
The Official Custodian for Charities

**Annual Accounts
2017-18**

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(For the year ended 31 March 2018)

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 - 7
Receipts and Payments Account and Statement of Balances	8
Notes to the Accounts	9 - 10

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 2018. The **Receipts and Payments Account** records the cash inflows and outflows for the year 1 April 2017 to 31 March 2018. It also shows the total funds of the Official Custodian held as at the year-end. 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 to 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 21(3) of the Charities Act 2011. The officer of the Charity Commission designated to the role is Alex Maddocks, Head of Finance and Procurement.

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), paragraph 5 of schedule 2 to the Charities Act 2011.

Alex Maddocks
Official Custodian for Charities
13 June 2018

Statement of the Official Custodian for Charities' Responsibilities

Under paragraph 5 of schedule 2 to 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), paragraph 5 of schedule 2 to 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 House of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Official Custodian for Charities for the year ended 31 March 2018 under the Charities Act 2011. The financial statements comprise: the Receipts and Payments Account, the Statement of Balances and the related notes, including the accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion:

- the financial statements properly present the receipts and payments of the Official Custodian for Charities for the year ended 31 March 2018; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the receipts and payments 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Official Custodian for Charities in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Official Custodian of Charities for the financial statements

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 and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act 2011.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Official Custodian for Charities' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Official Custodian for Charities' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments 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.

Other Information

The Official Custodian for Charities is responsible for the other information. The other information comprises information included in the Foreword to the Accounts, the financial statements and my

auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- in the light of the knowledge and understanding of the Official Custodian for Charities and its environment obtained in the course of the audit, I have not identified any material misstatements in the Foreword to the Accounts.

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
- the financial statements 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.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
09 July 2018
Comptroller and Auditor General

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

Receipts and Payments Account and Statement of Balances

Receipts and Payments Account

	2017-18			2016-17
	Specific Funds £	General Funds £	Total Funds £	Total Funds £
Receipts (Note 3)				
From charities	0	0	0	0
From charities for protection	1,637,369	0	1,637,369	500,000
From investments (interest)	285	0	285	164
Total Receipts	1,637,654	0	1,637,654	500,164
Payments (Note 3)				
Remittances made	2,137,736	30	2,137,766	2,655
Total Payments	2,137,736	30	2,137,766	2,655
Excess/(shortfall) of receipts over payments for the financial year	(500,082)	(30)	(500,112)	497,509

Statement of Balances

	2017-18			2016-17
	Specific Funds £	General Funds £	Total Funds £	Total Funds £
Balance as at 1 April	500,164	717	500,881	3,372
Balance as at 31 March (Note 3)	82	687	769	500,881

The Notes on pages 9 and 10 form part of these accounts.

Alex Maddocks
The Official Custodian for Charities
13 June 2018

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 2018			31 March 2017
	Specific funds Note (a)	General funds Note (b)	Total funds	Total funds
	£	£	£	£
Deposit account balance	82	0	82	500,164
Current account balance	0	687	687	717
Total funds	82	687	769	500,881

(a) Specific Funds

As at 1 April 2017, the OCC was holding the sum of £500,164 relating to an ongoing statutory inquiry into the charity, The Reb Moische Foundation (registered charity no. 1106737), under s46 of the Charities Act 2011. During August and September 2017, further receipts of £454,484 and £1,182,884 were received by the OCC in relation to the same inquiry. At the conclusion of the statutory enquiry, an order to repay all monies held plus accumulated interest was made under s85 of the Charities Act 2011 on 19 October 2017. As a consequence of this order, the sum of £2,137,736 was repaid to the charity on 31 October 2017. Accumulated interest of £82 has subsequently been received and will be returned to charity in due course.

(b) General Funds

Funds amounting to £687 are held in a current account by the Official Custodian. The only payment made from the current account during the year was £30 for an audit letter fee.

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	Item
12 May 2017	-	Property for the All Nations Community Centre, Gloucester GL4 6PH (registered charity no.R1111832)

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 also 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. There are no related party transactions to disclose.

Alex Maddocks
 Official Custodian for Charities
 13 June 2018

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