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HM Procurator General and Treasury Solicitor

Accounts for the Crown's Nominee for the  
year ended 31 March 2024

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for the period ended 31 March 2024

Presented to Parliament pursuant to sections 4 and 5 of the Treasury Solicitor Act 1876

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## Foreword

### Introduction and Background

As Treasury Solicitor, I have been appointed by the Sovereign to be the Crown's Nominee for the purpose of collecting and disposing of bona vacantia (ownerless assets). The Bona Vacantia Division of the Government Legal Department administers bona vacantia in England and Wales on my behalf, except for the Duchies of Cornwall or Lancaster for which I have no responsibility. In Northern Ireland, the Crown Solicitor deals with bona vacantia as my Agent. I have no responsibility for bona vacantia in Scotland which is dealt with by the King's and Lord Treasurer's Remembrancer.

Bona vacantia arises from: the estates of persons who die intestate and there is no entitled kin to inherit; from the assets of now dissolved companies; and other miscellaneous bona vacantia, for example failed trusts. More information about bona vacantia, including a postal address for written correspondence, can be found at this website:

<https://www.gov.uk/government/organisations/bona-vacantia>

The Bona Vacantia Division is notified of potential bona vacantia from a number of sources. For estates of deceased persons, this is mainly by local authorities, members of the public, solicitors and banks. For companies, referrals of cash assets generally come from banks and other financial institutions, but in the case of other assets, such as land, referrals come from a variety of sources, similar to the referrals for estates.

The Bona Vacantia Division, before taking on the referral and commensurate with the potential value of assets, undertake checks to ensure that the assets are, or are likely to be, bona vacantia. Once confirmed, for estates, the Division generally disposes of the assets and settles known and relevant liabilities, but does not take on insolvent estates. For companies, it will sell assets and, where there is a secured interest (e.g. mortgage), may settle any sum due in order to realise the value of the asset. However, assets may be disclaimed on various grounds including where, for example, there is negative equity. Company liabilities, unless secured, do not vest as bona vacantia.

Dissolved companies can usually be restored within six years of dissolution (Companies Act 2006). Generally, this will be done by creditors or former owners to allow them access to the assets of the company. If this happens, the company comes back into being and bona vacantia no longer exists. The assets belong to the company again, unless they have been disposed of, in which case the Bona Vacantia Division will pay over the proceeds of sale, less any costs incurred in dealing with the asset. However, it is recognised that restoration is not always an economic proposition and the Division can make discretionary payments of up to £3,000 to former members or former liquidators of dissolved companies. Where a dissolved company cannot be restored to the Companies Register, a discretionary payment can also be made, but under different criteria.

The Bona Vacantia Division is obliged to pay over the value of the estate to entitled kin on subsequent receipt of a valid claim. These payments can be made many years after the assets have been realised but generally the time limit for claims to estates is 12 years (Limitation Act 1980). Payments to kin can be made outside of the 12 year limit, up to a period of 30 years from the date of death, but such payments are on a discretionary basis.

Using the provisions of the Administration of Estates Act 1925, the Division can make a discretionary payment to people whom the deceased might reasonably have made provision for. Such discretionary payments will not be recovered, even if entitled kin subsequently come forward nor, will the amount be deducted from the value of the estate when it is paid over to kin.

The Companies Act 2006 created an administrative restoration process which allows company members to restore a dissolved company to the Companies Register quickly and efficiently. Prior to restoration, the consent of the Crown's Nominee, referred to as a waiver, is required. As a result, the Crown's Nominee charges an administrative fee to recover the cost of dealing with such applications.

Recovery of Crown Costs represents the fees charged to entitled kin and restored companies for administration of estates and companies while the assets were considered to be bona vacantia.

The Bona Vacantia Division work very closely with its key stakeholders who are:

- His Majesty's Treasury, who is the recipient of bona vacantia income and acts as the Division's client;
- Local Authorities;
- The Probate Registry;
- Companies House; and
- Land Registry.

The Government Legal Department charges the Crown's Nominee Account for the services provided by its Bona Vacantia Division. A charge is also paid to the Crown Solicitor for handling bona vacantia in Northern Ireland. The fees are shown in Note 9 of the Account.

#### Preparation of Accounts and External Audit

The Accounts have been prepared in accordance with a statement of approved form issued by the Treasury for the purposes of rule 4 (1) of the Treasury Solicitor (Crown's Nominee) Rules 1997.

The Crown's Nominee Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. The audit fee is £64k in 2023-24 (2022-23: £60k) and no further assurance or other advisory service has been provided by the NAO.

#### Performance in 2023-24

Net income for the 2023-24 year amounted to £77 million (2022-23: £67 million). The increase can be mainly attributed to an increase in Estates and Companies receipts, as shown in Note 2.

Income disclosed in Note 2 of the accounts was £82 million (2022-23: £73 million). Income is constrained in the accounts for the amounts that may be refunded in the future to kin claimants and restored companies. Each year management review the history of payments made to determine the value of this constraint and a percentage reduction is applied on a portfolio basis. For 2023-24 there has been no change made to the percentages applied to the Companies portfolio, but a small change was made to one of the four Estates portfolios. Deductions are also made from income for discretionary payments and legal charges on estates. As a result, income accounted for is significantly lower than the value of the receipts processed.



Receipts in 2023-24 were £135 million (2022-23: £117 million), with the 15 per cent increase being mainly attributed to an increased volume of Companies cases. The Crown's Nominee receipts vary from year-to-year depending on the number and value of cases referred that, after some investigation, are identified as bona vacantia. High value estates or dissolved companies with significant assets, can make a material difference to annual receipts.

During 2023-24, the Bona Vacantia Division handled a total of 32,500 companies and estates cases (2022-23: 28,000 cases). There was an increase in Companies cases but a decrease in Estates cases. In addition to this, the Bona Vacantia Division also processed 18,500 bulk electronic, low value, companies cases (2022-23: 32,500), where each case has assets worth less than £300. These cases were referred by financial institutions following outreach work and can be processed relatively quickly.

Companies income disclosed in Note 2 of the accounts was £69 million (2022-23: £60 million), which is lower than receipts as income has been constrained for the amounts that may be refunded in the future to restored companies and deductions from income have been made for discretionary payments. Receipts from dissolved companies were £116 million in 2023-24 (2022-23: £98 million). The Bona Vacantia Division has continued working with financial institutions to recover cash relating to dissolved companies. The number of new company case referrals was 30,500 in 2023-24 (2022-23: 26,000). The increase in case numbers is predominantly attributed to a rise in companies cases referred by financial institutions following outreach work.

Estates income disclosed in Note 2 of the accounts was £13 million (2022-23: £11 million), which is lower than receipts as income has been constrained for the amounts that may be refunded in the future to kin claimants and deductions from income have been made for discretionary payments and legal charges on estates. Receipts from estates cases were £17 million in 2023-24 (2022-23: £18 million). The number of new estates referrals this year is lower than previous year. It can take several years to realise the value of an estate and the value of assets for each estate can vary considerably.

As described in accounting policy 1.4, income is constrained to reflect the amounts we will pay in future to entitled kin or restored companies. Income was constrained in 2023-24 by £50m (2022-23: £43m). In line with accounting standards, this is a cautious estimate and therefore we would expect some of this would be released in future accounting periods if not required. Income recognised in 2023-24 relating to performance obligations that were met in earlier periods was £27m (2022-23: £24m).

Income from the companies administrative restoration process and the recovery of Crown Costs was £0.9 million in 2023-24 (2022-23: £0.9 million).

In 2023-24, £43 million was paid back to company directors/shareholders relating to previously dissolved companies, of which £1 million related to discretionary payments. In 2022-23, £36 million was paid out, of which £0.5 million was discretionary.

Estates payments to entitled kin were £4.4 million in 2023-24, of which £0.1 million related to discretionary payments (after 12 year limitation period). In 2022-23, £4 million was paid to entitled kin, of which £1.4 million was discretionary. There has been a fall in the number of kin claim applications this year. This had been anticipated as the list of unclaimed estates has been published for several years now.

There is an annual transfer from the bank to His Majesty's Treasury's Consolidated Fund. The amount transferred is generally a minimum of 85 per cent of the bank balance of the Crown's Nominee on the last working day of January, subject to a balance of at least £5 million being

retained in the bank for administrative costs and creditors. The transfer in 2024 was £86 million (£65 million in 2023).

### Looking Forward

With the work of the Crown's Nominee being undertaken by the Bona Vacantia Division of the Government Legal Department, the priorities of the Crown's Nominee are therefore linked to those of the department. My priorities for the Division, in part, reflect their position in the department and in the next financial year, its priorities will be to continue to support delivery of the Government Legal Department's Strategy, which is explained in more detail in the Government Legal Department Annual Report and Accounts 2023-24. In addition the Bona Vacantia Division will continue to:

- work to ensure that its client, His Majesty's Treasury, remains fully confident in how it handles bona vacantia and the value for money that the Crown's Nominee brings;
- develop the skills and expertise of Bona Vacantia Division staff;
- identify and exploit new streams of bona vacantia assets;
- work with delivery partners to identify, collect and dispose of assets effectively; and
- deliver a public interface that meets the government's 'Digital by Default' strategy.

**Susanna McGibbon**  
**Crown's Nominee**  
**11 July 2024**

## **Accountability Report**

### **Statement of Responsibilities of the Crown's Nominee**

The Accounts are to be prepared under an Accounts Direction of 30 March 2020 given by His Majesty's Treasury in accordance with rule 4 (1) of the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI 1997/2870). For further information, see the Statement of Accounting Policies, Note 1, of the Accounts.

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Crown's Nominee and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the Accounts, the Crown's Nominee is required to:

- comply with the Accounts Direction issued by His Majesty's Treasury;
- comply with the Treasury Solicitor (Crown's Nominee) Rules 1997 (S.I. 1997 No. 2870);
- present them to Parliament;
- 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 accounts;
- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- prepare the Accounts on a going concern basis.

The Crown's Nominee, as Accounting Officer, is responsible for the propriety and regularity of the public finances for which they are accountable, for keeping proper records and for safeguarding the assets of the Crown's Nominee.

By agreement with His Majesty's Treasury, an amount raised through the realisation of bona vacantia assets is transferred to the Consolidated Fund each year, after retaining sufficient funds in order to meet the Crown's Nominee routine liabilities, as they fall due, in respect of his bona vacantia duties.

The Crown's Nominee operates through the Bona Vacantia Division, a part of the Government Legal Department. The Crown's Nominee, therefore, looks to the Government Legal Department to provide certain services in support of the functions of the Crown's Nominee. The Government Legal Department is responsible for putting in place reasonable controls, including the protection of the integrity of the Division's pages on the GOV.UK website; this responsibility includes accurate reproduction and maintenance of the annual audited Accounts that are made available to users of the website.

### **Statement regarding disclosure of information to the auditors**

As the Crown's Nominee, and Accounting Officer, I have taken all reasonable 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. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

I also confirm that the Accounts and Foreword as a whole are fair, balanced and understandable, and I take personal responsibility for the judgements made within the Account.

## **The Governance Statement**

### **Framework**

Under the Treasury Solicitor Act 1876, the Treasury Solicitor has been appointed by successive Sovereigns by Royal Warrants to be the Crown's Nominee for the purpose of collecting and disposing of bona vacantia. This nomination is formalised by way of Royal Warrant and made on the advice and by the recommendation of the Commissioners of His Majesty's Treasury. The current Royal Warrants are dated 21 August 1984.

As Treasury Solicitor, I have been designated the Accounting Officer for the Crown's Nominee Account. As the Crown's Nominee, I am required to comply with The Treasury Solicitor (Crown's Nominee) Rules and to maintain the Crown's Nominee Account. I am required to prepare Accounts each year for presentation to Parliament and the Accounts are to be prepared under the Accounts Direction given by His Majesty's Treasury of 30 March 2020.

As the Crown's Nominee, I am responsible for the propriety and regularity of public finances for which I am answerable, for keeping proper records and safeguarding the assets of the Crown's Nominee, as well as having responsibility for day-to-day issues affecting the Government Legal Department's Bona Vacantia Division, such as staffing, training and compliance.

His Majesty's Treasury Commissioners advise His Majesty on the role of the Crown's Nominee, as detailed in the Royal Warrants. There are also statutory provisions directly governing some aspects of the functions of the Crown's Nominee. It is also for His Majesty's Treasury to set regulations, policy, financial delegation limits and direction for the management of the Crown's Nominee Accounts. A Minister of His Majesty's Treasury is required to lay the Crown's Nominee Accounts before Parliament.

As Crown's Nominee, I aim to provide a high quality service to stakeholders, including His Majesty's Treasury, Parliament, staff and other people who will be affected by dealing with bona vacantia assets. To this end, formal meetings take place between management representatives on my behalf and His Majesty's Treasury, to provide updates on performance, business plans, budgets, and agree the transfer of monies to the Consolidated Fund and to review risks. In addition to discussing budgets and performance, these meetings are also used to seek agreement on policy issues and to highlight risks. Ad-hoc meetings also take place to discuss urgent issues, where direction or authority is sought.

To the extent that it is deemed relevant and practical I, as the Crown's Nominee, when discharging my responsibilities, apply relevant elements of the Corporate Governance in Central Government Departments: Code of Good Practice. These include:

- strategy – setting the vision;
- commercial focus – scrutinising the allocation of resources to achieve plans, ensuring controls are in place to manage risk;
- talented people – ensuring there is the capability to deliver and to plan and meet current and future needs;
- results focus – agreeing an annual budget and monitoring performance to ensure value for money; and
- management information – commissioning monthly performance reports containing

clear, consistent and comparable performance information to drive improvements.

### Operation

As Crown's Nominee, I direct the Government Legal Department's Bona Vacantia Division to identify, collect and dispose of bona vacantia assets. The day-to-day responsibility for dealing with bona vacantia rests with the Head of the Bona Vacantia Division. The Head of the Bona Vacantia Division has systems in place for regular communication with all staff, including on policy, operational and financial matters, and for informing them of new developments and key issues. The Government Legal Department's Finance Director manages a discrete unit within his Division that is responsible for the payments, receipts, preparation of Accounts and financial and management accounting for the Crown's Nominee.

The Head of the Bona Vacantia Division is part of the Government Legal Department's Strategic Leadership Group and is subject to the department's governance and wider control system that is described in the Government Legal Department's Annual Report and Accounts 2023-24. Reports are provided to one of the Director Generals by the Bona Vacantia's Head of Division. These update reports include details regarding work priorities, progress against Bona Vacantia's strategic plan and steps being taken to manage risks. The Head of the Bona Vacantia Division is also required to provide an annual Director's Assurance Report, reporting on activity during the year, the management of the resources allocated, and confirming that all risks to the achievement of objectives have been reviewed and that appropriate action to manage those risks has been, or is being, taken. Key performance issues are relayed to me as the Crown's Nominee

As the Crown's Nominee, I seek advice and challenge from the Government Legal Department's Board, the Audit and Risk Assurance Committee and the Government Internal Audit Agency as and when required.

Each year, the Crown's Nominee Accounts are reviewed by the Government Legal Department's Audit and Risk Assurance Committee, and where necessary, issues are escalated to me.

The Head of the Bona Vacantia Division, as my representative, provides assurance to His Majesty's Treasury by submitting 6-monthly progress reports and meeting formally twice a year, subject to diary commitments.

As the Crown's Nominee, I have delegated day-to-day management and operational functions to be carried out through the Head of the Bona Vacantia Division, who has regular meetings with their senior management team to discuss and agree operational and strategic issues, including the review of risk registers. Divisional meetings also take place during the year to deliver key messages to all staff in the Bona Vacantia Division.

### Statement on Information Risk

The Crown's Nominee holds information for the cases handled in relation to bona vacantia.

A framework is in place for handling data relevant to the Bona Vacantia Division's work and to provide assurance over the management and security of information held within the Division, including:

- the Head of the Bona Vacantia Division having the role of Information Asset Owner for all information held by the Division;

- the Bona Vacantia Division identifying the information held and maintaining an Information Asset Control Register. Access to information is minimised whilst maintaining a balance between business needs and risk;
- instructions being provided to staff on the Government Legal Department's and Bona Vacantia Division's data handling and security related policies, procedures for handling information, and a system in place to authorise and record any dispensation from compliance with those policies;
- all relevant staff completing mandatory Data Protection, Health and Safety and Inclusion training courses; and
- consideration of information risks within the risk management policy and process.

### Risk Management and Internal Control

As the Crown's Nominee, I have a system of internal control, managed through the Bona Vacantia Division, to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives; to evaluate the likelihood and impact of those risks being realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Bona Vacantia Division for the year ended 31 March 2024 and up to the date of the approval of these Accounts and accords with guidance from His Majesty's Treasury.

The Bona Vacantia Division's risks are related to the key targets and priority work areas set out in the Government Legal Department's Business Plan and Bona Vacantia's current strategic plan. Risk is managed by identifying and evaluating risks and appropriate control measures, which are set out in the Division's Risk Register. All Bona Vacantia Division staff have access to the Risk Register, which is held on the shared network. As external third party fraud is the main risk, the Division has continued to maintain links with delivery partners, such as the Probate Registry and Land Registry. Risk and fraud awareness is also covered in the induction programme for new staff to the Division, which forms part of their training.

The Head of the Bona Vacantia Division holds regular management meetings with the Division's senior management team where new risks are identified and existing risks reviewed. The Division has adapted to changes to the risk environment by focussing on the introduction of a new operational delivery model, an appropriate recruitment campaign, and the procurement and update of Bona Vacantia's case management system.

Risk management is embedded in the activity of the Bona Vacantia Division. The system of control underpinning the Crown's Nominee Accounts includes:

- a Strategic Plan, that links into Government Legal Department's Overall Plan, and defines priorities, key targets and accountability for delivery;
- a Risk Register linked to the Strategic Plan; published guidelines, practice guides and internal desk instructions, supplemented by training events;
- Divisional standards on the handling and management of bona vacantia cases, which are reviewed annually;

- delegated financial authority for all payments made by the Division;
- management information, based on data from a case management and finance system, which provides details of key performance indicators on a monthly basis;
- a Business Continuity Plan; and
- money laundering procedures that are applied on the sale of appropriate bona vacantia property.

### Risk Assessment and Issues

The Risk Register for 2023-24 records the main areas of risk to the Bona Vacantia Division's work. These risks continue to be addressed and action is supported by:

- counter fraud measures including links with external third parties and a Fraud Working Group to raise fraud awareness;
- a strategic recruitment plan;
- provision of guidance to staff on such matters as gifts and hospitality and related 3<sup>rd</sup> party transactions.

### Audit

The Government Legal Department's Audit and Risk Assurance Committee provides support in monitoring and reviewing the Bona Vacantia Division's risk, control and governance processes and the associated assurance processes. The Committee is chaired by a Non-Executive Director and meets at least three times a year. Membership of this Committee includes one other Non-Executive Director and an additional independent member.

Additionally, audit staff from the Government Internal Audit Agency (GIAA) provide independent assurance on the effectiveness of internal control arrangements in the Bona Vacantia Division. There have been no internal audit reports in respect of Bona Vacantia for 2023-24.

### Personal data related incidents

Government departments are required to publish information about serious personal data related incidents which have to be reported to the Information Commissioner. The Government Legal Department has not reported any incidents in relation to the work of the Bona Vacantia Division.

### Significant Control Issues

I am satisfied that these processes have highlighted no issues of significance in the operation of the Bona Vacantia Division in 2023-24.

**Susanna McGibbon**  
**Crown's Nominee**  
**11 July 2024**

## **THE INDEPENDENT AUDITOR'S REPORT TO THE HOUSE OF COMMONS**

### **Opinion on financial statements**

I have audited the financial statements of the Crown's Nominee for the year ended 31 March 2024

- The financial statements comprise the Crown's Nominee's Statement of Financial Position as at 31 March 2024;
- Statement of Net Income, Statement of Cash Flows and Statement of Changes in Reserves for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Crown's Nominee's affairs as at 31 March 2024 and its net income for the year then ended; and
- have been properly prepared in accordance with the Treasury Solicitor's Act 1876, the Treasury Solicitor's (Crown's Nominee) Rules 1997 and HM Treasury directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects, the income and expenditure 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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Crown's Nominee in accordance with the ethical requirements that are relevant to my audit of 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.



## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Crown's Nominee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Crown's Nominee's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Treasury Solicitor as Crown's Nominee, as Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Crown's Nominee is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other Information**

The other information comprises information included in the Foreword and the Accountability Report but does not include the financial statements and my auditor's report thereon. The Crown's Nominee is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Treasury Solicitor's (Crown's Nominee) Rules 1997; and
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Crown's Nominee and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword or Accountability Report.

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

## **Responsibilities of the Crown's Nominee as Accounting Officer for the financial statements**

As explained more fully in the Statement of Responsibilities of the Crown's Nominee, the Crown's Nominee as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Crown's Nominee from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with HM Treasury directions issued under the Treasury Solicitor's Act 1876, the Treasury Solicitor's (Crown's Nominee) Rules 1997; and
- assessing the Crown's Nominee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Crown's Nominee will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Crown's Nominee's accounting policies;
- inquired of management, the Government Legal Department head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Crown's Nominee's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Crown's Nominee's controls relating to the Crown's Nominee's compliance with the Treasury Solicitor's Act 1876, the Treasury Solicitor's (Crown's Nominee) Rules 1997, Administration of Estates Act 1925, Companies Act 2006 and Managing Public Money;
- inquired of management, the Government Legal Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Crown's Nominee for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates including the IFRS 15 refund liability. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Crown's Nominee's framework of authority and other legal and regulatory frameworks in which the Crown's Nominee operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Crown's Nominee. The key laws and regulations I considered in this context included the Treasury Solicitor Act 1876, the Treasury Solicitor's (Crown's Nominee) Rules, Administration of Estates Act 1925, Companies Act 2006, and Managing Public Money.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I addressed the risk of fraud in revenue recognition by assessing the methodology, key assumptions and sources of information used for the valuation of the IFRS 15 refund liability and the application of constraint rates to contract assets.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

### **Other auditor's responsibilities**

I am required to obtain sufficient appropriate audit evidence 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.

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 I identify during my audit.

Gareth Davies  
Comptroller and Auditor General

Date: 12 July 2024

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

## Statement of Net Income

for the period ending 31 March 2024

	Notes	2023-24 £000	2022-23 £000
Income	2	82,325	72,688
Expenditure	3	(5,684)	(5,279)
<b>Net Income</b>		<b><u>76,641</u></b>	<b><u>67,409</u></b>

All income and expenditure is derived from continuing operations

*The notes on pages 20 to 29 form part of these Accounts*

## Statement of Financial Position

as at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
<b>Current assets</b>			
Trade and other receivables	4	5,390	6,920
Cash and cash equivalents	5	22,257	28,238
<b>Total current assets</b>		<b>27,647</b>	<b>35,158</b>
<b>Current liabilities</b>			
Trade and other payables	6	(433)	(1,779)
IFRS 15 refund liability	7	(92,921)	(89,727)
<b>Total current liabilities</b>		<b>(93,354)</b>	<b>(91,506)</b>
<b>Assets less current liabilities</b>		<b>(65,707)</b>	<b>(56,348)</b>
<b>Net liabilities</b>		<b>(65,707)</b>	<b>(56,348)</b>
<b>Capital reserve</b>		<b>(65,707)</b>	<b>(56,348)</b>

Susanna McGibbon  
Crown's Nominee  
11 July 2024

*The notes on pages 20 to 29 form part of these Accounts*

## Statement of Cash Flows

for the year ending 31 March 2024

		<b>2023-24</b>	<b>2022-23</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Net income		76,641	67,409
<i>Adjustments for non-cash transactions arising in the year</i>			
Decrease in trade and other receivables	4	1,530	659
(Decrease) / Increase in trade and other payables	6	(1,346)	1,723
IFRS 15 refund liability provided in year	7	49,970	42,515
<i>Less</i>			
Utilisation of IFRS 15 refund liability	7	(46,776)	(38,939)
<b>Net cash inflow from operating activities</b>		<b>80,019</b>	<b>73,367</b>
Payment to the Consolidated Fund		<b>(86,000)</b>	<b>(65,000)</b>
<b>Net (decrease) / increase in cash</b>	5	<b>(5,981)</b>	<b>8,367</b>
Cash and cash equivalents at the beginning of the year	5	28,238	19,871
Cash and cash equivalents at the end of the year	5	22,257	28,238
<b>Net (decrease) / increase in cash</b>	5	<b>(5,981)</b>	<b>8,367</b>

*The notes on pages 20 to 29 form part of these Accounts*



## Statement of Changes in Reserves

for the year ending 31 March 2024

	Notes	Capital Reserve 2023-24 £000	Capital Reserve 2022-23 £000
<b>Balance at 1 April</b>		<b>(56,348)</b>	<b>(58,757)</b>
Net Income		76,641	67,409
Payments to the Consolidated Fund		(86,000)	(65,000)
<b>Balance at 31 March</b>		<b>(65,707)</b>	<b>(56,348)</b>

*The notes on pages 20 to 29 form part of these Accounts*

# Notes to the Accounts

## 1. Statement of Accounting Policies

In exercise of the powers conferred by sections 4 and 5 of the Treasury Solicitor Act 1876 (“the 1876 Act”), His Majesty’s Treasury have made an Accounts Direction for the preparation of the Crown’s Nominee Accounts. The financial statements have been prepared in accordance with the Direction and the Treasury Solicitor (Crown’s Nominee) Rules 1997 (SI 1997 No 2870) emanating from the 1876 Act and with the 2023-24 Government Financial Reporting Manual (FReM) issued by His Majesty’s Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted to the extent that it is meaningful and appropriate to public bodies. The Crown’s Nominee has reviewed changes to the FReM for 2023-24 and determined that none of the changes have an impact on the Crown’s Nominee financial statements.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Crown’s Nominee Accounts for the purpose of giving a true and fair view has been selected. The accounting policies for the Crown’s Nominee Accounts have been applied consistently in dealing with items considered material in relation to the Accounts.

IFRS issued or amended but not yet effective have been reviewed and are not considered to impact on the financial statements.

### 1.1 Accounting Convention

The financial statements together with the notes on pages 20 to 29 have been prepared under the historical cost convention.

In the fourth quarter of the financial year, a cash transfer is made to His Majesty’s Treasury that reduces the value of assets in the Statement of Financial Position and this, along with the inclusion of the estimate of refund liabilities to kin and dissolved companies falling due in future years, means that liabilities can outweigh assets. At 31 March 2024, the Statement of Financial Position shows net liabilities of £66 million (31 March 2023: net liabilities of £56 million). A minimum of £5 million is retained from the annual payment to His Majesty’s Treasury to meet any liabilities that crystallise in the months immediately following the payment, and proceeds arising from the future liquidation of estates and companies assets are expected to be sufficient to meet liabilities as they fall due. In the unlikely event that insufficient funds are available to meet a kin or company payment, the Crown’s Nominee will call back funds from His Majesty’s Treasury and therefore it is appropriate to adopt the going concern basis for the preparation of these financial statements. The going concern basis is supported by the assumption of continued provision of service as set out in statute.

## 1.2 Changes to accounting policies and estimates

There are no material changes to accounting policies or estimates for 2023-24.

## 1.3 Material judgements and estimates

Material accounting estimates have been made in respect of the valuation of the IFRS 15 refund liability for kin and company claims and the contract assets balance within receivables. The details of these estimates are set out in the accounting policies for Income and in Note 7: IFRS 15 Refund liability.

## 1.4 Income

Income comprises of:

- the residual amounts arising from the realisation of estates passing to the Crown's Nominee under the Administration of Estates Act 1925, net of all legal liabilities relating to the estate;
- the residual amounts arising from the realisation of property and rights which belonged to dissolved companies, and trusts, which have failed, and residual amounts arising from the sale of miscellaneous bona vacantia, net of all secured liabilities. These assets are recognised in the Statement of Financial Position within contract assets within trade and other receivables;
- administrative restoration waiver fees; and
- the recovery of costs and disbursements incurred by the Crown's Nominee.

Income recognition has been assessed in accordance with the IFRS 15 5 Step Model. The key elements and judgements arising from this assessment are that:

- There is no contract between the Crown's Nominee and a customer, however, the Government Financial Reporting Manual expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset from another entity. The legislation that provides this entitlement to the Crown's Nominee is the Treasury Solicitor Act 1876.
- Knowledge of the assets and the completion of checks verifying that the assets are bona vacantia, and can be administered, is regarded as the point from which a contract exists for the purposes of applying IFRS 15, and this is also the point at which performance obligations are regarded as having been satisfied. For estates, this point is marked by a grant of administration being put in place, where required in the context of the assets identified. For companies, once the necessary validations have been undertaken a case is opened which marks the recognition criteria having been met.
- Prior to the checks described above being completed, there is insufficient information to determine that a contract exists. Accordingly, if intestate estates or dissolved companies have not yet been notified to the Crown's Nominee they may be bona vacantia, but they are not recognised because the requirements of IFRS 15 for existence of a contract are not yet regarded as met.
- The Crown's Nominee acts as administrator for intestate estates and dissolved companies as well as being the beneficiary of the assets associated with these estates and companies. There is not a neat transition from the administrator role to beneficiary as administration activities may occur over many years and assets associated with a

particular case may continue to be received over several years. Recognition of bona vacantia is based on the Crown's Nominee being the beneficiary of bona vacantia, rather than the administrator, confirmed as set out above by knowledge of the assets and checks to confirm that the assets fall within the scope of bona vacantia.

- When it is first determined that a contract exists, there is still uncertainty over the residual value to which the Crown's Nominee will be entitled. That residual value represents variable consideration, and IFRS 15 requires variable consideration to be recognised only to the extent that it is highly probable that there will not subsequently be a significant reversal. Until sufficient information has been obtained about the assets and liabilities of an estate or company, the revenue constraint is applied to that individual estate or company, and revenue is constrained to zero. Once sufficient information has been obtained about the assets and liabilities of an estate or company, the estate or company is allocated to the portfolio to which it belongs, as explained further below. Thereafter, the variable consideration constraint is applied at the level of the associated portfolio. Accordingly, the allocation of an estate or company to a portfolio is the first point at which amounts for that estate or company will be reflected in revenue.
- There are four portfolios for Estates cases which are based on the size of the Estate and a single portfolio for Companies cases. These portfolios are then split by the year in which the case was opened with the variable income constraint progressively reduced for older cohorts as the likelihood of refund payments diminishes. Very large Estates, being those with total assets in excess of £3m, are excluded from the portfolio analysis and separately assessed.

The Crown's Nominee receives assets from estates of deceased intestate people and dissolved companies and trusts. These assets are normally converted into cash within a year. Non-cash assets, for which there is a ready market, are reflected within contract assets at a constrained estimated value on an asset by asset basis until they are sold, after deducting any unsettled liabilities and after the application of the variable income constraint using the approach described above. Any movements in the value of these accrued contract assets are taken to the Statement of Net Income as revenue. At 31 March 2024, the majority of these contract assets related to the estimated proceeds from freehold and leasehold properties. The remainder of the balance relates to a mixture of cash balances expected to be transferred, and income arising from the sale of shares and chattels.

As these contract assets are subject to IFRS 15's variable consideration constraint, they are recognised at a suitably cautious amount. Valuations of these contract assets are based on professional valuation reports, market prices or previous experience. Assets for which there is no ready market are valued at nil until realised. Freehold and leasehold property valuations are based on either an auctioneer's estimate or publicly available market data. An assessment is undertaken at 31 March to verify that the values held for these assets is considered to still provide an appropriate estimate. These valuations are cautious estimates set at the lower end of the likely range of valuations; this reflects the fact that the Crown's Nominee does not always have full information regarding the condition of these assets.

There are circumstances where successful claims may be made against the Crown's Nominee to inherit estates or to restore companies after these estates or companies have been administered and the associated assets realised. Income and associated contract assets arising from the realisation of companies and estates assets is therefore constrained by a refund liability that represents a cautiously high estimate of the likelihood of repayment to kin or the restoration of dissolved companies. The judgements and estimates inherent in valuing this liability are set out in Note 7: Refund liability.

The income figure is also presented net of discretionary payments arising during the year. There is no legal or constructive obligation to make these payments which relate to estates cases that are over 12 years old or companies cases that are over 6 years old, but in certain situations they may be made and have the impact of reducing income recognised in an earlier period.

Other income streams recognised in the accounts are in respect of:

- The Companies Act 2006 created an administrative restoration process which allows company members to restore a dissolved company to the Companies Register quickly and efficiently. Prior to restoration, the consent of the Crown's Nominee referred to as a waiver, is required. As a result, the Crown's Nominee charges an administrative fee to recover the cost of dealing with such applications.
- The recovery of Crown Costs represents the fees charged to entitled kin and restored companies for administration of estates and companies while the assets were considered to be bona vacantia.

## **1.5 Expenditure**

The categories of Expenditure are:

- payment to the Government Legal Department for the services of the Bona Vacantia Division, including staff, accommodation and ICT costs;
- general expenditure, including administrative expenditure paid directly by the Crown's Nominee, for example, advertising for kin and Companies House searches; and
- disbursements, which are third party costs directly attributable to the administration of an estate or dissolved company.

## **1.6 Transfer to the Consolidated Fund**

By agreement with His Majesty's Treasury, on a date after the last day of January, but no later than 14 March, there shall be a transfer to the Consolidated Fund from the Crown's Nominee Account. The amount transferred is generally a minimum of 85 per cent of the net balance held in the bank at the end of January, subject to a balance of at least £5 million being retained in the bank for administration costs, kin payments, company restorations, contingencies and creditors.

## **1.7 Refund liability within the scope of IFRS 15**

Consistent with the variable consideration constraint in IFRS 15, the Crown's Nominee constrains income to reflect a cautiously high estimate of the likelihood of repayment of assets recognised as bona vacantia income in respect of future claims from kin in estates cases, and applications to recover assets in relation to dissolved companies. The estimate of this refund liability and the significant judgements and estimates made is set out in Note 7 of the accounts.

## **1.8 Taxation**

The Crown's Nominee is exempt from Income and Corporation Tax by way of her Crown exemption.

Where VAT is recoverable on its costs and charges, amounts are included net of VAT. Irrecoverable VAT is included in Income and Expenditure. The amount due to or from His Majesty's Revenue and Customs in respect of VAT is included within receivables or payables as appropriate.

Payments to kin can include interest from which Income Tax is deducted and paid directly to His Majesty's Revenue and Customs.

## 2. Income

	<b>2023-24</b>	<b>Restated 2022-23*</b>
	<b>£000</b>	<b>£000</b>
Amounts arising from the realisation of estates passing to the Crown under the Administration of Estates Act 1925	12,871	11,296
Amounts arising from the realisation of property which belonged to dissolved companies and trusts which have failed or are no longer existing under the Companies Act 2006	68,513	60,489
Company restoration waiver fees	417	374
Recovery of Crown Costs for restoring companies or administering estates	524	529
	<u><b>82,325</b></u>	<u><b>72,688</b></u>
Revenue recognised relating to performance obligations satisfied in the current period	55,060	48,436*
Revenue recognised relating to performance obligations satisfied in an earlier period	27,265	24,252*
	<u><b>82,325</b></u>	<u><b>72,688</b></u>

\*The prior year split between revenue recognised relating to the performance of obligations satisfied in the current or earlier periods has been restated to correct an error in the split. This restatement is contained within this note and does not affect other sections of the financial statements.

### 3. Expenditure

	<b>2023-24</b>	<b>2022-23</b>
	<b>£000</b>	<b>£000</b>
Service charge	4,731	4,717
General expenses	454	183
Disbursements	435	319
Auditor's remuneration	64	60
	<b><u>5,684</u></b>	<b><u>5,279</u></b>

### 4. Trade and other receivables

	<b>31 March 2024 £000</b>	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
Contract assets relating to Estates	4,661	5,974	6,103
Contract assets relating to Companies	644	936	1,244
Other receivables	85	10	232
	<b><u>5,390</u></b>	<b><u>6,920</u></b>	<b><u>7,579</u></b>

The Crown's Nominee has no receivables falling due after more than one year.



## 5. Cash and cash equivalents

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	28,238	19,871
Net cash (outflow) / inflow	(5,981)	8,367
Balances at 31 March	<u><b>22,257</b></u>	<u><b>28,238</b></u>

All balances were held by the Government Banking Service.

## 6. Trade and other payables

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Liabilities relating to payments due in respect of restored companies and payments due to kin	257	715
Other payables	176	1,064
	<u><b>433</b></u>	<u><b>1,779</b></u>

The Crown's Nominee has no payables falling due after more than one year.

## 7. Refund liability in the scope of IFRS 15

	<b>2023-24</b>	<b>2022-23</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	89,727	86,151
Provided in year for future payments to kin and companies	49,970	42,515
	<u>49,970</u>	<u>42,515</u>
Refund liability used in year	(46,776)	(38,939)
Balance at 31 March	<u><u>92,921</u></u>	<u><u>89,727</u></u>

The refund liability is an estimate of the anticipated future repayments as a result of kin claims or the restoration of companies. The estimated value of repayments to kin and companies is based on historical trends, which are subject to an annual review. The estimate is a suitably cautious one which seeks to constrain income to the extent that revenue is only recognised when it is highly probable that the Crown's Nominee is entitled to it. Using past trends is considered to be a reasonable way of estimating future payments.

Once sufficient information has been obtained about the assets and liabilities of an estate or company, the estate or company is allocated to a portfolio. There are 4 portfolios for Estates cases which are based on the size of the Estate and a single portfolio for Companies cases. These portfolios are then split by the year in which the case was opened with the variable income constraint progressively reduced for older cohorts as the likelihood of refund payments diminishes. High value estates in excess of £3m are excluded from the portfolio approach and assessed separately.

Consistent with the variable consideration requirements of IFRS 15, the refund liability has been set at a cautiously high level such that it is highly probable that no significant reversal of revenue recognised will occur. As a consequence, it is reasonably possible that an element within the refund provision will in due course be released as additional revenue rather than being paid out in cash; the additional revenue is recorded in Note 2: Income.

To determine the level of refund liability we apply a percentage, based on past trends, to the retained assets at the year-end on a portfolio and cohort (year of original receipt) basis. A small variation in the percentages used can result in a significant variation in the level of the liability and the income recorded. If for example 1% more of assets were anticipated to be retained relative to the amount currently constrained the impact would be an increase to income of £4m, if 5% more were retained then the impact would be a credit to income of £22m.

## **8. Contingent liabilities**

Under section 1013 of the Companies Act 2006, the Treasury Solicitor, as the Crown's Nominee, may disclaim property vested in the Crown under section 1012 of the Act. The Treasury Solicitor has three years to disclaim, which is reduced to one year on receipt of a specific request to disclaim from a member of the public. However, there is a risk that some property held by the Crown's Nominee could give rise to third party claims. This risk arises primarily from un-disclaimed land, but the current legal view is that such claims, if identifiable, would not succeed and, therefore, no liability has been recognised.

There are no known contingent liabilities at the reporting date.

## **9. Related-party transactions**

The Treasury Solicitor is the Crown's Nominee. The Crown's Nominee Accounts are administered by the Bona Vacantia Division of the Government Legal Department in England and Wales, and by the Crown Solicitor's Office in Northern Ireland. The Crown's Nominee Accounts pays administration costs each year to the Government Legal Department and the Crown Solicitor's Office.

The administration costs due to the Government Legal Department for 2023-24 were £4.7m (2022-23: £4.7 million), and at 31 March 2024, trade and other receivables, Note 4, included £76k relating to the fees which will be reimbursed during 2024-25 (2022-23: payables included £1m relating to the fee which related to 2022-23 but were paid in 2023-24).

The administration costs due to be paid to the Crown Solicitor's Office for 2023-24 was £127k (2022-23: £101k).

Neither the Crown's Nominee, key managerial staff nor other related parties have undertaken any material transactions with the Crown's Nominee Accounts during the year.

## **10. Events after the reporting period**

In accordance with the requirements of International Accounting Standard (IAS) 10, events after the reporting period are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the date of the Independent Auditor's Report. There have been no events that would have a material impact on the financial statements for the year ending 31 March 2024.







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