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# **The Crown Estate Office**

## **Annual report and financial statements 2011-12**

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# **Annual report and financial statements**

# **2011-12**

**(For the year ended 31 March 2012)**

Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed 20 June 2012

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**This is part of a series of departmental publications which, along with the Main Estimates 2012-13 and the document Public Expenditure: Statistical Analyses 2012, present the Government's outturn for 2011-12 and planned expenditure for 2012-13**

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## Annual Report

### Scope

The expenditure reported in these financial statements relates solely to The Crown Estate Office. Under The Crown Estate Act 1961 (Schedule 1, paragraph 5) monies are provided by Parliament (Supply Finance) towards the cost of the Commissioners' salaries and the expense of their Office.

These financial statements only include transactions in relation to these costs. The complete transactions and operations of The Crown Estate are reflected in a separately published annual report and financial statements, in June 2012 ([www.thecrownestate.co.uk](http://www.thecrownestate.co.uk)).

### Review of Activities and Corporate Governance

In 2011-12 expenditure in respect of the salaries of The Crown Estate Commissioners and the expense of their Office is unchanged from that of 2010-11.

A full review of the activities of The Crown Estate is given in the preface by the First Crown Estate Commissioner (the Chairman), the overview by the Second Crown Estate Commissioner (the Chief Executive) and the Governance Statement in The Crown Estate Annual Report and Financial Statements.

### Operating and Financial Review

These accounts relate only to the 2011-12 expenditure in respect of the salaries of The Crown Estate Commissioners and the expense of their Office.

The Resource outturn of £2,365,000 matches the supply estimate for 2011-12 for Annually Managed Expenditure and is unchanged from that of 2011-12.

The activities covered by this account are undertaken by staff employed by The Crown Estate whose remuneration is included in The Crown Estate Annual Report and Financial Statements for 2011-12.

### Auditors

The accounts of The Crown Estate Office are audited by the Comptroller and Auditor General. The notional audit fee for work performed on the 2011-12 Crown Estate Office Account is £8,000. No fees have been incurred in respect of non-audit services.

### Statement on Disclosure of Relevant Audit Information to the entity's Auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware; and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

**Preparation**

The accounts of The Crown Estate Office are prepared in accordance with HM Treasury's Financial Reporting Manual.

Alison Nimmo  
Chief Executive and Accounting Officer

30 May 2012

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, The Crown Estate is required to prepare Resource Accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by The Crown Estate during the year in pursuance of Resource funded activities.

The Resource Accounts are prepared on an accruals basis and must give a true and fair view of the Resource funded activities of The Crown Estate and its net resource outturn, changes in Taxpayers equity and cash flows for the financial year.

HM Treasury has appointed the Second Commissioner as principal Accounting Officer for The Crown Estate with overall responsibility for preparing The Crown Estate's Resource Accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the principal Accounting Officer is required to comply with the *Financial Reporting Manual* prepared by HM Treasury, and in particular to:

- a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. make judgements and estimates on a reasonable basis;
- c. state whether applicable accounting standards, as set out in the *Financial Reporting Manual*, have been followed, and disclose and explain any material departures in the accounts; and
- d. prepare the accounts on a going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding The Crown Estate's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

## Governance Statement

Under The Crown Estate Act 1961 (Schedule 1, paragraph 5) monies are provided by Parliament (Supply Finance) towards the cost of The Crown Estate Commissioners' salaries and the expense of their Office.

This Annual Report and Financial Statements only includes transactions in relation to these costs. The complete transactions and operations of The Crown Estate are reflected in a separately published annual report and financial statements, in June 2012 ([www.thecrownestate.co.uk](http://www.thecrownestate.co.uk)).

### Management

The Commissioners of The Crown Estate (the Board) for the period under review were as follows:

The Accounting Officer for The Crown Estate is Alison Nimmo CBE: Second Commissioner, Chief Executive and Deputy Chairman of the Board. She was appointed on 1 January 2012 on a renewable four year contract with a notice period of six months

Sir Stuart Hampson, First Commissioner and Chairman of the Board

Mr Christopher Bartram MA, FRICS – senior independent director with effect from 1 January 2012

Mr Gareth Baird DL, FRAgS, Scottish Commissioner

Mr David Fursdon FRICS, FAAV

Mr Dipesh Shah, OBE, MSc, FRSA

Dr Anthony White, MBE

Mr Ian Marcus MA, FRICS – appointed 1 January 2012

Mr Roger M F Bright CB, MA (Cantab) - retired 31 December 2011, Second Commissioner and Chief Executive and Accounting Officer; Deputy Chairman of the Board

Ms Jenefer Greenwood, BSc (Hons), FRICS – appointment expired 31 December 2011

The role of the Board and a description of the procedures undertaken to ensure the effectiveness of the Board can be found in the Governance Report of The Crown Estate Annual Report and Financial Statements.

### Remuneration Report

The Remuneration Report can be found in The Crown Estate Annual Report and Accounts.



**Review of risk management**

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within The Crown Estate who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A detailed review of risk management at The Crown Estate can be found within the Governance Report of The Crown Estate Annual Report and Accounts.

Alison Nimmo  
Chief Executive and Accounting Officer

30 May 2012

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**

I certify that I have audited the financial statements of The Crown Estate Office for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Office's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them.

**Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Office's affairs as at 31 March 2012 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

**Opinion on other matters**

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**

11 June 2012

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

## Statement of Parliamentary Supply

## Summary of Resource and Capital Outturn 2011-12

£'000							2011-12		2010-11
	Estimate			Outturn			Voted outturn compared with estimate: saving / (excess)	Outturn	
	Voted	Non-voted	Total	Voted	Non-voted	Total		Total	
<b>Departmental Expenditure Limit</b>									
- Resource	-	-	-	-	-	-	-	-	
- Capital	-	-	-	-	-	-	-	-	
<b>Annually Managed Expenditure:</b>									
- Resource (note 2)	2,365	-	2,365	2,365	-	2,365	-	2,365	
- Capital	-	-	-	-	-	-	-	-	
<b>Total Budget</b>	2,365	-	2,365	2,365	-	2,365	-	2,365	
<b>Non-Budget</b>									
- Resource	-	-	-	-	-	-	-	-	
<b>Total</b>	2,365	-	2,365	2,365	-	2,365	-	2,365	
Total Resource	2,365	-	2,365	2,365	-	2,365	-	2,365	
Total Capital	-	-	-	-	-	-	-	-	
<b>Total</b>	2,365	-	2,365	2,365	-	2,365	-	2,365	

## Net cash requirement 2011-12

£'000	2011-12	2011-12		2010-11
	Estimate	Outturn	Outturn compared with estimate: Saving / (excess)	Outturn
Net cash requirement	2,357	2,357	-	2,357

## Statement of Parliamentary Supply (continued)

### Summary of Resource and Capital Outturn 2011-12

#### Administration costs 2011-12

£'000	2011-12 Estimate	2011-12 Outturn	2010-11 Outturn
	-	-	-

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

The notes on pages 16 to 19 form part of these accounts.

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2012

	Note	2011-12		2010-11	
		£'000	£'000	£'000	£'000
<b>Support costs</b>					
Other administration costs	4		8		8
<b>Gross support costs</b>			<b>8</b>		<b>8</b>
Operating income			-		-
<b>Net support costs</b>			<b>8</b>		<b>8</b>
<b>Programme expenditure</b>					
Programme costs	5	2,357		2,357	
Less income		-		-	
<b>Net programme cost</b>			<b>2,357</b>		<b>2,357</b>
<b>Net operating cost</b>			<b>2,365</b>		<b>2,365</b>
<b>Total comprehensive expenditure for the year ended 31 March 2012</b>			<b>2,365</b>		<b>2,365</b>

The notes on pages 16 to 19 form part of these accounts.

## Statement of Financial Position

as at 31 March 2012

	At 31 March 2012	At 31 March 2011	At 1 April 2010
Note	£'000	£'000	£'000
<b>Non-current assets</b>	-	-	-
<b>Current assets</b>	-	-	-
<b>Total assets</b>	-	-	-
Current liabilities	-	-	-
Non-current assets plus net current assets	-	-	-
<b>Assets less liabilities</b>	-	-	-
<b>Taxpayers' equity</b>			
General fund	-	-	-

Alison Nimmo  
Chief Executive and Accounting Officer

30 May 2012

The notes on pages 16 to 19 form part of these accounts

## Statement of Cash Flows

for the year ended 31 March 2012

	2011-12	2010-11
Note	£'000	£'000
<b>Cash from operating activities:</b>		
<b>Net operating cost</b>	<b>2,365</b>	2,365
Adjustment for non-cash transactions	4 (8)	(8)
<b>Net cash outflow from operating activities</b>	<b>(2,357)</b>	(2,357)
<b>Cash flows from financing activities:</b>		
From the Consolidated Fund – current year	2,357	2,357
<b>Net increase in cash and cash equivalents in the year before adjustment for payments to the Consolidated Fund</b>	<b>-</b>	-
Payments of amounts due to the Consolidated Fund	-	-
<b>Net increase in cash and cash equivalents in the year after adjustment for payments to the Consolidated Fund</b>	<b>-</b>	-
Cash and cash equivalents at the beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	-

The amount of grant actually issued to support the net cash requirement was £2,356,500.00.

The notes on pages 16 to 19 form part of these accounts.



## Statement of changes in Taxpayers' equity

for the year ended 31 March 2012

	General Fund
	£'000
<b>Balance at 1 April 2010</b>	-
<b>Change in taxpayers' equity for 2010-11:</b>	
Non-cash charges – auditor's remuneration	(8)
Net operating cost for the year	2,365
<b>Total recognised income and expense for 2010-11</b>	<b>2,357</b>
Net Parliamentary Funding – drawn down	(2,357)
<b>Balance of Taxpayers' equity at 31 March 2011</b>	-
<b>Change in taxpayers' equity for 2011-12:</b>	
Non-cash charges – auditor's remuneration	(8)
Net operating cost for the year	2,365
<b>Total recognised income and expense for 2011-12</b>	<b>2,357</b>
Net Parliamentary Funding – drawn down	(2,357)
<b>Balance of Taxpayers' equity at 31 March 2012</b>	-

The notes on pages 16 to 19 form part of these accounts

## Notes to the accounts

for the year ended 31 March 2012

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the *Government Financial Reporting Manual* (FReM) issued by the Treasury and in accordance with directions made by the Treasury. The accounting policies contained in the FReM apply International Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of The Crown Estate for the purpose of giving a true and fair view has been selected. The particular policies adopted by The Crown Estate are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires The Crown Estate to prepare a *Statement of Parliamentary Supply* and supporting notes, showing outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Accounting convention

The accounts are prepared under the historical cost convention. The Crown Estate Office Account neither holds nor expects to hold fixed assets or stock requiring revaluation or depreciation.

#### 1.2 Basis of consolidation

These accounts are for the Supply financed activities of The Crown Estate. The main activities of The Crown Estate are subject to a different financial accounting framework and are published separately in The Crown Estate's Annual Report and Financial Statements.

#### 1.3 Operating income

The Crown Estate Office Account has no operating income and relies solely on Parliamentary Supply funding.

#### 1.4 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the cost of running The Crown Estate as defined under the administration cost control regime. Programme costs reflect non-administration costs and comprise the transfer of funding to The Crown Estate's Annual Financial Statements for the salaries of the Commissioners and the expenses of their Office.

#### 1.5 Accruals relationship

The Crown Estate Office Account transfers funding to The Crown Estate's Annual Financial Statements for the salaries of the Commissioners and the cost of their Office and any other specific resource funded activities approved in resource estimates. The Crown Estate Office Account shows a transfer of cash to The Crown Estate's Annual Financial Statements as the expenditure is recognised and therefore neither owes any sums at the year end nor is owed any such sums.

#### 1.6 Financial instruments

Cash is the only financial instrument held by the Crown Estate Office Account.

The Crown Estate Office Account has no borrowings and relies primarily on resource funding for its cash requirements, and is therefore not exposed to liquidity risks. It has no material deposits.

### 1.7 Operating Segments

The activities funded by The Crown Estate Office Account is considered to provide a single function; maintaining and enhance the value of The Crown Estate and the return obtained from it, and in terms of IFRS is considered to be a single operating segment. It is therefore considered that no further segmental analysis is required to meet the requirements of IFRS 8.

### 2 Analysis of net resource outturn by section

	2011-12					2010-11
	Outturn			Estimate		Outturn
	Programme		Total	Net Total	Net total compared to Estimate	Total
	Gross	Income				
£000	£000	£000	£000	£000	£000	
<b>Spending in Annually Managed Expenditure</b>						
Voted expenditure:						
<b>A: Administration</b>	2,365	-	2,365	2,365	-	2,365
	-	-	-	-	-	-
<b>Total</b>	<b>2,365</b>	<b>-</b>	<b>2,365</b>	<b>2,365</b>	<b>-</b>	<b>2,365</b>

### 3. Reconciliation of net resource outturn to net operating cost

		Note	2011-12 Outturn £000	2010-11 Outturn £000
<b>Total resource outturn in Statement of Parliamentary Supply</b>	Budget		2,365	2,365
	Non-Budget		-	-
Consolidated Fund Extra Receipts (CFERS)			2,365	2,365
			-	-
<b>Net Operating Cost in Statement of Comprehensive Net Expenditure</b>			<b>2,365</b>	<b>2,365</b>

**4 Other administration costs**

	2011-12 £'000	2010-11 £'000
Non-cash items:		
Auditors' remuneration and expenses	8	8
	<b>8</b>	<b>8</b>

There is no remuneration for non-audit work.

**5 Net programme costs**

	2011-12 £'000	2010-11 £'000
Current grants and other current expenditure	2,357	2,357
Less: programme income	-	-
	<b>2,357</b>	<b>2,357</b>

**6 Contingent liabilities**

There were no contingent liabilities at 31 March 2012.

**7 Events after the Reporting Period**

The Crown Estate Office's Annual Report and Financial Statements are laid before the House of Commons by HM Treasury. The Crown Estate is required to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by The Crown Estate to HM Treasury.

The authorised date for issue is 11 June 2012

**8 Related party transactions**

The objective of The Crown Estate Office Account is to make transfers to The Crown Estate for the salaries of The Crown Estate Commissioners and the expense of their Office. Accordingly, all of The Crown Estate Office Account transactions are with The Crown Estate and therefore The Crown Estate is regarded as a related party.

Neither the Accounting Officer nor any other related parties have undertaken any material transaction with The Crown Estate Office Account during the year.

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