
The Official Custodian for Charities

**Annual Accounts
2015-16**

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(For the year ended 31 March 2016)

Presented to Parliament pursuant to Paragraph 7 of Schedule
2 of the Charities Act 2011

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Contents

Foreword to the Accounts	2 - 3
Statement of the Official Custodian for Charities' Responsibilities	4
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	5 - 6
Receipts and Payments Account and Statement of Balances for the year ended 31 March 2016	7
Notes to the Accounts	8

Foreword to Accounts

Introduction

This publication presents the Annual Accounts for the Official Custodian for Charities (the Official Custodian) for the year ended 31 March 2016. The **Receipts and Payments Account** records the cash inflows and outflows for the year 1 April 2015 to 31 March 2016. It also shows the total funds of the Official Custodian as at 31 March 2016. The **Notes to the Accounts** explain the basis on which transactions are recorded and provides further analysis of the disclosures in the Receipts and Payments Account. Further notes have been included to provide greater clarity.

The Official Custodian

By virtue of schedule 2 of the Charities Act 2011, the Official Custodian is a corporation sole whose function is to act as a custodian trustee for charities in respect of land or other property vested in the Official Custodian by an Order of the Court or the Charity Commission.

The Charity Commission designates one of its officers to be the Official Custodian, under section 2(2) of the Charities Act 1993, (now section 21(3) of the Charities Act 2011). The officer of the Charity Commission designated to the role is Alex Maddocks, Head of Finance and Planning.

The Role and Powers of the Official Custodian

Under section 91(1), (b) of the Charities Act 2011, the Official Custodian has the same powers, duties and liabilities as a custodian trustee appointed under section 4 of the Public Trustee Act 1906, except that he has no power to charge fees for his statutory services.

The responsibility for managing charity property held in the name of the Official Custodian remains wholly with the managing trustees. The Official Custodian cannot exercise any powers of management. Although section 4 of the Public Trustee Act 1906 determines that all sums payable to or out of the income or capital of the trust property shall be paid to or by the custodian trustee, in practice, and within the provisions of section 4, the Official Custodian allows dividends and other income derived from the trust property to be paid to the managing trustees.

Land and interests in land may be vested in the Official Custodian under section 90 of the Charities Act 2011. The primary advantage of vesting land in the name of the Official Custodian is that there is no further need for new deeds to be made when the trustees of the charity change. The Official Custodian cannot take part in managing land vested in him. For example, the Official Custodian has no power to enter into lease agreements or pay taxes in respect of the property. Charity trustees keep all the powers and duties of management, and will account for the land and buildings in their own financial statements.

The only charity property, other than land, to be held by the Official Custodian is that which has been transferred to him by an Order of the Court or the Commission for the protection of the charity under section 76 of the Charities Act 2011. The primary aim of the Official Custodian, in respect of property entrusted to him for its protection, is to safeguard that property until authorised to arrange its transfer to the managing trustees or their appointed representatives. When in the form of cash, it is either held in a current account at a bank or, for more significant sums, for a longer period in a deposit account. When in the form of securities, the Official Custodian may sell any investments only on the instructions of the trustees or their appointed representatives. Where necessary, he uses stockbrokers for this purpose. A webpage on the roles and responsibilities of the Official Custodian can be viewed on the Commission's website: www.gov.uk/government/organisations/charity-commission

The Chief Executive of the Charity Commission, as its senior full-time official, carries the responsibilities of Accounting Officer. She has overall responsibility for public funds in respect of all functions performed by officers of the Charity Commission, including the Official Custodian. The Official Custodian is responsible for preparing these annual accounts, as set out under section 21(4), schedule 2(5) of the Charities Act 2011.

Alex Maddocks
Official Custodian for Charities
15 June 2016

Statement of the Official Custodian for Charities' Responsibilities

Under sch. 2(5) of the Charities Act 2011, the Official Custodian for Charities (the Official Custodian) is required to prepare a statement of accounts for each financial year. The financial statements are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the end of the year. In preparing the financial statements, the Official Custodian is required to apply, on a consistent basis, any relevant accounting guidance given from time to time by HM Treasury.

The Official Custodian is responsible for the keeping of proper accounts. He must ensure that proper financial procedures are followed and that accounting records are maintained in the form prescribed, and all assets for which he is responsible are safeguarded. These responsibilities are established by a direction to the Official Custodian regarding his accounting responsibilities, issued by the Charity Commission (the Commission) under section 21(4), schedule 2(5) of the Charities Act 2011.

So far as I, the Official Custodian, am aware, there is no relevant audit information of which the auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

I take personal responsibility for the annual report and accounts and the judgements required for determining that as a whole it is fair, balanced and understandable; which I can confirm.

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 Official Custodian for Charities for the year ended 31 March 2016 under the Charities Act 2011. These comprise the Receipts and Payments Account, the Statement of Balances and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Official Custodian for Charities and Auditor

As explained more fully in the Statement of the Official Custodian for Charities' Responsibilities, the Official Custodian for Charities is responsible for the preparation of the financial statements in accordance with the Charities Act 2011 and HM Treasury directions made there-under. My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act 2011. 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 Official Custodian for Charities' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Official Custodian for Charities; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword 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 receipts and payments reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements properly present the receipts and payments of the Official Custodian for Charities for the year ended 31 March 2016; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011 and HM Treasury directions issued there-under.

Opinion on other matters

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

Matters for which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 29 June 2016

Receipts and Payments Account and Statement of Balances for the year ended 31 March 2016

Receipts and Payments Account for the year ended 31 March 2016

	2015-16			2014-15
	Specific Funds £	General Funds £	Total Funds £	Total Funds £
Receipts				
From charities	0	0	0	0
From charities for protection	0	0	0	0
From investments (interest)	1	0	1	2
Total Receipts	1	0	1	2
Payments				
Remittances made:	0	0	0	0
Total Payments	0	0	0	0
Excess (shortfall) of receipts over payments for the financial year	1	0	1	2

Statement of Balances as at 31 March 2016

	2015-16			2014-15
	Specific Funds £	General Funds £	Total Funds £	Total Funds £
Balance as at 1 April	2,654	717	3,371	3,369
Balance as at 31 March (Note 3)	2,655	717	3,372	3,371

The Notes on pages 8 and 9 form part of these accounts.

Alex Maddocks
The Official Custodian for Charities
15 June 2016

Notes to the Accounts

Note 1: Basis of preparation

The Accounts have been prepared on a receipts and payments basis, in accordance with schedule 2 of the Charities Act 2011. Income and expenditure is recognised in the Receipts and Payments Account at the point when the cash inflows and outflows occur.

Note 2: Accounting policies

The Official Custodian has no funds of his own. Funds retained by the Official Custodian to meet residual liabilities ultimately belong to HM Treasury's Consolidated Fund.

Since the 11th December 1992, the Official Custodian has been divesting himself of investments and cash as directed by the Charity Commission under section 2 of the Charities Act 2011.

Note 3: Funds held

The funds held at bank are as follows:

	31 March 2016			31 March 2015
	Specific funds Note (a)	General funds Note (b)	Total funds	Total funds
	£	£	£	£
Deposit account balances	2,655	0	2,655	2,654
Current account balance	0	717	717	717
Total funds	2,655	717	3,372	3,371

(a) Specific Funds - £2,655

The Charity Commission issued an order, dated 18 March 2016, under section 85 of the Charities Act 2011 to distribute the sum of £2,655 to the Charities Aid Foundation, so that these funds may be used for charitable purposes. The sum of £2,655 represents the accumulated total of specific funds held by the OCC for a period exceeding 10 years, during which time no third parties have come forward to lay claim to them. The funds were subsequently transferred to the Charities Aid Foundation on 6 April 2016. The following details have been disclosed in the OCC accounts each year since the funds were originally received back in 2004-05:

- In September 2004, an amount of £997 was received in respect of £18,300 11.5% Convertible Unsecured Loan Stock 1998 issued by Espley Trust plc (in compulsory liquidation). The money was placed in a deposit account accumulating to £1,127 by March 2016. The identity of the charity that originally owned the Loan Stock remains unknown.
- In August 2005, an amount of £1,400 was received in respect of £40,000 6.5% Convertible Unsecured Loan Stock 2000/2005 issued by Staflex International Limited (in compulsory liquidation). The money was placed in a deposit account accumulating to £1,528 by March 2016. The identity of the charity that originally owned the Loan Stock remains unknown.

(b) General Funds

- Funds amounting to £717 are held in a current account by the Official Custodian. The Official Custodian did not hold any funds on protection in 2015-16 (£nil in 2014-15).

Note 4: Land vested in the Official Custodian under section 76

The following property is vested in the Official Custodian by an Order of the Charity Commission made under section 76(3)(C) of the Charities Act 2011:

Date vested	Date discharged	Property
3 April 2014	Not yet discharged	Mosque, in relation to the Khodam Al Mahdi Organisation (former registered charity no.113700)

Property vested in the Official Custodian under section 76 of the Charities Act 2011 is not owned by the Official Custodian and does not therefore feature as an asset within these Accounts. Any property vested in the Official Custodian is done so on a temporary basis until such time as the Charity Commission is satisfied that the property can be divested back to the custodian trustees. Please refer to the Foreword to the Accounts for an explanation of the Official Custodian's role.

Note 5: Land vested in the Official Custodian under section 90

As noted in the Foreword to the Accounts, land may be vested in the Official Custodian under section 90 of the Charities Act 2011. Some will be registered at the Land Registry, some will not. Vested land should appear on the balance sheet of the appropriate charity and does not appear in the Accounts of the Official Custodian.

Note 6: Related parties

The Official Custodian is an employee of the Charity Commission. The Charity Commission bears the full cost of the Custodian function.

Alex Maddocks
Official Custodian for Charities
15 June 2016

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