



CIVIL LIST ACT 1972

REPORT OF THE ROYAL TRUSTEES

*Presented to Parliament pursuant to Section 5(4)
of the Civil List Act 1972*

2 July 2012



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Ordered by the House of Commons to be printed

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SUMMARY

THE CIVIL LIST

The Queen's Civil List is funding provided by Parliament to enable The Queen to discharge her duties as Head of State; it meets the staff costs and running expenses of Her Majesty's official Household.

Section 5 of the Civil List Act 1972 requires the Royal Trustees to keep under review and report on Civil List expenditure and the sums available to meet it, with reports to be made not less frequently than once every ten years (as recommended by the 1971 Select Committee) However, since 2001 accounts have been published for the Civil List on an annual basis. The accounts are prepared in a form directed by HM Treasury, in accordance with Section 9 of the Civil List Audit Act 1816.

This Royal Trustees Report sets out Civil List expenditure since the 2001-10 report was published on 22nd June 2010. It is the final Royal Trustees Report covering the period 1 January 2011 to 31 March 2012. From 1st April 2012, the new arrangements as set out in the Sovereign Grant Act 2011 will take effect.

SOVEREIGN GRANT

The Sovereign Grant Act 2011 provides a new consolidated Sovereign Grant payment to support The Queen in her official duties. It combines into one payment from the Treasury Vote the funding for the monarch's official duties which has historically come from the following three sources:

- Civil List from Exchequer;
- Grant-in-aid for royal travel from Department for Transport; and
- Grant-in-aid for the maintenance of royal palaces and for communications and information from Department for Culture, Media and Sport.

Sovereign Grant expenditure will be subject to audit by the Comptroller & Auditor General from 1 April 2012. The Grant accounts will be laid before the House and will be open to full Parliamentary scrutiny, including by the Committee of Public Accounts.

Accordingly, this is the last Report of the Royal Trustees on the Civil List.

PARLIAMENTARY ANNUITIES FOR MEMBERS OF THE ROYAL FAMILY

A number of members of the Royal Family support The Queen in Her duties as Monarch. In the past they have received Parliamentary Annuities to meet the costs that they incur in carrying out a wide range of official engagements in the United Kingdom and overseas. In practice, The Queen has reimbursed all of these amounts directly to The Exchequer, except for the annuity for The Duke of Edinburgh.

Under the provisions of the Sovereign Grant Act 2011, with the exception of the annuity for The Duke of Edinburgh, payment of the other Parliamentary Annuities will cease, and The Queen will meet these costs directly.

The Parliamentary Annuity for the Duke of Edinburgh will remain as set out below:

Parliamentary Annuities

	£'000
HRH The Prince Philip, Duke of Edinburgh	359
	<hr/>
	359
	<hr/> <hr/>

The Rt Hon. David Cameron

The Rt Hon. George Osborne

Sir Alan Reid

2 July 2012

The Queen's Civil List
Summarised Civil List Accounts
2011 to 2012

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SUMMARY INCOME AND EXPENDITURE ACCOUNTS

		Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Civil List funding received:			
Annual Civil List		7.9	2.0
Draw-down from reserve		5.3	1.2
		<u>13.2</u>	<u>3.2</u>
Payroll costs	2	10.0	2.5
Other expenditure			
Catering and hospitality	3	1.2	0.1
Executive and administrative	3	1.4	0.3
Housekeeping and furnishings	3	0.5	0.1
Ceremonial functions	3	0.4	0.1
Other		0.1	0.1
Total net expenditure		<u>13.6</u>	<u>3.2</u>
Net funding from fixed assets and working capital		<u>(0.4)</u>	<u>-</u>

SUMMARY STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES

Net funding from fixed assets and working capital		(0.4)	-
Actuarial loss for the year / period		(0.3)	-
Total recognised losses relating to the year / period		<u>(0.7)</u>	<u>-</u>

Further information on the nature of these accounts is summarised on page 12.

SUMMARY BALANCE SHEETS

<i>As at</i>		31 December	31 March
	<i>Notes</i>	2011	2012
		£m	£m
Fixed assets	4	1.7	1.5
Current assets			
Stock	4	0.4	0.5
Debtors	4	1.4	1.2
Cash at bank and in hand		0.8	0.8
		2.6	2.5
Creditors: amounts falling due within one year	4	(2.2)	(2.0)
Net current assets		0.4	0.5
Total assets less current liabilities excluding pension scheme liability		2.1	2.0
Pension scheme liability		(1.1)	(1.0)
Net assets		1.0	1.0
		1.0	1.0
Represented by:			
Fixed asset reserve		1.7	1.5
Stock reserve		0.4	0.5
Pension scheme deficit		(1.1)	(1.0)
Reserves		1.0	1.0
		1.0	1.0

SUMMARY CASH FLOW STATEMENTS

	Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Reconciliation of total net expenditure to Civil List funding		
Total net expenditure	(13.6)	(3.2)
Depreciation	0.7	0.2
Net excess of contributions over pension service costs	(0.1)	(0.1)
Increase in stock	-	(0.1)
Decrease in debtors	0.2	0.2
Increase / (decrease) in creditors due within one year	0.1	(0.2)
Net cash outflow from activities	<u>(12.7)</u>	<u>(3.2)</u>
Capital expenditure – fixed assets acquired	(0.2)	-
Net cash outflow before funding	<u>(12.9)</u>	<u>(3.2)</u>
Civil List funding received	13.2	3.2
Net increase in cash	<u>0.3</u>	<u>-</u>
Reconciliation of cash balances		
Cash at bank as at 1st January	0.5	0.8
Net increase in cash	0.3	-
Cash at bank as at 31st December / 31st March	<u>0.8</u>	<u>0.8</u>

SUMMARY CIVIL LIST RESERVE

	Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Cash received by Civil List		
Total net expenditure	(13.6)	(3.2)
Net decrease in fixed assets	0.5	0.2
Net increase in stock	-	(0.1)
Net excess of contributions over pension service costs	(0.1)	(0.1)
Total cash received	<u>(13.2)</u>	<u>(3.2)</u>
Funded by		
Annual Civil List	(7.9)	(2.0)
Draw-down	(5.3)	(1.2)
	<u>(13.2)</u>	<u>(3.2)</u>
Civil List Reserve		
Balance brought forward	9.7	4.5
Interest received	0.1	-
Draw-down	(5.3)	(1.2)
Balance carried forward	<u>4.5</u>	<u>3.3</u>

NOTES TO THE SUMMARISED ACCOUNTS

1. NATURE OF THE SUMMARISED ACCOUNTS

The form and content of the Summarised Civil List Accounts for the year ended 31 December 2011 and the three month period ended 31 March 2012 in this Royal Trustees Report is as provided for in the Companies Act 2006 section 427 and “The Companies (Summary Financial Statement) Regulations 2008 (the SI 374 Regulations)” in so far as they apply to the Civil List.

a) Basis of preparation

These Summarised Civil List Accounts are derived from the full Civil List Accounts for the year ended 31 December 2011 and three months ended 31 March 2012. The full Civil List accounts were prepared in accordance with generally accepted accounting practices in the UK (UK GAAP) and Government Financial Reporting Manual as modified by the accounts direction provided by the Treasury from time-to-time. The latest accounts direction is set out on pages 20 to 22.

b) Accounting policies

The accounting policies used in preparing the full Civil List Accounts have been consistently applied for the year ended 31 December 2011 and for the three months ended 31 March 2012.

c) Further information pursuant to Companies Act 2006 section 427(4)

These Summarised Civil List Accounts are only a summary of the full Civil List Accounts published annually and as such do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Civil List, and of its policies and arrangements concerning remuneration as would be provided by the full annual report and accounts. Anyone requiring more detailed information can obtain a copy of the full annual report and accounts from www.royal.gov.uk.

The Civil List Auditor has audited the full the Civil List Accounts for the year ended 31 December 2011 and three months ended 31 March 2012, under the Civil List Audit Act 1816. The Civil List Auditor’s report in respect of this year was unqualified.

The auditor is required to make a statement in its audit report if the Annual Report is not consistent with the accounts, if proper accounting records have not been kept or if all information or explanations required for audit have not been received. The full Civil List Accounts for the year ended 31 December 2011 and 3 months ended 31 March 2012 contained no such statement in the audit report.

Further, the audit report on the full Civil List Accounts for the year ended 31 December 2011 and three months ended 31 March 2012 confirmed that in all material respects the expenditure and income were applied to the purposes intended by Parliament and the financial transactions conformed to the authorities which govern them.

2. STAFF NUMBERS AND COSTS

Staff Numbers

The average number of staff paid from the Civil List during the year ended 31st December 2011 and the period ended 31 March 2012 was as set out below.

	Year to 31 December 2011	3 Months to 31 March 2012
Lord Chamberlain	1	1
Private Secretary's Office	51	54
Privy Purse and Treasurer's Office	29	28
Master of the Household's Department	165	165
Lord Chamberlain's Office	54	55
	<u>300</u>	<u>303</u>

These figures are shown net of staff time recharged to related parties. Where staff work part-time they are recorded according to the proportion of their time devoted to, and paid by, the Civil List.

Payroll Costs

	Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Salaries	7.9	1.9
Temporary staff	0.1	-
National insurance	0.7	0.2
Pension contributions	1.3	0.4
Other	-	-
	<u>10.0</u>	<u>2.5</u>

The above payroll costs are stated net of housing abatements and charges (in respect of the provision of residential accommodation), service charges and recharges to related parties and other organisations (in respect of management, facilities and support provided by Civil List staff).

Payroll Costs Segmental Analysis

	Year to 31 December	3 Months to 31 March
	2011	2012
	£m	£m
Catering and hospitality	1.6	0.4
Executive and administrative	4.0	1.1
Housekeeping and furnishings	2.9	0.7
Ceremonial functions	1.6	0.4
Other	(0.1)	(0.1)
	<u>10.0</u>	<u>2.5</u>

3. OTHER COSTS

The segmental analysis on page 14 sets out the staff costs for each of the categories below.

	Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Catering and hospitality		
Garden parties	0.8	-
Food and kitchens	0.4	0.1
	<u>1.2</u>	<u>0.1</u>
Executive and administrative		
Recruitment and training	0.1	-
Depreciation (net of recharges)	0.6	0.1
Stationery, printing and binding	0.3	0.1
Computers and information systems	0.2	0.1
Legal advice and other professional services	0.1	-
Travel	0.1	-
	<u>1.4</u>	<u>0.3</u>
Housekeeping and furnishings		
Housekeeping	0.3	0.1
Furnishings and equipment	0.2	-
	<u>0.5</u>	<u>0.1</u>
Ceremonial functions		
Carriage processions	0.2	0.1
Uniforms and protective clothing	0.1	-
Motor vehicles	0.1	-
	<u>0.4</u>	<u>0.1</u>

4. SUPPLEMENTARY BALANCE SHEET INFORMATION

As at	31 December 2011 £m	31 March 2012 £m
Fixed Assets		
Information systems	0.4	0.3
Furnishings and equipment	1.1	1.0
Horses and liveries	0.2	0.2
	<u>1.7</u>	<u>1.5</u>
Stock		
Wine and spirits	0.4	0.5
	<u>0.4</u>	<u>0.5</u>
Wine is held in stock to age.		
Debtors		
Recharges	0.8	0.6
Other debtors	0.2	0.4
Prepayments	0.4	0.2
	<u>1.4</u>	<u>1.2</u>
Creditors		
Amounts due to suppliers	0.8	0.4
PAYE, National insurance and pension	1.0	1.0
Accruals	0.4	0.6
	<u>2.2</u>	<u>2.0</u>

5. RELATED PARTY TRANSACTIONS

The Royal Collection Trust, the Property Services and Royal Travel Grants-in-aid, the Privy Purse and other Royal Households are regarded as related parties. Material transactions with these related parties during the year are summarised below.

	Year to 31 December 2011 £m	3 Months to 31 March 2012 £m
Recoveries of expenditure by the Civil List		
Royal Collection Trust	1.4	0.3
Property Services Grant-in-aid	0.5	0.2
Royal Travel Grant-in-aid	0.1	-
Privy Purse	0.3	-
Other Royal Households	0.5	0.1
	<u>2.8</u>	<u>0.6</u>
Expenditure re-charged to the Civil List		
Privy Purse	0.1	-
	<u>0.1</u>	<u>-</u>

Recoveries are mainly management fees charged by the Civil List for various services including catering, cleaning and the provision of press office, internal audit, security liaison and information systems services.

Charges to the Civil List are in respect of the purchase of horses and summer grazing and the costs of cleaning and accommodation for official staff whilst at Balmoral and Sandringham.

None of the key staff employed by the Civil List have undertaken any material transaction with the Civil List during the year.

REPORT OF THE AUDITOR TO THE CHANCELLOR OF THE EXCHEQUER

The Civil List Auditor's Statement to the Chancellor of the Exchequer

I have examined the Summarised Civil List Accounts and financial information for the year ended 31 December 2011 and three months ended 31 March 2012 which are set out on pages 8 to 17

Respective responsibilities of the Royal Trustees and the Civil List Auditor

The Royal Trustees are responsible for preparing the Summarised Civil List Accounts in accordance with the Civil List Act 1972.

My responsibility is to report to you my opinion on the consistency of the Summarised Civil List Accounts presented within the Royal Trustees Report as at 2 July 2012 with the full annual accounts of the Civil List for the year ended 31 December 2011 and three months ended 31 March 2012 and its conformance, in so far as applicable with the relevant requirements of section 427 of the Companies Act 2006 and regulations made thereunder.

I also read the other information contained in the Royal Trustees Report as at 2 July 2012 and consider the implications for my statement if I become aware of any apparent misstatements or material inconsistencies with the Summarised Civil List Accounts.

Basis of Opinion

I conducted my work having regard to Bulletin 2008/3 "The Auditor's Statement on the Summary Financial Statement in the United Kingdom" issued by the Auditing Practices Board, as far as it is applicable to the examination of the Summarised Civil List Accounts. My report on the full Civil List Accounts for each of the years describes the basis of my audit opinion on those accounts.

Opinion

In my opinion the Summarised Civil List Accounts are consistent with the full annual Civil List Accounts for the year ended 31 December 2011 and the three months ended 31 March 2012 and conform, in so far as applicable, with the relevant requirements of section 427 of the Companies Act 2006 and regulations made thereunder.

As is customary when this statement is signed after the approval dates of the full Civil List Accounts so examined, I have not considered the effect of the events between the dates on which I signed my report on the full annual Civil List Accounts for the year ended 31 December 2011 and the three months ended 31 March 2012 and the date of this statement.

Sir Nicholas Macpherson

Permanent Secretary to the Treasury and Civil List Auditor
Government Offices
1 Horse Guards Road
London
SW1A 2HQ
2 July 2012

ROYAL HOUSEHOLD COMBINED ACCOUNTS DIRECTION

This Accounts Direction is given by HM Treasury in accordance with Section 9 of the Civil List Audit Act 1816; by the Secretary of State for Culture, Media and Sport in accordance with Memorandum of Understanding between the Lord Chamberlain and the Permanent Secretary of the Department for Culture, Media and Sport dated 28 September 2006; and by the Secretary of State for Transport in accordance with Memorandum of Understanding between the Lord Chamberlain and The Permanent Secretary of the Department for Transport dated 25 March 1997.

1. The Royal Household shall prepare accounts for The Queen's Civil List for the year ending 31 December 2008 and for each of the Grants-in-aid for the Maintenance of the Occupied Royal Palaces, Royal Communications and Information, Marlborough House, and Royal Travel by Air and Rail (the Grants-in-aid) for the year ending 31 March 2010 and for subsequent years comprising:

- (a) an Annual Report;
- (b) an Income and Expenditure Account;
- (c) a Balance Sheet;
- (d) a Cash Flow Statement; and
- (e) a Statement of Total Recognised Gains and Losses,

including such notes as may be necessary for the purposes referred to in the following paragraphs.

2. Each of the said accounts shall be prepared on the historical cost basis and give a true and fair view of the income and expenditure, total recognised gains and losses and cash flows for the financial year, and state of affairs as at the end of the year.
3. Subject to this requirement the accounts shall be prepared in accordance with:
 - (a) Generally Accepted Accounting Practice in the United Kingdom (UK GAAP);
 - (b) the requirements of the Government Financial Reporting Manual (FReM)insofar as these are appropriate to The Queen's Civil List and the Grants-in-aid and are in force for the financial year for which the financial statements are to be prepared.
4. The application of the requirements of the FReM, the Companies Act 2006 (and where applicable Companies Act 1985), accounting standards and other disclosure requirements is given in Schedule 1 attached.
5. This direction shall be reproduced as an appendix to the accounts.

Paula Diggle

Treasury Officer of Accounts

For The Secretary of State, Department of Culture, Media and Sport

For the Secretary of State, Department for Transport

23 February 2010

SCHEDULE 1: ACCOUNTING AND DISCLOSURE REQUIREMENTS

Companies Act 2006 and Companies Act 1985 (“The Acts”)

1. The disclosure exemptions permitted by the Acts and any Schedules or Regulations thereto shall not apply to The Queen’s Civil List or Grants-in-aid accounts unless specifically approved by the Treasury.
2. The Acts require certain information to be disclosed in a Directors’ Report. To the extent that it is appropriate, information relating to The Queen’s Civil List and Grants-in-aid accounts shall be contained in the Operating and Financial Review for the financial year, which shall be signed and dated by the Keeper of the Privy Purse or other proper officer.
3. The Royal Household shall take into consideration the requirements of The Acts as they apply to non-quoted companies (to the extent they can be applied to the circumstances of The Queen’s Civil List and the Grants-in-aid).
4. When preparing the Income and Expenditure Accounts for The Queen’s Civil List and the Grants-in-aid accounts, the Royal Household shall have regard to the requirements of the profit and loss account Format 2 as prescribed in Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008, the subsequent re-enactment.¹
5. When preparing the Balance Sheets for The Queen’s Civil List and the Grants-in-aid accounts the Royal Household shall have regard to the balance sheet Format 1 prescribed in Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008 the subsequent re-enactment. The balance sheet totals shall be struck at “Net Assets” and signed and dated by the Keeper of the Privy Purse.
6. Assets held in right of the Crown shall not be recognised within The Queen’s Civil List or the Grant-in-aid for the Maintenance of the Occupied Royal Palaces, although expenses relating to their use and maintenance shall be included.
7. The Queen’s Civil List and the Grants-in-aid accounts are not required to provide the additional historical cost information prescribed in paragraph 33(3) of Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008, the subsequent re-enactment.

Financial Reporting Manual (FReM)

8. The following exceptions to the requirements of the FReM are appropriate to the Royal Household and have received the consent of the Treasury:
 - (a) Funding received in respect of The Queen’s Civil List (and any draw down from the Civil List Reserve), and Grants-in-aid from the Departments are not required to be taken to General Fund but may be recognised in the Income and Expenditure account in the year in which received;

¹ Contained in the Statutory Instrument SI 2008 No. 410 “The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008” which came into force on 6 April 2008. The provisions of Schedule 4 to the Companies Act 1985 remain in force for accounting periods beginning before that date.

- (b) Paragraph 5.2.6 of the FReM need not apply. That is to say that the provisions of FRS 15 relating to measurement of tangible fixed assets at cost and valuations by class of asset may be applied in order to give a true and fair view;
- (c) Notional cost of capital charges need not be applied; and
- (d) In the event of inconsistency between UK GAAP and the FReM, UK GAAP shall be applied, unless directed by the Treasury.

Other disclosure requirements

9. The Annual Report and accounts shall, inter alia:
- (a) State that the accounts of The Queen's Civil List and the Grants-in-aid have been prepared in accordance with this Accounts Direction;
 - (b) Include a Statement of the Keeper of the Privy Purse financial responsibilities in respect of each of The Queen's Civil List and the Grants-in-aid;
 - (c) Include a Statement on Internal Control. It will be sufficient for the Royal Household to prepare one such statement provided that the systems of internal controls for each of The Queen's Civil List and the Grants-in-aid are separately described therein and refer to compliance with the Civil List Audit Act 1816 or the provisions of the Royal Household's Memoranda of Understanding and Financial Memoranda with the Departments as appropriate.
 - (d) Include a Remuneration Report for those members of the Royal Household whose remuneration is funded from The Queen's Civil List and the Grants-in-aid.
 - (e) Include an appendix giving details of The Queen's Civil List expenses (excluding salaries) consistent with the categories in paragraph 3.3.2 of the Report of the Royal Trustees dated 4 July 2000.

**Summary of
Parliamentary Annuities for Members of the
Royal Family**

SUMMARY OF PARLIAMENTARY ANNUITIES FOR MEMBERS OF THE ROYAL FAMILY

	Year to 31 December 2011 £'000	3 Months to 31 March 2012 £'000
HRH The Duke of Edinburgh		
Annuity	359	90
	359	90
 Annuities to other members of the Royal Family		
Annuities	1,254	314
Reimbursed by HM The Queen	(1,254)	(314)
	—	—
	—	—
Total	359	90



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