PICU);
- ▶ oversight of the completion of mandatory training and the delivery of a corporate system to manage staff working hours, overtime and compliance with Working Time Regulations across the Centre;
- ▶ creation of a CEOP Strategic Action Plan to ensure alignment of strategic and operational activity against the key threats and the delivery of a coordinated response across partners; and
- ▶ creation of the CEOP Strategic Group, a multi-agency group to tackle the key threats to children in the arena of child sexual exploitation and abuse.

As part of CEOP's transition into an NCA Command, the CEOP Transition project was delivered, incorporating a new structure and processes and the creation of new relationships and ways of working with the other NCA commands. Existing areas of CEOP business including partnerships, covert asset support and child protection advice posts were expanded. A number of new business areas were established including innovation, target management and the creation of a specialist advice centre to support both the NCA and partners.

In order to assist the NCA in the discharge of its S11 Children Act 2004 responsibilities there was close working with SOCA to organise and develop mandatory and tiered levels of training for NCA officers. There was ongoing work to create a core funded child protection advice team to support the CEOP Command and wider NCA. The CEOP Command Director was allocated the role of Children's Champion for the NCA.

In the final CEOP Board meeting, the Chair undertook to hand over the Board's understanding of key risks and issues in relation to CEOP activity to NCA Director General and Deputy Director General. Transition risks were transferred from the CEOP Risk Register to the NCA-CEOP Command Risk Register in compliance with the corporate process.

Overall Assessment

As DG NCA I have reviewed the information on governance, internal control and risk management and am satisfied with the reasonable assurance of effectiveness regarding the internal control systems in place.

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014



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 Serious Organised Crime Agency for the period ended 6 October 2013 under the Serious Organised Crime and Police Act 2005. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes to Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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 and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Serious Organised Crime and Police Act 2005. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Serious Organised Crime Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Serious Organised Crime Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- ▶ the financial statements give a true and fair view of the state of the Serious Organised Crime Agency's affairs as at 6 October 2013 and of the net expenditure for the period then ended; and
- ▶ the financial statements have been properly prepared in accordance with directions issued by the Secretary of State under the Serious Organised Crime and Police Act 2005.

Opinion on other matters

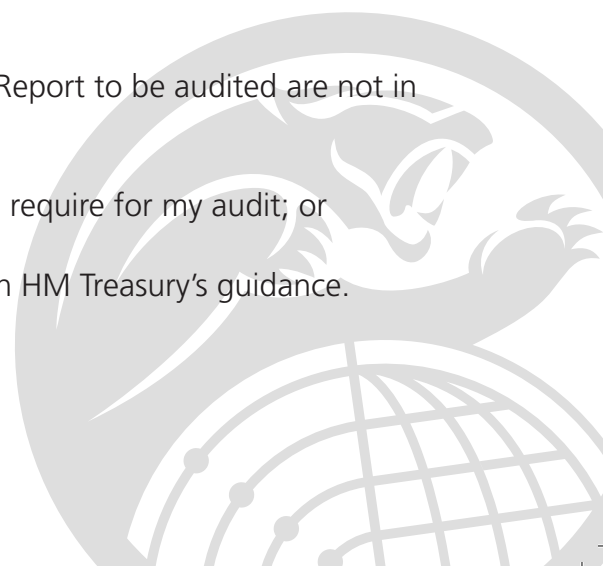
In my opinion:

- ▶ the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State under the Serious Organised Crime and Police Act 2005; and
- ▶ the information given in the 'Management Commentary: Strategic Report', 'Final SOCA Sustainability Report' and 'Directors Report' sections of the Annual Report and Accounts for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- ▶ adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- ▶ the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- ▶ I have not received all of the information and explanations I require for my audit; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.



Report

Without qualifying my opinion, I draw attention to the disclosures made in note 1 to the financial statements. In accordance with the Crime and Courts Act 2013, the Serious Organised Crime Agency ceased to exist on 6 October 2013 and its operations transferred to the National Crime Agency. As the functions previously provided by the Serious Organised Crime Agency continue to be provided by another public sector entity, it remains appropriate for the Serious Organised Crime Agency's financial statements to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Sir Amyas C E Morse

Comptroller and Auditor General
7 July 2014

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

Serious Organised Crime Agency

Statement of Comprehensive Net Expenditure

For the period 1 April 2013 to 6 October 2013

	Note	2013-14 £'000	2012-13 Restated £'000
Expenditure			
Staff costs	3	(110,977)	(223,221)
Pension costs actuarial valuation	3.e	(14,686)	(31,554)
Depreciation and Amortisation	7,8	(18,171)	(40,417)
Operating Costs	5	(80,778)	(161,359)
Impairments, losses on asset revaluation, adjustments and write offs	7,8	-	(9,166)
		(224,612)	(465,717)
Income			
Funding received separate from Grant-in-Aid	6	16,285	29,927
Rents and service charges	6	42	88
Donations of goods and services	6	1,446	1,249
Other operating income	6	1,609	1,451
Recovery of costs	6	232	563
Total operating income		19,614	33,278
Net Expenditure before interest and tax		(204,998)	(432,439)
Tax	1 s	(1)	(173)
Interest	11	-	-
Net expenditure after interest and tax		(204,999)	(432,612)
Surplus / (loss) on disposal of Non-current assets		(63)	(14)
Transfer from NPJA		-	(298)
Net expenditure for the financial year		(205,062)	(432,924)

Other Comprehensive Expenditure

	Note	2013-14 £'000	2012-13 £'000
Net gain / (loss) on revaluation of Property, Plant and Equipment	7	-	987
Actuarial gain / (loss) on pension reserve	3.e	(2,400)	(38,728)
Total Comprehensive Expenditure		(207,462)	(470,665)

All assets and liabilities of SOCA were transferred to the NCA and SOCA ceased to exist at this time. The value of net liabilities transferred was (£445.4m).

The 2012-13 Figures in the financial statements have been restated and are explained in Note 2 of these accounts.

The Notes 1 to 27 form part of these accounts.



Serious Organised Crime Agency**Statement of Financial Position**

As at 6 October 2013

	Note	2013-14 6 October £'000	2012-13 31 March Restated £'000
Non-current Assets			
Property, Plant and Equipment	7	112,170	123,713
Intangible Non-current assets	8	27,593	25,485
Total Non-current assets		139,763	149,198
Other Non-current Assets			
Receivables falling due after one year	10.c	10	11
Total Non-current assets		139,773	149,209
Current Assets			
Trade and other receivables	10.a	25,214	27,798
Cash and cash equivalents	11	26,839	9,605
Total Current Assets		52,053	37,403
Total Assets		191,826	186,612
Current Liabilities			
Trade and Other payables	12.a	(54,974)	(67,703)
Deferred income	12.a	(557)	(619)
Total Current Liabilities		(55,531)	(68,322)
Non-current assets plus Net Current Assets		136,295	118,290
Non-current Liabilities			
IAS 19 Pension Liability	3.e	(563,579)	(557,306)
Provisions	13	(15,395)	(15,980)
Other payables	12.c	(2,755)	(2,936)
Total Non-current Liabilities		(581,729)	(576,222)
Assets less Liabilities		(445,434)	(457,932)
Taxpayers' Equity			
Net Expenditure Reserve	17.a	(21,630)	(36,975)
Pension Reserve	17.b	(426,780)	(424,380)
Revaluation Reserve	17.c	2,976	3,423
		(445,434)	(457,932)

All assets and liabilities of SOCA were transferred to the NCA. Following this the reserves of SOCA were nil and SOCA ceased to exist.

The 2012-13 Figures in the financial statements have been restated and are explained in Note 2 of these accounts.

The Notes 1 to 27 form part of the accounts. The financial statements were approved by the NCA Board on 23 June 2014 and were signed on its behalf by

Keith Bristow QPM

Accounting Officer for the Serious Organised Crime Agency
Director General and Accounting Officer, National Crime Agency

2 July 2014



Serious Organised Crime Agency

Statement of Cash Flows

For the period 1 April 2013 to 6 October 2013

	2013-14 £'000	2012-13 Restated £'000
Cash flows from operating activities		
Net expenditure for financial year	(205,062)	(432,924)
Depreciation and Amortisation	18,171	40,417
Loss / (gain) on asset revaluation	-	9,166
(Surplus) / Loss on disposal of non-current assets	63	14
Transfer from NPIA	-	298
Pension costs	14,686	31,554
Employee contribution	1,170	2,433
(Increase) / Decrease in receivables falling due after one year	1	34
(Increase) / Decrease in accounts receivables	(2,619)	17,314
Increase / (Decrease) in accounts payable and deferred income falling due within one year	(12,794)	17,759
Increase / (Decrease) for use of provisions	(585)	4,133
Increase / (Decrease) in accounts payables and deferred income falling due after one year	(181)	(318)
Net cash outflow from operating activities	(187,150)	(310,120)
Police Pension Payment made	(11,980)	(21,930)
Cash Transfers in from other police pension schemes	-	110
Net cash outflow from police pension payments	(11,980)	(21,820)
Cash flows from investing activities		
Purchase of non – current assets, property, plant and equipment	(1,816)	(23,858)
Purchase of non – current intangible assets	(7,129)	(4,134)
Proceeds of disposal of property, plant and equipment	146	430
Net cash outflow from investing activities	(8,799)	(27,562)
Cash flows from financing activities		
Actual Police Pension financing received	13,913	10,493
Grant-in-Aid for capital expenditure	7,800	23,500
Grant-in-Aid for revenue expenditure	203,450	286,250
Release of Other Reserves	-	(150)
Net Financing	225,163	320,093
Net Increase / (decrease) in cash and cash equivalents in the period	17,234	(39,409)
Cash and cash equivalents at the beginning of the period	9,605	49,014
Cash and cash equivalents at the end of the period	26,839	9,605

All of the assets and liabilities of SOCA transferred to the NCA and SOCA ceased to exist on 6 October 2013.

The Notes 1 to 27 form part of these accounts.

Serious Organised Crime Agency

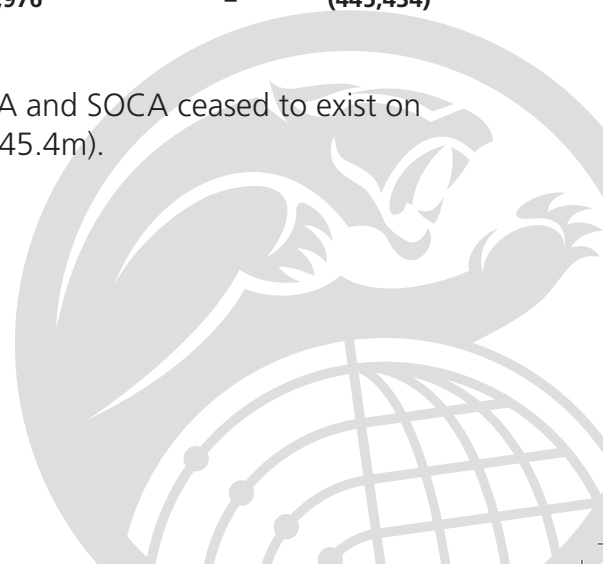
Statement of Changes to Taxpayers' Equity

For the period 1 April 2013 to 6 October 2013

	<i>Inc & Exp Reserve £'000</i>	<i>Pension Reserve £'000</i>	<i>Reval'n Reserve £'000</i>	<i>Other Reserves £'000</i>	<i>Total Reserves £'000</i>
Balance at 31 March 2012 (Restated)*	70,794	(385,652)	3,016	150	(311,692)
Net gain on revaluation of property, plant, equipment	-	-	986	-	986
Actuarial gain / (loss) on pension reserve (restated)*	-	(38,728)	-	-	(38,728)
Total recognised income and expense for 2012-13 (restated)*	(432,924)	-	-	-	(432,924)
Transfer between reserves	579	-	(579)	-	-
I&E transfer	-	-	-	(150)	(150)
Pension funding from Home Office	14,826	-	-	-	14,826
Grant-In-Aid received	309,750	-	-	-	309,750
Closing balance at 31 March 2013 (Restated)*	(36,975)	(424,380)	3,423	-	(457,932)
Balance at 31 March 2013	(36,975)	(424,380)	3,423	-	(457,932)
Net gain on revaluation of property, plant, equipment	-	-	-	-	-
Actuarial gain / (loss) on pension reserve	-	(2,400)	-	-	(2,400)
Total recognised income and expense for 2013-14	(205,062)	-	-	-	(205,062)
Transfer between reserves	447	-	(447)	-	-
I&E transfer	-	-	-	-	-
Pension funding from Home Office	8,710	-	-	-	8,710
Grant-In-Aid received	211,250	-	-	-	211,250
Closing balance at 6 October 2013	(21,630)	(426,780)	2,976	-	(445,434)

All of the assets and liabilities of SOCA were transferred to NCA and SOCA ceased to exist on 6 October 2013. The value of net liabilities transferred was (£445.4m).

* See Note 2 for details.



Notes to the Accounts for the period ended 6 October 2013

1. Statement of accounting policies

1.a) Basis of preparation

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) and Accounts Direction given by the Secretary of State for the Home Department with the consent of HM Treasury, under the Serious Organised Crime and Police Act 2005. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Serious Organised Crime Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Serious Organised Crime Agency for the period 1 April 2013 to 6 October 2013 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Child Exploitation and Online Protection (CEOP) Centre was an affiliated unit and while it had operational independence from SOCA it was accountable to the SOCA Board. The accounts for CEOP are included within the SOCA statutory accounts.

The accounts have been prepared under the historical cost convention, as modified for revaluation of Non-current assets, and have been prepared in accordance with:

- ▶ the accounting and disclosure requirements of the Companies Act 1985 to the extent that such requirements are appropriate to SOCA and are in line with the requirements of the Accounts Direction;
- ▶ applicable accounting standards issued by the Accounting Standards Board; and
- ▶ disclosure and accounting requirements of HM Treasury.

The amounts shown in the accounts as relating to 2013-14 cover the period from 1 April 2013 to the cessation of SOCA on 6 October 2013. 2012-13 figures cover the period 1 April 2012 to 31 March 2013. Amounts presented in the financial statements are therefore not entirely comparable to prior year figures.

1.b) Grant-in-Aid and Income Recognition

Grant-in-Aid received by SOCA was treated as financing because the funds received were regarded as contributions from the Home Office and therefore credited to reserves.

In accordance with IAS 20, where assets were financed by Government grant from departments other than the sponsor department, the funding element was recognised as income and taken through the Statement of Comprehensive Net Expenditure. SOCA met

all conditions regarding the consumption of future economic benefits set by the funding providers so the funding was not deferred.

1.c) Pensions Reserve

In accordance with Government accounting guidance, actuarial gains / losses on pension scheme liabilities were recognised in the Statement of Changes in Taxpayers' Equity. The movement in gain / loss was shown in the Pensions Reserve.

1.d) Non-current Assets

Expenditure incurred by SOCA on the acquisition of capital assets or expenditure which added to the value of existing assets was capitalised, provided that the assets gave benefit to SOCA for a period of more than one year. Where appropriate, SOCA capitalised the cost of salaries attributed to developing the Non-current assets as permitted within IAS 16.

Capital assets, both tangible and intangible, were assets that cost or were valued at or above a capitalisation threshold of £5,000 which was set by the SOCA Board and with an expected working life of more than one year. However, technical equipment assets, the individual components of which cost less than £5,000 but which were non consumable in nature, were also treated as capital assets. Non consumable was defined as a multiple use item, of long duration (beyond one year), reconfigurable and could have been a component part of an item that could be assembled. Purchases for items used exclusively overseas were not capitalised if the assets were not expected to be utilised by SOCA staff for more than 12 months.

Expenditure on the fit-out and works to buildings financed by operating leases was capitalised as a tangible Non-current Asset if the works added to the value of the building. Fit-out costs of all new buildings could have included the costs of new furniture and equipment that individually cost less than £5,000 where the Accounting Officer considered that it was more appropriate to capitalise the initial costs. Tangible Non-current assets were carried at fair value for existing use.

SOCA proactively reviewed the content of its Non-Current Asset Register (NCAR). Capital investment development programme business case reviews and approvals enabled SOCA to validate both the existence, utilisation and value of assets recorded in the NCAR.

1.e) Depreciation and Amortisation

Depreciation or amortisation was provided on all Non-current assets either in use or available for use on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated useful life as follows:



<i>Asset type</i>	<i>Useful life</i>
Land and buildings	Land was not depreciated. Buildings were depreciated to their estimated residual value over the remainder of the buildings' estimated economic lives. The range of leasehold buildings' lives at 6 October 2013 was 2014 to 2036 (1 to 23 years). SOCA had no plans to vacate any freehold or long leasehold buildings.
Improvements to leasehold buildings	The shorter of the duration of lease or anticipated useful life of improvements, subject to maximum period of 10 years.
Motor vehicles	3 – 7 years
Plant and equipment	3 – 5 years
Furniture and fittings	5 years
IT equipment and software	3 – 5 years
Intangible Non-current assets – IT licences and software	3 – 5 years

Tangible assets were revalued on a regular basis and are reported at current cost.

A full month's depreciation or amortisation was provided in the month following first use or availability for use and apportioned to the date of disposal. No depreciation was provided on Assets under Construction until they were brought into use or available for use.

1.f) Revaluation

SOCA had a policy of revaluing its Non-current assets (excluding freehold properties) annually by applying Government-approved indices per asset type. Freehold properties were subject to 5 yearly professional revaluations (last revaluation February 2013 by independent chartered surveyors), in the intervening years, freehold properties were revalued by applying Government-approved indices. Any gain on revaluation was credited to the Revaluation Reserve. A loss on revaluation was debited to the Statement of Comprehensive Net Expenditure to the extent that the loss exceeded the balance on the Revaluation Reserve for that asset.

In line with FReM 4.2.20, assets have not been restated to fair values as at 6 October 2013 as there is no requirement to do so.

The amount of revaluation which has been realised through depreciation or disposal of assets has been transferred from the Revaluation Reserve to the Income and Expenditure Reserve.

The carrying value of Non-current assets was reviewed for impairment if events or changes in circumstances indicated the carrying value was not recoverable, and the assets were written down immediately to their recoverable amount. Useful lives and residual values were reviewed annually.

1.g) Recovered Assets

The criminal confiscation, civil recovery and taxation provisions under the Proceeds of Crime Act 2002 (POCA) were utilised by SOCA to deprive criminals of their illicit profits and assets. Consequently, proceeds from recovered assets were received and paid over to the Home Office. SOCA continued to participate in the incentivisation scheme whereby SOCA and referring law enforcement agencies received a portion of the remittances, treated as income, as an incentive to build their asset recovery capacity (see Note 1 p).

Sale proceeds from recovered assets less allowable costs, including receivers' fees deducted, were paid to the Home Office.

SOCA managed bank accounts where recovered cash was deposited. Each year-end, the excess of civil recoveries over receivers' fees applied, net of any direct disposal costs, was paid over to the Home Office. For assets recovered through Criminal and Tax cases, the amounts were paid over quarterly.

Section 280, Subsection 3 of the amended Proceeds of Crime Act 2002 (POCA) enabled the Director General to meet the costs of an appointed Interim Receiver from sums received from civil recovery proceedings in a way which directly mirrored the provisions in criminal confiscation cases in Parts 2 and 4 of POCA. The commencement date of the provision was 1 July 2005 and, thereafter, the costs of Interim Receivers and Trustees were permitted to be offset against eventual case proceeds. Assets and cash held by SOCA on behalf of third parties in relation to these activities were not included in SOCA's accounts but were separately reported in note 22 to the accounts.

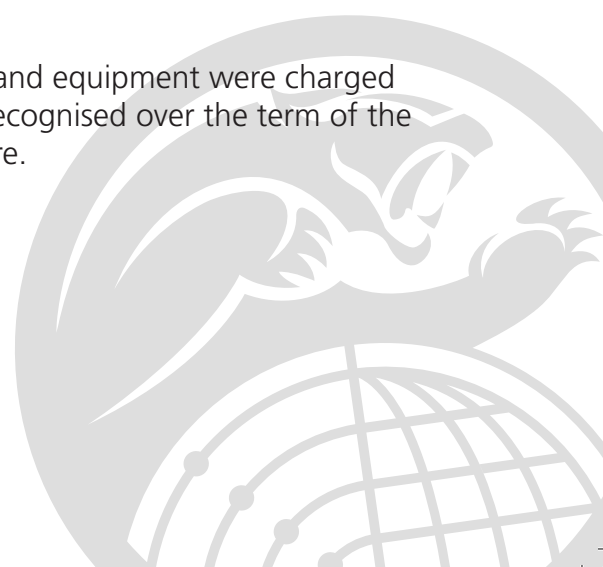
1.h) Foreign Currency

Transactions denominated in foreign currency were translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates had not fluctuated significantly, then an average rate for the month was used.

Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date were translated at the rates ruling at that date. Any translation differences arising were taken to the Statement of Comprehensive Net Expenditure.

1.i) Operating Leases

Payments made under operating leases on land and buildings and equipment were charged to expenditure. Discounts received for rent free periods were recognised over the term of the lease through the Statement of Comprehensive Net Expenditure.



1.j) Rental and Service Charges Income

SOCA sub-let two of its rented properties to other organisations on a commercial basis, ensuring that full occupancy was maintained on rented property in use. Rent and other property income received was recognised in the accounts on an accruals basis when goods / services had been provided by SOCA. The income was credited to the Statement of Comprehensive Net Expenditure at the date of recognition.

1.k) Liquid Resources

Liquid resources comprised cash balances held at bank accounts and as cash in hand. SOCA received bank interest on its cumulative bank balance held but was required to pay to the Home Office any interest received.

1.l) Pension Costs

Employer contributions to the Principal Civil Service Pension Scheme and the Local Government Pension Scheme were charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay as specified by the pension scheme administrators. The annual charge was designed to reflect the cost of pension benefits over the employees' service life.

The cost of providing unfunded pension benefits for former police officers was charged to the Net Expenditure account over the qualifying service life of the officer. The qualifying service for these pension benefits included prior service with a police force in addition to service with SOCA, although no funding was received from the officer's previous employer in relation to this past service. The annual charge to the Statement of Comprehensive Net Expenditure was calculated so that the Statement of Financial Position provision reflected the proportion of the future pension liability relevant to accumulated qualifying service at the Statement of Financial Position date. The Police Pension liability included a provision for future injury awards. The Home Office reimbursed SOCA's police net pension deficit annually. The deficit was caused by expenditure on pensions exceeding contributions. The net pension deficit for 2013-14 was £8.7m (2012-13: £14.8m). A cash disbursement was provided to SOCA separately and in addition to Home Office funded Grant-in-Aid.

The Government Actuaries Department (GAD) has in accordance with IAS 19, advised that any obligation that arose from other long-term employee benefits that depended on length of service needed to be recognised when service was rendered. As injury awards under the Police scheme were dependent on service, GAD valued the liability expected to arise due to injury awards in respect of service prior to the valuation date. GAD used historic data from police authorities to determine the expected incidence and size of future injury awards.

1.m) Value Added Tax

SOCA was registered for VAT but could only recover a very small proportion of VAT on purchases calculated by reference to certain taxable supplies, such as training and mobile telephone recoveries. Income was shown as net of VAT, where VAT was due, and expenditure was charged as gross. Any input tax recoverable was credited to the Statement of Comprehensive Net Expenditure.

1.n) Donations Received

The Child Exploitation and Online Protection (CEOP) Centre received cash donations, donated assets and donations in kind, including staff time and use of assets, from various external sponsors and agencies. These donations were accounted for by following the guidance in the Charities Statement of Recommended Practice (SORP) which required income to be recognised where donations in kind were received and matched to expenditure in the Statement of Comprehensive Net Expenditure. This treatment departed from the Financial Reporting Manual (FRM) as set out under section 5.2.12 for assets received and section 4.5.1 for notional costs. However, SOCA determined that the treatment under the SORP followed a clearer path for the reader of the accounts than the FRM treatment. Donations in kind are offset by notional expenditure such that there is a net nil effect on the accounts.

1.o) Payment of Contributions to Interpol and other third parties

SOCA made annual payments to Interpol at a contribution rate agreed by the Interpol Board. SOCA also made annual payments to support the Sirene programme as part of the development of the Schengen Information System. SOCA accounted for these payments on an accruals basis.

1.p) Assets Recovered Incentivisation Scheme (ARIS)

ARIS money was generated by SOCA in pursuit of its operating activities and money obtained by SOCA using criminal, civil and taxation based legislation was paid to the Home Office. In return, SOCA received a percentage of this money in the form of an incentive payment from the Home Office and as an additional income stream in order to enhance the performance of Asset Recovery activities. This additional income was effectively performance related.

ARIS income was required to be spent within the year it was earned. ARIS income was accounted for under the accruals concept. This is in line with the treatment in 2012-13.

1.q) Provisions

The Legal provision assessed the likelihood, potential risk and value of legal actions against SOCA. The provision incorporated estimates for both legal costs and compensation.



The Retirement provision was created to provide for expected future pension obligations arising from the HM Treasury approved exit scheme SOCA adopted in October 2010. The valuation, as advised by HM Treasury, included a discount factor of 2.35% that was applied to future years' cash flows with effect from 31 March 2013 (2.80% from 31 March 2012).

The Dilapidation provision assessed and valued expected dilapidation costs on buildings SOCA intended to leave. The provision was based on an estimated charge for the specific sites involved and allowed for the reversal of any changes to the buildings made by SOCA and the costs of redecoration.

The Onerous Lease provision was created in 2011-12 in accordance with IAS 37. The provision was for offices vacated by 6 October 2013 for which there was a lease obligation beyond 6 October 2013. The provision took into account known future lease breaks and lease end dates.

1.r) Going Concern

The activities of SOCA were primarily financed by the Home Office.

The Crime and Courts Act 2013, which received Royal Assent on 25 April 2013, allowed for the formation of the National Crime Agency (NCA) and empowered the Secretary of State to transfer certain functions to the NCA by way of a Transfer Order. The Crime and Courts Act 2013 commenced the provisions that provide for the formation and constitution of the NCA, with a coming into force date of 27 May 2013. The functions previously exercised by SOCA, a Non-Departmental Public Body, as well as a number of other national policing functions were transferred to the NCA by way of the Crime and Courts Act 2013 (National Crime Agency Transfer of Functions) Order 2013 which came into force on 7 October 2013. Accompanying Transfers to National Crime Agency (NCA) Scheme 2013 allowed for the transfer of property, rights and liabilities on 7 October 2013.

The basis of the transfer from SOCA to the NCA was undertaken within the principles set out in the Machinery of Government framework. As all assets, liabilities and functions of SOCA have transferred and are continuing under the NCA, management consider it appropriate to adopt the going concern basis in preparing these financial statements. All assets, liabilities and functions were transferred to the NCA on 7 October 2013.

The NCA is a Non-Ministerial Department and as such will be funded by HM Treasury.

Transfer of Assets and Liabilities

All assets and liabilities of SOCA were transferred to the NCA after SOCA ceased to exist on 6 October 2013. The transfer of the assets and liabilities resulted in a cash outflow of £26.8m and a transfer of a net liability of £445.4m.

1.s) Tax

SOCA was liable to pay Corporation Tax on interest received, paid and payable to the Home Office.

As an NDPB, SOCA has accrued £1k since 1 April 2013 according to the known Corporation Tax liability. SOCA was not liable to pay Corporation Tax on capital receipts provided it did not draw down its Grant-In-Aid cash funding in totality in year.

In addition to the Corporation Tax liability SOCA recognised other taxes liable to be paid including: Home to duty use of fleet vehicles, taxation of armoured vehicles and the provision of accommodation for staff. SOCA also included a tax liability for the period 1 April 2013 to 6 October 2013 for the Retention of Specialist Services (ROSS) arising from the re-employment, as civilian staff, of retiring police officers.

1.t) General – Income

SOCA's other income streams extended beyond Home Office Grant-in-Aid funding allocations. Income was recognised in the accounts when SOCA had provided services, delivered goods or had achieved agreed contractual milestones. Other income streams included revenue from the European Union, training courses provided by CEOP and costs recovered from other Government bodies in accordance with agreed terms. From 2012-13 the contractual agreement for the receipt of funding from the Scottish Executive and the Police Service of Northern Ireland, relating to the fact that they benefit from work undertaken by SOCA, was transferred to the Home Office albeit the substance of the transaction has not changed. SOCA received this income via the Home Office for work delivered which was not ring-fenced. This income was included in the Statement of Comprehensive Net Expenditure.

1.u) General Expenditure

SOCA accounted for expenditure on an accrual basis.

1.v) Adoption of IFRS 3 – Transfer by Absorption

From November 2012 the 21 staff employed in the Proceeds of Crime Centre (POCC) and associated costs were included in SOCA management accounts.

The Proceeds of Crime Centre for legislative reasons could not transfer to SOCA. However it is a constituent of the NCA. As there was a legal requirement for the POCC department to be included in the accounts of the National Policing Improvement Agency (NPIA), SOCA has excluded the costs of this department from these accounts. Note 25 to the accounts provides additional information.

1.w) International Financial Reporting Standards issued but not effective

Management have reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. With the exception of the following, management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

The IASB have issued new and amended standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, and EU adoption is due from 1 January 2014. The application of these IFRS changes is subject to further review by Treasury and the other relevant authorities before due process consultation.

The IASB have issued IFRS 13 Fair Value Measurement, setting out the principles for the calculation and disclosure of fair value in financial statements. This standard is not yet EU adopted and the application is subject to further review by Treasury and the other relevant authorities before further due process consultation. The impact on the accounts in the period of initial application cannot be assessed at this stage.

2. Prior Period Adjustment

There was a material error in SOCA's 2012-13 accounts which has recently come to light. This arose from an error in the actuary's calculation of SOCA's liabilities under the police pension scheme and has resulted in the pension reserve and pension liabilities being materially understated as at 31 March 2013. The value of the understatement as at 31 March 2013 is in total £25.5m. Staff costs were also understated by £10k as a result of this error.

The £0.617m adjustment relates to an error in the original IFRS calculation of lease incentives previously reported in the 2008/09 SOCA Accounts.

The £1.049m adjustment relates to an over-statement of a provision for a potential tax liability for personal use of armoured vehicles, which is no longer due.

2.a) Reconciliation net expenditure after Prior Period Adjustment at end of reporting period 31 March 2013

	<i>£'000</i>
Net Expenditure for 2012-13	432,914
Prior Period Adjustment	
Pension Costs Actuarial Valuation	10
Net Expenditure for 2012-13 after PPA	432,924

2.b) Reconciliation taxpayers' equity after Prior Period Adjustment at end of reporting period 31 March 2012

	<i>£'000</i>
Taxpayers' equity at 31 March 2012	313,358
Prior Period Adjustment	
Leasehold Property – Lease Incentive	(617)
Armoured Vehicles Benefit Tax	(1,049)
Taxpayers' equity at 1 April 2012 after PPA	311,692

2.c) Reconciliation taxpayers' equity after Prior Period Adjustment at end of reporting period 31 March 2013

	<i>£'000</i>
Taxpayers' equity at 31 March 2013	434,098
Prior Period Adjustment	
Pension Costs Actuarial Valuation	10
Actuarial Loss on Pension Reserve	25,490
Leasehold Property – Lease Incentive	(617)
Armoured Vehicles Benefit Tax	(1,049)
Taxpayers' equity at 1 April 2013 after PPA	457,932



3. Staff numbers and related Staff costs comprise:

	<i>Permanently Employed Staff 2013-14 £'000</i>	<i>Others 2013-14 £'000</i>	<i>Total 2013-14 £'000</i>	<i>Total 2012-13 Restated £'000</i>
Wages and Salaries	81,633	5,741	87,374	173,447
Social Security Costs	6,786	–	6,786	13,795
Other Pension Costs	12,306	–	12,306	23,285
Indirect Employee Costs*	5,096	–	5,096	11,079
Sub Total	105,821	5,741***	111,562	221,606
Less recoveries in respect of outward secondments	(585)	-	(585)	(905)
Sub Total	105,236	5,741	110,977	220,701
Exit package costs**	190	–	190	2,520
Reimbursement from Home Office	(190)	–	(190)	–
Sub Total	105,236	5,741	110,977	223,221
Pension costs actuarial valuation	14,686	–	14,686	31,554
Total Net Costs	119,922	5,741	125,663	254,775

* Indirect Employee costs are made up of Training costs of £1.5m (2012-13: £3.2m), Recruitment costs £0.2m (2012-13: £0.4m), Compensation and Medical payments £0.5m (2012-13: £1.6m), subscriptions £0.1m (2012-13: £0.1m) and £2.9m (2012-13: £6m) costs related to staff based overseas.

** There was £0.19m relating to a compensation payment, which was agreed and funded by the Home Office. No other exit scheme for SOCA staff for the period ending 6 October 2013. (2012-13: £2.5m).

*** Other staff employed is analysed: Agency staff 26, Contract staff 12 and Seconded staff 77 (2012-13: Agency staff 22, Contract staff 10 and Seconded staff 78). The £5.9m cost incurred in the period ending 6 October 2013 comprises £0.5m Agency staff, £1.5m Contract staff, Overseas staff £1.4m and £2.5m Seconded staff (2012-13: £11.8m comprising, £0.9m Agency staff, £2.8m Contract staff, Overseas staff £2.6m and £5.5m Seconded staff).

Average number of persons employed

The average number of whole-time equivalent persons employed during the period was as follows:

<i>Number</i>	<i>2013-14 Total</i>	<i>2012-13 Total</i>
Permanently Employed	3,750	3,706
Other*	113	110
Staff engaged on capital projects	2	1
Total	3,865	3,817

* Other staff employed is analysed: Agency staff 26, Contract staff 10 and Seconded staff 77 (2012-13: Agency staff 22, Contract staff 10 and Seconded staff 78). Staff engaged on capital projects is analysed: Contractors 2 (2012-13: 1)

In addition to the above directly employed staff, SOCA had an average of 77 attached from other organisations (2012-13: 44) who are excluded from the above figures as they do not form part of the SOCA establishment. SOCA is not charged for the attached staff who are considered to be working for the benefit of their employers.

It is estimated that the cost of employing the attached staff to SOCA in period ending 6 October 2013 would have been £2.0m (2012-13: £2.2m).

Costs totalling £0.2m (2012-13: £0.1m) were capitalised during the period for work carried out on capital projects.

Pension benefits

3.a) Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme where SOCA was unable to identify its share of the underlying assets and liabilities. The scheme actuary re-values the scheme centrally and reassesses contributions every four years.

A full actuarial valuation was carried out as at 31 March 2007. The scheme bands were adjusted in 2007-08 and the contribution rates adjusted in 2008-09 and 2012-13. The contributions were set to meet some of the pension cost of the members on retirement. The state of the current scheme is currently under review. From 30 July 2007 the existing scheme was closed to new entrants and scheme amendments allowed staff in classic or classic plus who leave after 1 October 2007 to give up some of their pension in exchange for a higher tax-free lump sum. Employees joining after 30 July 2007 are able to join the nuvos scheme, a defined benefit scheme with, in common with the existing premium and classic plus schemes, a member contribution rate of between 3.5% and 8.25% of pensionable pay. Employee contributions have a contribution rate of 1.5% to 6.25% of pensionable earnings for the classic scheme. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For the period ending 6 October 2013 employer contributions of £11.8m (2012-13: £23.1m) were payable to PCSPS at one of four rates in the range between 16.7% and 24.3% of pensionable pay (2012-13: 16.7% and 24.3%), based on salary bands. This included £0.3m of contributions paid to other agencies e.g. Home Office, in respect of staff seconded to SOCA (2012-13: £0.7m). The contribution rates reflected benefits as they accrued, not when the costs were actually incurred, and reflected past experience of the scheme.

In addition, employer contributions of 0.8% (2012-13: 0.8%) of pensionable pay were payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees. Contributions of £4.7k were payable for the period ending 6 October 2013 to PCSPS in respect of these benefits (2012-13: £9k).

3.b) Partnership and Stakeholder Schemes

Employees could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions for partnership pensions are payable to one or more of a panel of four appointed stakeholder pension providers. These contributions are age related and range from 3% to 15.5% of pensionable pay (2012-13: 3% to 15.5%). Employers also match employee contributions up to 15.5% of pensionable pay. During the

period ending 6 October 2013 SOCA paid employers' contributions of £0.09m to stakeholder pension providers (2012-13: £0.16m).

3.c) Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme and eligible employees participate in a fund managed by the London Pensions Fund Authority (LPFA). In order to comply with the Government Finance Reporting Manual SOCA was required to provide in these accounts for the full value of the expected future pension liabilities to the officers. The LPFA has provided a valuation of the scheme assets as at 6 October 2013 showing net pension liability of £0.099m (2012-13 scheme liability of £0.063m); this figure is reflected in the Statement of Financial Position.

The net scheme assets at 6 October 2013

	6 Oct 2013 £'000	2012-13 £'000
Present value of Assets	769	1,049
Present value of Liabilities	(868)	(1,112)
Net pension asset / (liability)	(99)	(63)
Movement in Pension Asset / Reserve	40	73
Surplus / (Loss) in Statement of Financial Position	(59)	10

The main assumptions used by the actuaries Barnett Waddingham, employed by LPFA, were as follows:

The net scheme assets at 6 October 2013

	6 Oct 2013 %	2012-13 %
Inflation assumption	3.7	3.4
Rate of salaries increase	4.6	4.3
Rate of pensions increase	2.9	2.6
Discount rate	4.6	4.7

During the period ending 6 October 2013 employer contributions of £0.016m (2012-13: £0.033m) were paid to the LPFA at 17.4% of pensionable pay (2012-13: 16.9%). The contribution rate was determined by the Fund actuary, based on a three yearly actuarial valuation. Under pension fund regulations the contribution rates must be set to meet the overall liabilities of the Fund. The latest formal valuation of the LPFA pension fund was at 6 October 2013.

3.d) Police Pension Scheme

The Agency operated a defined benefit Police Pension Scheme for former police officers.

The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007/1932).

As part of the scheme, SOCA accepted liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values were payable from a former employer in respect of this liability, as well as their pensionable service whilst employed by the Agency.

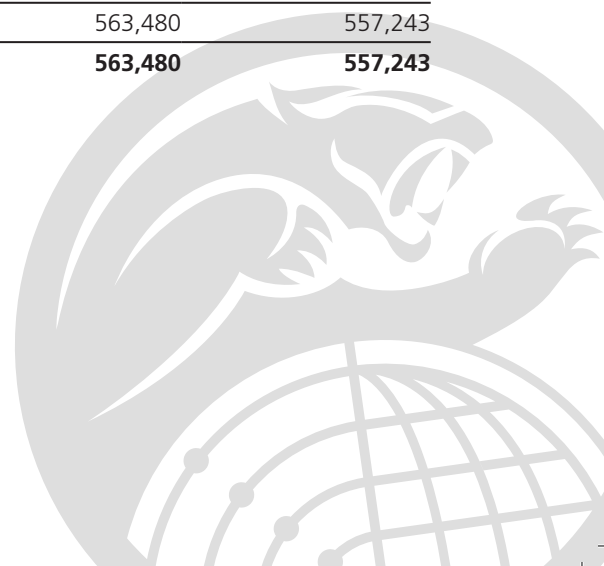
Pension benefits were paid from SOCA resources as they fell due. In the period ending 6 October 2013, £12.0m was paid to pensioners (2012-13: £21.9m).

Employees in the old pension scheme (pre-2006) make contributions of 12.25% or 12.5% of salary (according to salary threshold). Officers joining the scheme after this date pay 10.1% or 10.5% of salary. Both schemes have different accrual rates and retirement ages. Pensions paid in the period were charged against the Pension liability. SOCA incurred the cost of employer contributions at the rate of 24.2% of pensionable pay in the period totalling £2.1m (2012-13: £4.8m). The employee's contribution is set nationally by the Home Office and is subject to triennial revaluation by the Government Actuary's Department (GAD).

In order to comply with the Government Financial Reporting Manual and Accounts Guidance, SOCA was required to provide in these accounts for the full value of the expected future pensions liabilities of the officers. Since 2010-11 the Government Actuary's Department (GAD) has valued contingent injury awards, the previous approach valued injury awards as they came into payment. This change in practice is due to the adoption of IAS 19. SOCA commissioned GAD to value the scheme liabilities as at 6 October 2013. Full provision for this liability at 6 October 2013 of £563.48m (2012-13: £557.24m) is reflected in the Statement of Financial Position and is based on the assumptions and information set out below.

The 2012-13 Figures in the financial statements have been restated and are explained in Note 2 of these Accounts.

<i>Pension liabilities</i>	6 Oct 2013 £'000	2012-13 £'000
Present value of liabilities – Police Officers	563,480	557,243
Net pension liabilities	563,480	557,243



The main assumptions used by the Government Actuary's Department were as follows:

	% pa	% pa
Inflation assumption	1.70	1.70
Rate of increase in salaries	3.95	3.95
Rate of increase in pensions	1.70	1.70
Rate of discounting scheme liabilities	4.10	4.10
<i>Actuarial gains and losses for year</i>	<i>6 Oct 2013</i>	<i>2012-13</i>
	£'000	£'000
Direct Recruits Scheme		
Experience gains / (losses)	(2,440)	8,016
Effect of changes in demographic and financial assumptions	-	(46,821)
Total actuarial gains/(losses)	(2,440)	(38,805)

The results of any actuarial valuation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty, we have set out the approximate effects on the actuarial liability as at 6 October 2013 of changes to the main actuarial assumptions below.

<i>Change in Assumption</i>	<i>Approximate Effect on total liability</i>	
	%	£'000
Rate of Return		
i. In excess of earnings: -0.5% a year	2%	10,000
ii. In excess of pensions: -0.5% a year	7.5%	40,000
Pensioner Mortality		
iii. Pensioners living (on average) two years longer	5%	25,000

3.e) Changes in Pension Assets and Liabilities for the Year by Scheme

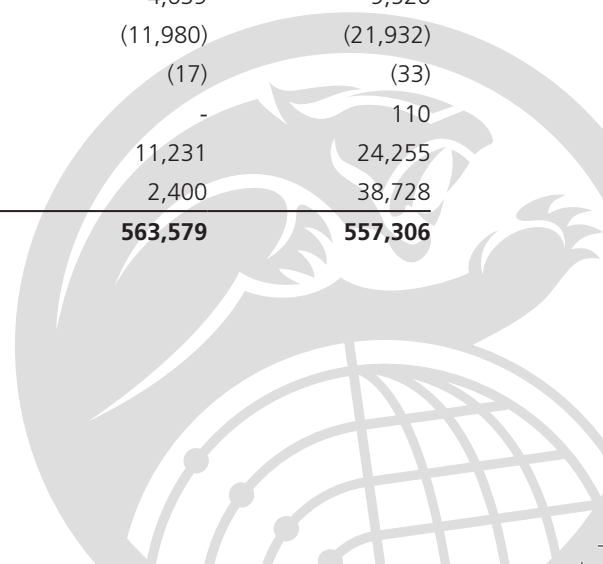
The change in the pension liabilities resulting from operating and finance costs have been charged to the Statement of Comprehensive Net Expenditure.

The actuarial gain / loss calculated by GAD has been reflected in the Statement of Financial Position (Pension Reserve).

	6 Oct 2013 LGPS £'000	6 Oct 2013 Police Officers £'000	6 Oct 2013 Total £'000	2012-13 PO / LGPS Total £'000
Operating cost:				
Current service cost net of employee contributions	92	3,380	3,472	7,222
Transfers	-	-	-	110
Employer's contribution	(17)	-	(17)	(33)
Finance cost:				
Interest on pension liabilities	1	11,230	11,231	24,309
Expected return on employer assets	-	-	-	(54)
Net Return	76	14,610	14,686	31,554
Actuarial gain / (loss)				
Experience gain / (loss) on pension liabilities	25	(2,440)	(2,415)	8,016
Actuarial return less expected return on scheme assets	15	-	15	77
Changes in demographic and financial assumptions	-	-	-	(46,821)
Total Actuarial Gain / (Loss) charged to Pension Reserve	40	(2,440)	(2,400)	(38,728)

Movement in Pension Liabilities during the year

	6 Oct 2013 LGPS £'000	6 Oct 2013 Police Officers £'000	6 Oct 2013 Total £'000	2012-13 PO / LGPS Total £'000
Net liabilities at start of year	63	557,243	557,306	506,652
Current and past service cost	92	4,547	4,639	9,526
Pensions paid in the year	-	(11,980)	(11,980)	(21,932)
Employer's contribution	(17)	-	(17)	(33)
Pension transfers-in	-	-	-	110
Net finance charge	1	11,230	11,231	24,255
Actuarial (gain) / loss	(40)	2,440	2,400	38,728
Net (assets) / liabilities at end of year	99	563,480	563,579	557,306



4. Reporting of Civil Service and other compensation schemes – exit packages

<i>Exit Package Cost Band</i>	<i>2013-14 Total number of Exit Packages by cost band</i>	<i>2012-13 Total number of Exit Packages by cost band</i>
£10,000 – £25,000	-	1
£25,000 – £50,000	-	6
£50,000 – £100,000	-	15
£100,000 – £150,000	-	8
£150,000 – £200,000	1	2
£200,000 – £250,000	-	-
Total Number Of Exit Packages	1	32
Total resource Cost (£'000)	190	2,520

One Executive Director received a compensation payment of £189.6k.

There were no compulsory redundancies in 2013-14 or 2012-13.

There were no exit schemes during the period 1 April 2013 to 6 October 2013. The Scheme applied in 2012-13 was accepted by 32 staff, including two Executive Directors and did not require a provision to meet future year's costs. All costs associated with this scheme were incurred in 2012-13. Staff who accepted these opportunities were at senior management grades (SOCA Grades 2 and above).

Redundancy and other departure costs were paid or agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for on an accruals basis. Where the department had agreed early retirements, the additional costs were met by the department and not by the Civil Service Pension Scheme. Ill-health retirements were met by the pension scheme and are not included in the above table.

The exit schemes adopted were approved by HM Treasury. The Scheme adopted in 2010-11 required a provision to be established to fund pension payments for 45 staff until they reached 60 years of age. The Annual Estimated pension was calculated and adjusted for a discount rate of 2.35% per annum.

5. Operating Expenditure

	2013-14 £'000	2013-14 £'000	2012-13 £'000	2012-13 £'000
Premises costs (excluding onerous lease provision)*	25,032		47,173	
Onerous lease provision	(465)		487	
IT expenses	25,805		52,985	
Accommodation, subsistence and general expenses	7,808		14,423	
Transport costs	4,287		8,888	
Office and general expenses	1,136		1,461	
Conference set up and running costs	130		505	
Office equipment and repairs	220		557	
		63,953		126,479
Operational and communication costs	9,190		18,828	
Interpol subscription	1,481		2,810	
Other operating subscriptions	121		(17)	
Foreign exchange (gain) / loss	(41)		145	
		10,751		21,766
Fees:				
Forensic fees	1,038		2,534	
Interim Receivers' fees	202		217	
External audit fee	125		132	
		1,365		2,883
Other Expenditure:				
Grants to forces and other public sector bodies		525		(323)
Notional expenditure covered by donations		1,446		1,249
Professional services and fees**		2,738		9,305
		80,778		161,359

* The above note includes further analysis of Premises costs. The analysis is provided to explain the impact of the Onerous leases provision, for properties vacated by 6 October 2013 on 2012-13 and 2013-14 expenditure.

** Professional services and fees costs for 2013-14 includes the increase in legal provisions see Note 13.

5.a) Analysis of Net Expenditure by Segment

SOCA was funded primarily through grants by the Home Office, and for the purposes of IFRS 8, SOCA was regarded as a single operating segment.



6. Income and Funding

	2013-14 £'000	2012-13 £'000
Funding received separate from Grant-in-Aid:		
Scottish Executive contributions	2,870	5,543
Police Service of Northern Ireland contributions	732	1,479
Recovered Asset Incentivisation Fund	3,104	4,195
EU Funding	369	591
Civil recoveries applied to receivers' fees	197	217
Specific operational funding	7,705	17,607
Others	1,308	295
	16,285	29,927
Donation of goods and services (excl cash):		
Donations over £250k	952	655
Donations under £250k	494	594
	1,446	1,249
Other operating income		
Cash Donations	3	-
Others	1,606	1,451
	1,609	1,451

6.a) Funding

Funding included grants and contributions received from the Home Office and other Government bodies. SOCA received Grant-in-Aid cash funding from the Home Office totalling £211.3m (2012-13: £309.8m), considered as financing and therefore included as part of the Changes in Taxpayers' Equity.

Specific Operational funding relates to funding received to undertake a number of discrete projects, for example Cyber Crime. The funding was received from the Home Office £4.8m (2012-13: £13.3m including NPIA), the Foreign and Commonwealth Office £2.0m (2012-13: £4.3m), and other Government Bodies £0.9m (2012-13: nil). All of these projects cover more than one financial year.

6.b) Donations of goods and services

The CEOP team at SOCA received donated assets and donations in kind, including staff time and use of assets, from various external sponsors and agencies. These donations were accounted for by following the guidance in the Charities Statement of Recommended Practice (SORP) which requires the recognition of income where donations in kind are received, matching expenditure in the Statement of Comprehensive Net Expenditure (see Note 1 o).

In the period to 6 October 2013 various goods and services with an estimated value of £1.449m (2012-13: £1.249m) were received from organisations and charities which were used by CEOP to support its objectives. This total includes one cash donation of £3k received in relation to the period 1 April to 6 October 2013 (2012-13: nil).

6.c) Costs recovered

Other income included costs recovered from the Foreign and Commonwealth Office of £141k (2012-13: £226k) and operational activity funded by other Government departments of £91k (2012-13: £108k). No costs have been recovered from other law enforcement agencies (2012-13: £229k).

Rents and service charges of £42k (2012-13: £88k) related to the sub-let of SOCA estate to a law enforcement agency.



7. Property, Plant and Equipment

7.a) Tangible Non-current Assets – Property, Plant and Equipment at 6 October 2013

	<i>Buildings</i>	<i>Land</i>	<i>Improve- ments to leasehold buildings</i>	<i>Motor vehicles</i>	<i>IT Assets</i>	<i>Plant & Machinery</i>	<i>Furniture & Fitting</i>	<i>Payments on account & assets under construction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation									
At 1 April 2013	18,080	3,041	98,502	37,829	80,884	46,978	7,762	18,374	311,450
Additions	(55)	-	399	179	521	340	15	417	1,816
Disposals	(19)	-	(3,752)	(2,961)	(22,450)	(21,915)	(1,008)	-	(52,105)
Impairments and write-offs	-	-	-	-	-	-	-	-	-
Transfers (internal)	-	-	-	1,914	3,367	3,180	-	(8,461)	-
Transfers from NPIA	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
At 6 October 2013	18,006	3,041	95,149	36,961	62,322	28,583	6,769	10,330	261,161
Depreciation									
At 1 April 2013	8,403	-	44,755	28,316	57,831	42,937	5,495	-	187,737
Charge in year	472	-	4,860	1,128	4,817	1,433	440	-	13,150
Disposals	(19)	-	(3,752)	(2,752)	(22,450)	(21,915)	(1,008)	-	(51,896)
Impairments and write-offs	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Transfers from NPIA	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
At 6 October 2013	8,856	-	45,863	26,692	40,198	22,455	4,927	-	148,991
Net Book Value at 6 October 2013	9,150	3,041	49,286	10,269	22,124	6,128	1,842	10,330	112,170
At 1 April 2013	9,677	3,041	53,747	9,513	23,053	4,041	2,267	18,374	123,713
Asset financing:									
Owned	9,150	3,041	49,286	10,269	22,124	6,128	1,842	10,330	112,170
Net book value at 6 October 2013	9,150	3,041	49,286	10,269	22,124	6,128	1,842	10,330	112,170

Freehold properties were valued professionally by Independent Chartered Surveyors in February 2013

Other assets were last revalued March 2013 (no adjustments for indexation changes posted at the end of SOCA).

7.b) Tangible Non-current Assets – Property, Plant and Equipment at 31 March 2013

	<i>Buildings</i>	<i>Land</i>	<i>Improvements to leasehold buildings</i>	<i>Motor vehicles</i>	<i>IT Assets</i>	<i>Plant & Machinery</i>	<i>Furniture & Fitting</i>	<i>Payments on account & assets under construction</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2012	28,943	4,000	99,583	38,710	67,380	46,334	7,238	12,065	304,253
Additions	1,454	-	2,064	2,179	2,515	413	412	14,427	23,464
Disposals	(24)	-	(3,441)	(4,593)	602	72	(2)	-	(7,386)
Impairments and write-offs	-	-	(17)	(1)	(23)	-	-	-	(41)
Transfers (internal)	33	-	218	1,202	6,659	(4)	10	(8,118)	-
Transfers from NPIA	-	-	-	110	43	-	-	-	153
Revaluations	(12,326)	(959)	95	222	3,708	163	104	-	(8,993)
At 31 March 2013	18,080	3,041	98,502	37,829	80,884	46,978	7,762	18,374	311,450
Depreciation									
At 1 April 2012	9,235	-	36,458	29,664	45,097	39,388	4,567	-	164,409
Charge in year	1,958	-	11,904	2,621	9,989	3,515	870	141	30,998
Disposals	(23)	-	(3,441)	(4,129)	602	72	(2)	-	(6,921)
Impairments and write-offs	-	-	(13)	(1)	(18)	-	-	-	(32)
Transfers	45	-	(18)	-	234	(124)	4	(141)	-
Transfers from NPIA	-	-	-	67	39	-	-	-	106
Revaluation	(2,812)	-	(135)	94	1,888	86	56	-	(823)
At 31 March 2013	8,403	-	44,755	28,316	57,831	42,937	5,495	-	187,737
Net book value At 31 March 2013	9,677	3,041	53,747	9,513	23,053	4,041	2,267	18,374	123,713
At 1 April 2012	19,708	4,000	63,125	9,046	22,283	6,946	2,671	12,065	139,844
Asset financing:									
Owned	9,677	3,041	53,747	9,513	23,053	4,041	2,267	18,374	123,713
Net book value at 31 March 2013	9,677	3,041	53,747	9,513	23,053	4,041	2,267	18,374	123,713



8. Intangible Assets

8.a) Intangible Non-current Assets at 6 October 2013

	<i>Purchased software</i> £'000	<i>Payments on account & assets under construction</i> £'000	<i>Total</i> £'000
Cost or valuation			
At 1 April 2013	47,982	13,326	61,308
Additions	7,061	68	7,129
Disposals	(8,277)	-	(8,277)
Impairments and write-offs	-	-	-
Transfers	13,327	(13,327)	-
Transfers from NPIA	-	-	-
At 6 October 2013	60,093	67	60,160
Amortisation			
At 1 April 2013	35,823	-	35,823
Charge in year	5,021	-	5,021
Disposals	(8,277)	-	(8,277)
Impairments and write-offs	-	-	-
Transfers	-	-	-
Transfers from NPIA	-	-	-
At 6 October 2013	32,567	-	32,567
Net Book Value			
At 6 October 2013	27,526	67	27,593
At 31 March 2013	12,159	13,326	25,485

8.b) Intangible Non-current Assets at 31 March 2013

	<i>Purchased software</i> £'000	<i>Payments on account & assets under construction</i> £'000	<i>Total</i> £'000
Cost or valuation			
At 1 April 2012	46,571	10,470	57,041
Additions	1,106	3,028	4,134
Disposals	22	-	22
Impairments and write-offs	-	-	-
Transfers	172	(172)	-
Transfers from NPIA	111	-	111
at 31 March 2013	47,982	13,326	61,308
Amortisation			
At 1 April 2012	26,342	-	26,342
Charge in year	9,419	-	9,419
Disposals	-	-	-
Impairments and write-offs	-	-	-
Transfers	-	-	-
Transfers from NPIA	62	-	62
at 31 March 2013	35,823	-	35,823
Net Book Value			
at 31 March 2013	12,159	13,326	25,485
At 31 March 2012	20,229	10,470	30,699

9. Financial Instruments

As the cash requirements of SOCA were met through Grant-in-Aid funding provided by the Home Office, financial instruments (IFRS 7) played a more limited role in creating risk than would apply to a non-public sector body. The majority of financial instruments related to contracts to buy non-financial items was in line with SOCA's expected purchase and usage requirements and SOCA was therefore exposed to little credit, liquidity or market risk. Expenditure incurred in a foreign currency was translated at an approved HM Treasury spot rate. SOCA did operate foreign currency bank accounts that were translated to sterling at 6 October 2013 according to an approved HM Treasury spot rate. SOCA proactively reviewed cash and bank balances to ensure minimum balances were held in both foreign currencies and sterling until required. SOCA did not use forwards or any other such instruments.



10. Trade receivables and other current assets

	<i>2013-14</i> <i>£'000</i>	<i>2012-13</i> <i>£'000</i>
(a) Amounts falling due within one year		
Trade receivables*	4,699	4,603
Accrued income	9,561	7,541
Other receivables	1,445	6,434
Transfer from NPIA	-	240
Prepayments	9,509	8,980
	25,214	27,798
(b) Intra-Government balances		
Balances with central Government bodies	14,132	16,615
Balances with local authorities and police authorities	2,068	407
Subtotal: intra-Government balances	16,200	17,022
Balances with bodies external to Government	9,014	10,776
	25,214	27,798
(c) Amounts falling due after one year		
Other receivables	10	11
	10	11
(d) Intra-Government balances		
Balances with bodies external to Government	10	11
	10	11

* The Bad Debt Provision is reported in Note 13 Provision for Liabilities and Charges and assesses Trade Receivables for the potential risk of the debt not being recovered. The provision for 2013-14 is £0.01m (2012-13: £0.14m).

11. Cash and Cash Equivalents

	<i>2013-14</i> <i>£'000</i>	<i>2012-13</i> <i>£'000</i>
Balance at 1 April	9,605	49,014
Net change in cash and cash equivalents balances	17,234	(39,409)
Balance at End of Accounting Period	26,839	9,605

The following balances at 31 March were held at:

Commercial banks and cash in hand	6,237	9,003
Balance held with Government Banking Service	20,602	602
Balance at End of Accounting Period	26,839	9,605

SOCA operated a number of bank accounts and cash imprest accounts. The UK accounts operated under a pooling arrangement which allowed some accounts to be overdrawn, as long as the main SOCA account was in credit to cover the overdrawn balances. At 6 October, the cash and bank balances totalled £26.8m (2012-13: £9.6m).

Interest of £0.05m was received during the year on bank balances (2012-13: £0.15m). Any interest received had to be paid to the Home Office. SOCA did not recognise interest earned as part of its income as it is due to the Home Office.

The 2013-14 SOCA closing cash balance of £26.8m was part of SOCA's forecast cash requirements to meet its obligations as it wound down its operations. This residual cash balance transferred to the National Crime Agency.



12. Trade payables and other current liabilities

	2013-14 £'000	2012-13 £'000
(a) Amounts falling due within one year		
Other Tax and Social Security	308	398
Trade Payables	43	2,404
Other Payables	5,076	3,191
Accruals	49,547	61,710
Deferred income	557	619
	55,531	68,322
(b) Intra-Government balances		
Balances with central Government bodies	5,758	8,021
Balances with local authorities and police authorities	2,063	1,211
Subtotal: intra-Government balances	7,821	9,232
Balances with bodies external to Government	47,153	58,471
Balances excluding deferred income	54,974	67,703
Deferred income balances with central Government bodies	118	47
Deferred income with local authorities and police authorities	69	11
Deferred income balances with bodies external to Government	370	561
	55,531	68,322
(c) Amounts falling due more than one year		
Other payables*	2,755	2,936
	2,755	2,936
(d) Intra-Government balances		
Balances with central Government bodies	0	0
Balances with bodies external to Government	2,755	2,936
	2,755	2,936

* This relates to the Rent Discount account. SOCA has rent discounts, which were approved as incentives for taking out leases, running on 7 properties (2012-13: 7 properties). The total rent discount is £3.06m (2012-13: £3.87m). The amount shown on this line represents only the elements of the rent discount that fall due after more than one year.

13. Provisions for Liabilities and Charges

	<i>Legal Provision</i> £'000	<i>Retirement Provision</i> £'000	<i>Dilapidation Provision</i> £'000	<i>Bad Debt Provision</i> £'000	<i>Onerous Lease Provision</i> £'000	<i>Total Provision</i> £'000
Balance at 1 April 2013	(6,449)	(4,247)	(191)	(140)	(4,953)	(15,980)
Provided in year	(2,157)	-	-	-	-	(2,157)
Provisions not required written back [#]	1,530	-	-	-	130	1,660
Provisions utilised in the year ^{##}	140	479	-	128	275	1,022
Cost of borrowing (Unwinding of discount)	-	-	-	-	60	60
Balance at 6 October 2013	(6,936)	(3,768)	(191)	(12)	(4,488)	(15,395)

	<i>Legal Provision</i> £'000	<i>Retirement Provision</i> £'000	<i>Dilapidation Provision</i> £'000	<i>Bad Debt Provision</i> £'000	<i>Onerous Lease Provision</i> £'000	<i>Total Provision</i> £'000
Balance at 1 April 2012	(2,040)	(5,140)	(39)	(162)	(4,466)	(11,847)
Provided in year	(4,786)	(230)	(191)	(2)	(1,101)	(6,310)
Provisions not required written back	-	-	39	-	-	39
Provisions utilised in the year	377	1,123	0	24	614	2,138
Balance at 31 March 2013	(6,449)	(4,247)	(191)	(140)	(4,953)	(15,980)

'Provisions not required written back' is a credit to Annually Managed Expenditure (AME). This occurs when the provision is reviewed and confirmed to be over stated.

'Provisions utilised in the year' are a charge to DEL and reflect expenditure incurred that off-set in part or in total the original provision.

The Legal provision of £6.936m related to provision for claims and costs relating to potential Civil Recovery cases, and cases in progress to cover estimates on litigation costs for employees undertaking action because of injury, loss of employment, changes in conditions of service and operational activity. The provision allowed for both costs and compensation payments.

New provisions were added to reflect future compensation claims to the value of £2.16m and a provision of £1.5m identified as not required was written back. The provision is anticipated to crystallise in the NCA in 2 to 5 years.

The Retirement provision of £3.768m was created to provide for expected future pension obligations in accordance with the HM Treasury approved exit scheme SOCA adopted in October 2010. The valuation, as advised by HM Treasury, included a discount factor of 2.35% (2012-13: 2.35%) that is applied to future years' cash flows. The provision is anticipated to crystallise in the NCA as follows:

- ▶ Within one year £0.807m
- ▶ 2-5 years £2.003m
- ▶ Over 5 years £0.957m



The Dilapidation provision assessed and valued expected dilapidation costs on buildings. An amount was provided for in the accounts based on an estimated charge per sq. ft of leased space and allowed for the reversal of any changes to the building made by SOCA and the costs of redecoration. Lease end dates for current buildings range from 2014 to 2036.

The Bad Debt Provision assessed outstanding debts for the potential risk of the debt not being recovered and a provision was made where deemed necessary. It is anticipated the bad debt provision will crystallise in NCA within one year.

The Onerous lease provision was created in accordance with IAS 37 and related to four offices vacated for which there was a lease obligation beyond 6 October 2013. The provision took into account known future lease breaks and lease end dates. SOCA endeavoured to dispose of these properties in line with the SOCA Board's Estates Strategy. The provision will crystallise as properties are disposed. The lease end dates for these properties range from 2015 to 2022.

14. Capital Commitments

Given the unique circumstances of a mid year closure, SOCA have chosen to divide the commitments shown on Notes 14-16 as financial years not 12 months.

- ▶ **Not later than one year** therefore refers to 7 October 13 to 31 March 14
- ▶ **Later than one year and not later than five years** refers to 1 April 14 to 31 March 19
- ▶ **Later than five years** refers to 1 April 19 and after.

Contracted capital commitments for 6 October for which no provision has been made:

	<i>2013-14</i> <i>£'000</i>	<i>2012-13</i> <i>£'000</i>
Not later than one year	9,650	4,838
Later than one year and not later than five years	4,326	4,232
Later than five years	426	426
Total	14,402	9,496

Commitments include contractual obligations for the provision of information technology and communications services and the acquisition of motor vehicles.

15. Commitments under leases

Annual commitment for operating leases. SOCA was committed to pay for the following operating lease rentals in the future financial years:

	2013-14 £'000	2012-13 £'000
Obligations under operating leases comprise:		
<i>Buildings:</i>		
Not later than one year	9,273	19,727
Later than one year and not later than five years	64,819	65,083
Later than five years	120,735	120,736
Total	194,827	205,546

16. Other Financial Commitments

Other commitments include contracts for the provision of information technology, communication services and facilities management.

	2013-14 £'000	2012-13 £'000
Other financial commitments		
Not later than one year	12,937	26,700
Later than one year and not later than five years	82,192	81,538
Later than 5 years	38,607	38,151
Total	133,736	146,389

17. Notes on Reserves

17.a) Income and Expenditure Reserve

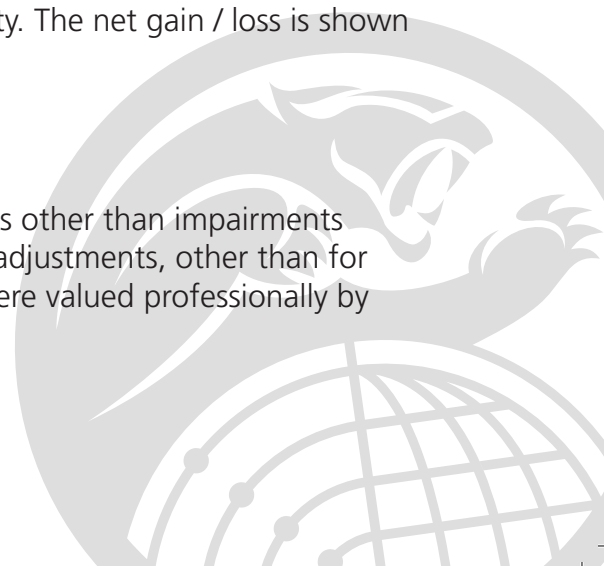
The Income and Expenditure Reserve shows the balance of accumulated surpluses or deficits in grants and other income over operating expenditure.

17.b) Pensions Reserve

In accordance with HM Treasury guidance, actuarial gains / losses on pension scheme liabilities are recognised in the Statement of Changes in Taxpayers' Equity. The net gain / loss is shown in the Pensions Reserve.

17.c) Revaluation Reserve

SOCA's assets are revalued on an annual basis. Any revaluations other than impairments are credited to the revaluation reserve. Prior year depreciation adjustments, other than for impairments, are debited to the reserve. Freehold properties were valued professionally by Knight Frank Chartered Surveyors in February 2013.



18. Contingent Liabilities

18.a) Lease Dilapidations

SOCA occupied leasehold premises, many of which had been modified to meet specific operational or administration requirements. Common to the leases was the requirement to hand back the premises at the end of the lease period in a good condition. In substance this often obliged SOCA to incur further expenditure on returning these premises to their pre-occupation condition.

The lease dilapidations in Note 18.a relate to buildings still occupied by SOCA at 6 October. Lease dilapidations for buildings already exited are shown in the onerous lease provision (Note 13).

The costs to SOCA on vacation of leased premises were estimated as £5m (2012-13: £5m). This estimate was based on a charge per square foot of leased space and allowed for the reversal of any changes to the building made by SOCA and the costs of redecoration. This potential liability at 6 October 2013 was estimated to fall due as follows:

	<i>2012-13</i> <i>£'000</i>	<i>2013-14</i> <i>£'000</i>
Not later than one year	577	-
Later than one year and not later than five years	1,824	2,401
Later than 5 years	2,618	2,618
	5,019	5,019

18.b) Litigation Costs

SOCA had a small number of claims from employees, members of the public and suppliers that could result in compensation payments to be made on settlement. These claims were considered to be contingent liabilities because the probability of SOCA being successful in litigation was less than 50% and they were at an early stage of action, making the determination of costs impossible. Compensation payments made are reported in Note 21.

18.c) Indemnities

A Departmental Minute was laid before Parliament in October 2011 which enabled SOCA to indemnify bodies against losses when using their facilities for firearms training purposes, to a maximum value at any one time of £50m. SOCA entered into 31 agreements with suppliers during the reporting period (2012-13: 49), with a maximum value at any one time of £10m (2012-13: £12m). At 6 October 2013, SOCA had 6 indemnities in place with firearms training establishments which added up to £19m (2012-13: £55m) for the period to March 2014. Controls were in place to ensure these did not exceed the £50m limit at any specific date. No individual indemnity exceeds £5m in value. The maximum indemnity in place at any one time was £14m in September 2013.

With effect from October 2011, SOCA had the authority to enter into other indemnities for operational need of up to £0.25m in any particular case. SOCA entered into no indemnities during the year (2012-13: nil).

A PF78 (solicitor's undertaking as to expenses) occurred in circumstances where a person, by dint of their age or capacity, was unable to defend their own interests. In these cases, the Court would direct that their interests were independently represented by the office of the Official Solicitor. In such circumstances, SOCA was requested by the Court to provide an undertaking to indemnify the Official Solicitor's reasonable costs. No new PF78s were established in the period to 6 October 2013 (2012-13: nil).

The following indemnities remained current from the previous years:

- ▶ 5 indemnities (2012-13: 5) with banks relating to the recovery of criminal assets with an estimated value of £0.613m (2012-13: £0.629m). The decreased value relates to Euro / Sterling exchange rate movements.
- ▶ 5 indemnities (2012-13: 5) with clearing banks with a maximum aggregated value of £0.796m (2012-13: £0.616m).
- ▶ 4 operational indemnities (2012-13: 4) with a combined estimated value of £1m (2012-13: £1m).
- ▶ 5 (2012-13: 5) PF78 solicitor's undertaking as to expenses with potential liability of less than £0.125m (2012-13: £0.125m).

No liabilities crystallised during the period. SOCA continually reviewed indemnities according to the quantum of risk and likelihood.



19. Related Party Transactions

The Home Office was the sponsoring department of SOCA. The organisations listed below were considered to be related parties to SOCA:

	<i>Closing Balance 2013-14</i>	<i>Closing Balance 2012-13</i>	<i>Net spend (income) 2013-14</i>	<i>Restated net spend (income) 2012-13</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Home Office	7,860	14,446	(235,842)	(331,625)
Scottish Executive	3,137	-	(2,857)	(5,543)
Northern Ireland Administration	47	-	(732)	(1,479)
National Policing Improvement Agency	(196)	(156)	957	(916)
Foreign & Commonwealth Office	(754)	(2,625)	4,298	12,998*
Police Forces	(254)	237	845	3,491
Local Government	269	(1,016)	3,983	3,192
HMRC	(1,452)	(2,621)	2,536	423
HMIC	-	-	-	491
Government Estates Management	(305)	(965)	516	696
Other (not analysed)	828	(315)	-	-
	9,180	6,985		

* The Foreign & Commonwealth Office net spend in 2012-13 accounts did not take into account £5.554m of income.

During the period ended 6 October 2013, these bodies provided SOCA with Grant-in-Aid and, in certain cases, other funding. In addition SOCA had a small number of transactions with other Government departments and other central Government bodies.

Related Party Transactions took place in 2013-14 and 2012-13 relating to Peter Clarke, Non-Executive Director, who is also a Board member for the Trustees at Crimestoppers.

Crimestoppers is a registered charity which received monies from the SOCA Community Fund in 2013-14 and 2012-13. The distribution of the Community Fund was decided by a SOCA Board of Trustees. Peter Clarke was not a member of this Board. SOCA paid Crimestoppers £50k (2012-13: £50k) as a donation to support its activities. Peter Clarke was not part of the decision making process.

20. Third Party Assets

Seized property is that which was appropriated by SOCA and other law enforcement bodies but which may still be liable to be returned. Seized property held by SOCA at 6 October 2013 consisted of £9.3m (2012-13: £11.2m) in cash, motor vehicles and other valuables suspected of being derived from criminal activity.

These were not SOCA's assets and are not included in the accounts.

	2013-14 £'000	2013-14 £'000	2012-13 £'000	2012-13 £'000
Third party assets :				
-Monies	8,358		10,203	
-Physical assets	928		1,033	
		9,286		11,236

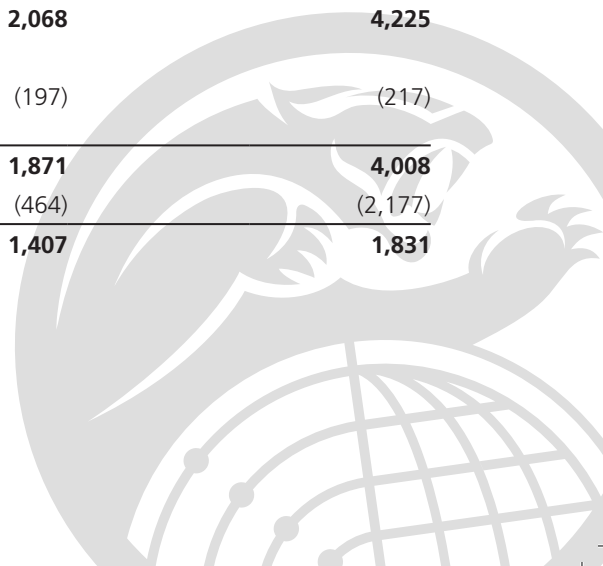
21. Losses and Special Payments

SOCA incurred £0.02m losses during the period to 6 October 2013 (2012-13: £0.01m). In addition £0.081m was paid in 5 compensation payments during the period to 6 October 2013 (2012-13: £0.346m for 7 payments). There were no constructive losses in period to 6 October 2013 or 2012-13.

22. Recovered Assets

SOCA managed bank accounts where recovered assets were deposited. Each year-end, the excess of civil recoveries over receivers' fees applied net of any direct disposal costs is paid over to the Home Office. For assets recovered through Criminal and Tax cases the amounts are paid over quarterly. The figures presented below are net of direct costs.

	1st Apr 13 – 6th Oct 13			
	2013-14 £'000	2013-14 £'000	2012-13 £'000	2012-13 £'000
Recovered assets receipts :				
-Civil	1,283		1,863	
-Criminal	353		1,029	
-Tax	432		1,333	
		2,068		4,225
Recovered assets receipts 1st April – 6th Oct 13:				
Asset recoveries applied against receivers' fees (see below)		(197)		(217)
Net recovered receipts		1,871		4,008
Receipts paid to the Home Office 1st April – 6th Oct 13		(464)		(2,177)
Recovered asset proceeds held at 6 Oct 2013		1,407		1,831



SOCA paid to the Home Office, quarterly in arrears, recovered asset receipts net of estimated receivership and enforcement costs. A final payment for £1.407m from the monies held in the separately identified third party bank accounts was made to the Home Office in Autumn 2013.

The civil and tax figures quoted above differ from SOCA's reported performance against the Home Office civil and tax recovery target in the annual report as a result of the deduction of allowable costs and cases under appeal in the above figures.

The "criminal" receipts figure quoted above related to SOCA's responsibility to enforce payment against criminal confiscation orders obtained in previous years by the Assets Recovery Agency (ARA) or where SOCA had obtained a confiscation order in connection with an investigation commenced by ARA. It is by its nature a small and diminishing amount. All other existing confiscation orders obtained by SOCA and new confiscation orders unconnected with ARA obtained since the merger continued to be enforced by the courts. This figure had no relationship to the value of new confiscation orders obtained by SOCA during the period 1 April to 6 October 2013; nor to the value of receipts banked by the courts in fulfilment of confiscation orders obtained by SOCA from 1 April to 6 October 2013 and in previous years.

23. Recovered Assets Allowable Against Receivers' Fees

Section 280, Subsection 3 of the amended Proceeds of Crime Act 2002 (POCA) enabled the Director General to meet the costs of an appointed Interim Receiver from sums received from Civil Recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of POCA. Receivers' fees totalling £197k were incurred on civil recovery during the period 1st April to 6th October 13 (2012-13: £217k) The commencement date of the provision was 1 July 2005 and, thereafter, the costs of Interim Receivers and Trustees were permitted to be offset against eventual case proceeds.

	<i>1st Apr 13 – 6th Oct 13</i> £'000	<i>2012-13</i> £'000
Total receivers' fees in year	202	217
Assets in enforcement applied	(197)	(217)
Net receivers' fees in year	5	-

24. Forfeiture and confiscation orders

Receipts paid to the Home Office during the year in fulfilment of cash forfeiture orders obtained in the period 1 April – 6 October 2013 and previous year are set out below. It should be noted that the time-lag created by the 30 day appeal period which follows all cash forfeiture orders and the normal business delays in processing forfeited cash through to the Home Office meant that the amount paid to the Home Office in any given financial year did not correspond precisely to the stated value of new cash forfeiture orders obtained over the same period.

	<i>1st Apr 13 – 6th Oct 13</i> £'000	<i>2012-13</i> £'000
Forfeiture and confiscation monies paid over	3,930	3,826

25. Proceeds of Crime Centre

For legislative reasons, the Proceeds of Crime Centre (POCC) could not transfer to SOCA however it is a constituent of the NCA. From November 2012, the staff employed in the department and associated costs were included in SOCA's management accounts.

There is a legal requirement for the PoCC department to be included in the accounts of the NPIA, SOCA has therefore excluded the costs of this department from these accounts.

The accounts for the department are as follows:

	2013-14 £'000	2012-13 £'000
Income	412	394
Expenditure		
Staff costs	(449)	(414)
Operating costs	(249)	(183)
	(698)	(597)
Net expenditure for the financial year	(286)	(203)

26. SOCA resources deployed on NCA activity

In 2013-14, the transition team of 25.6 staff (2012-13: 31.6), working to establish NCA, remained in place, at an estimated cost to SOCA of £1.1m (2012-13: £2.04m). In addition, all SOCA staff played a role in the transition to the NCA, attending briefings and preparing for changes to working practices whilst at the same time continuing with 'business as usual' activities.

27. Events after the Reporting Period

The Serious Organised Crime Agency ceased to exist at midnight on 6 October 2013. The National Crime Agency (NCA) commenced operations on 7 October 2013 after Royal assent to the Crime and Courts Act 2013 ('The Act') that enabled the formation of the NCA and the cessation of SOCA had been granted on 25 April 2013.

In addition to the transfer of SOCA, there were other transfers of functions as part of the formation of NCA including:

- ▶ 25 staff from the former Proceeds of Crime Centre (PoCC) from the former National Police Improvement Agency (NPIA) to the Economic Crime Command (ECC) within NCA. Although the transfer took place on 1 November 2012 into the NCA precursor organisation, SOCA, legislation in force then meant PoCC could only be reported under NPIA as explained in Note 25 above until the NCA commenced operations on 7 October 2013;



- ▶ 268 staff from the Criminal and Financial Investigation (CFI) Border function of the Home Office on 7 October 2013 to the NCA. Of these staff transfers, 266 moved to the NCA's Border Policing Command (BPC) and 2 into the Legal team. By bringing SOCA's former International department and CFI into a single function, the BPC will work in collaboration with the Home Office and overseas partners to target threats to the UK, and tackle serious and organised crime before it reaches the UK;
- ▶ 67 staff from the Metropolitan Police's Central e-crime Unit (PCeU) into the National Cyber Crime Unit (NCCU) to enhance the NCA's capabilities to tackle cyber and technology crime. The transfer was on 7 October 2013; and
- ▶ 13 staff in total from the National Fraud Office within the Home Office to the NCA. 11 of these staff transferred on 1 December 2013; 3 staff into the NCA's Intelligence Hub and 8 staff into the ECC. The remaining 2 staff transferred into the NCA on 1 February 2014 and await secondment to the Cabinet Office.

The Home Office has allocated an annual budget to SOCA for the financial year 2013-14. Funds not utilised at the cessation of SOCA have been transferred to the National Crime Agency for the period from NCA inception to 31 March 2014. The National Crime Agency is a Non-Ministerial Department and as such will be funded by HM Treasury. An advance of £198.7m was received from the Contingency Fund to fund the NCA. The draw down from the Contingency Fund was repaid before 31 March 2014 once the NCA had received its Parliamentary Supply Estimate.

The Accounting Officer Keith Bristow authorised the 2013-14 SOCA closure accounts to be issued on the date of the Comptroller and Auditor General's Audit Certificate.



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