



CIVIL LIST ACT 1972

REPORT OF THE ROYAL TRUSTEES

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

22 June 2010



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SUMMARY AND RECOMMENDATIONS

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 last report on 3rd July 2000 and makes recommendations for the amount of the Civil List and expenditure to be met from it for the year to December 2011. The year ended 31st December 2001 was the first year of the new 10 year arrangement following the 2000 Royal Trustees' Report.

The Royal Trustees are the Prime Minister (as First Commissioner of Her Majesty's Treasury), the Chancellor of the Exchequer and the Keeper of the Privy Purse (Civil List Act 1952, Section 10).

The Civil List Act 1972 provides that where the annuity payable under the Act exceeds the Civil List expenditure for the year, the excess may be paid to the Royal Trustees to be accumulated by them and applied to meet deficiencies in future years. The Royal Household Investment Committee was established by a Treasury Minute of 30 December 1990 to invest such excesses on behalf of the Royal Trustees. At 31 December 2000 a Civil List reserve of £35.6 million had been accumulated which was available to be carried forward into the next 10 year period.

The Royal Trustees Report 2000 recommended that the level of Civil List payments should remain unchanged at £7.9 million a year. It was expected that the Royal Household would draw down the Civil List Reserve during the decade to 2010, leaving a residue in the reserve at the end of 2010. During the decade the Royal Household also undertook responsibility for additional expenditure of initially some £2.2 million a year, which previously had been met by other Government Departments, without additional public support and also agreed to take on further responsibilities, for some £0.6 million a year of additional expenditure to deal with Security and Freedom of Information, again without additional funding. By 2010 the amount so absorbed has risen to some £3.6 million a year, i.e. 24% of the £15.1 million expenditure attributable to the Civil List.

The Royal Trustees recommend that in 2011, the expenditure attributable to the Civil List should be basically the same as in 2010, except that the one-off pension scheme deficit contribution in 2010 will not be repeated and the Royal Household will take on responsibility for £0.2 million of costs formerly covered by the Home Office and Ministry of Defence. Finance for Civil List expenditure will be supplied by a combination of drawing from the Civil List Reserve and an unchanged Civil List, as shown below.

	£m	
	2010 ¹	2011 ²
Costs		
Basic expenditure	14.5	14.5
Net capital expenditure	0.2	0.2
Pension scheme deficit contribution	0.4	-
Transfers of expenditure now planned	-	0.2
	15.1	14.9
Financed by		
Civil List	7.9	7.9
Drawing from Civil List Reserve	7.2	7.0
	15.1	14.9
Civil List Reserve at the end of the year	8.0	1.0

Beyond 2011, the Royal Trustees intend that the future arrangements for support of The Queen will be reconsidered. These will build on the good housekeeping achieved so far. It has not been possible to carry out this task in appropriate depth since the Government was elected less than two months ago. Consulting the Royal Household, the Government will propose a transparent and durable new scheme for the longer term.

¹ Figures for 2010 are actuals to April 2010 and reforecasts for the remainder of the year

² Estimates

PARLIAMENTARY ANNUITIES FOR MEMBERS OF THE ROYAL FAMILY

A number of members of the Royal Family support The Queen in Her duties as Monarch. They receive Parliamentary Annuities to meet the costs that they incur in carrying out a wide range of official engagements in the United Kingdom and overseas. The Royal Trustees may also make recommendations about these fixed annual amounts for the next ten year period (Civil List Act 1972 Section 5(3)). In practice, The Queen reimburses all of these amounts directly to The Exchequer, except for the annuity for The Duke of Edinburgh.

The Queen proposes to continue to reimburse the Exchequer in this way. The Royal Trustees recommend, at the suggestion of the Royal Household, that the Parliamentary Annuity paid to The Duke of Edinburgh should not be increased in 2011 but should remain as set out below. This was not increased at the time of the previous settlement and equates to a real terms reduction of 20.6%.

Parliamentary Annuities

	£'000
HRH The Prince Philip, Duke of Edinburgh	359
Annuities paid to other members of the Royal Family (net) ¹	-
	<hr/>
	359
	<hr/> <hr/>

The Rt Hon. David Cameron
The Rt Hon. George Osborne
Sir Alan Reid

22 June 2010

¹ Further details can be found on pages 60 and 61

BACKGROUND INFORMATION AND REVIEW OF PERFORMANCE

HISTORICAL AND LEGISLATIVE

Before 1760 the expenses incurred by the Sovereign and Royal Household to enable the Monarch to fulfil his or her official duties were met from the income from the Crown Estate and from other hereditary revenues, supplemented increasingly by customs and excise duties and general taxation voted by Parliament. As the supplementation provided by Parliament became larger and to reflect the transfer of executive power from the Sovereign to Parliament, the system was changed in 1760 on the accession of George III. Under the new arrangement the income from the Crown Estate and other hereditary revenues was surrendered to Parliament by the Sovereign for the duration of the reign in return for the payment of a fixed annual Civil List.

This system continues to this day although, over the years, certain expenses incurred in support of the Monarch's official duties have been transferred from the Civil List to be met from Government Departments' votes (this process was reversed to some extent by transfers to the Civil List, which took effect during 2001 in order to utilise Civil List reserves, and further transfers proposed from 2011).

The Queen surrenders the income from the Crown Estate and other hereditary revenues, under the terms of the Civil List Act 1952, in return for (a) the provision of an annual Civil List to meet Her Majesty's most immediate official expenses, (b) the provision of Parliamentary Annuities for other Members of the Royal Family (all of which, with the exception of that paid to the Duke of Edinburgh, are repaid by The Queen) and (c) Government Departments meeting other expenditure incurred in support of the Monarchy directly from their annual votes.

The annual amount of the Civil List was set for Her Majesty's reign in the 1952 Civil List Act. However, as a result of high inflation at the time, the 1952 Act was amended in 1972 to require the Royal Trustees (the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse) to review the adequacy of the amount of the Civil List periodically and to report to the Treasury at least every ten years whether the amount of the Civil List remains adequate or should be increased. Most funding provided by Parliament is subject to annual review. However, it was the conclusion of the 1971 Select Committee, as reflected in the 1972 Civil List Act, that annual review of the Civil List would not be consistent with the honour and dignity of the Crown.

This is a ten yearly Royal Trustees Report as required by the 1972 Civil List Act. Its primary purposes are: (a) to give details of Civil List expenditure for the previous ten years, and (b) to recommend whether the amount of the Civil List should be increased for the next ten year period and, if so, to recommend an annual amount. The legislation does not provide for the Civil list or Parliamentary Annuities to be decreased, but instead for any excess provision to be carried forward and set against expenditure in subsequent periods. It will be for Parliament to determine the disposition of any surplus remaining at the end of the reign.

In order to allow for inflation, the 1972 Act provides for the amount of the Civil List to be higher than expenditure initially so that annual surpluses can be accumulated to cover deficits in later years or for carry forward into a subsequent ten year period. If there is a surplus carried forward, the Royal Trustees will take it into account when making their recommendation for the annual amount of the Civil List for the next ten years.

REVIEW OF PERFORMANCE

The Civil List finances The Queen's core duties as head of state. These include:

- undertaking constitutional duties, for example the State Opening of Parliament, regular audiences with the Prime Minister, meetings of the Privy Council, giving Royal Assent to legislation and approving many appointments;
- fulfilling constitutional responsibilities in relation to the Scottish Parliament and, where appropriate, the Welsh and Northern Ireland Assemblies;
- carrying out State and Royal Visits overseas and receiving State and Official visitors to the United Kingdom;
- receiving credentials from foreign Heads of Mission; and
- presenting honours at Investitures.

In addition, the role of The Queen, supported by members of the Royal Family, extends more widely than these formal duties and includes:

- providing a focus for national identity, unity and pride (for example on Remembrance Sunday and at times of national celebration or tragedy);
- providing a sense of stability and continuity (for example by participating in traditional ceremonies such as Trooping the Colour);
- recognising success, achievement and excellence (for example through visits, receptions and awards); and
- contributing through public service and the voluntary sector to the life of the nation; in this area The Queen is particularly supported by the work of other members of the Royal Family (e.g. The Prince's Trust and The Duke of Edinburgh's Award Scheme).

During the decade ended 31 December 2000, a Civil List Reserve of £35.6million was accumulated. So the Royal Trustees' Report of 2000 planned that this should be drawn down during the decade to 31 December 2010; and that the Royal Household should take on responsibility for expenditure previously met by other Government Departments, whose costs were then estimated at £2.2 million a year. Details are set out in the table below.

Transfers planned in the Royal Trustees' report 2000	£m	
	2001 (planned)	2010
Employer's pension scheme contributions to the Royal Household Pension Scheme	1.0	1.1
Porters and non-domestic cleaners at Buckingham Palace and Windsor Castle	0.6	0.7
Expenses of the Gentlemen at Arms and Yeoman of the Guard, of administering St James's Palace State Apartments, of furnishings and of stationery for congratulatory messages	0.2	0.3
Information Technology Systems support	0.2	0.8
Services personnel seconded to The Queen's Household and baggage transport	0.2	0.1
	<hr/>	<hr/>
	2.2	3.0
	<hr/> <hr/>	<hr/> <hr/>

In practice these costs have now escalated to £3.0 million a year. And during the decade to 2010, the Royal Household also assumed additional responsibilities estimated to cost £0.6 million a year. As with the transfers planned in 2000, no additional funding has been provided to support these costs. Details are set out in the table below.

Transfers during the decade to 2010	£m	
	2001 (planned)	2010
Security liaison and access control	-	0.2
Freedom of Information and Records Management	-	0.4
	<hr/>	<hr/>
	-	0.6
	<hr/> <hr/>	<hr/> <hr/>

Taken together, these transfers mean that the Royal Household has made savings equivalent to 24% of Civil List expenditure in 2010.

Details of the transfers of responsibility planned from 2011 are set out in the table below.

Transfers planned from 2011	£'000	
	2001 (planned)	2011
Home Office Vote - Access control staff at Buckingham Palace and Windsor	-	160
Ministry of Defence Vote – Travel expenses of Gentlemen at Arms and Yeoman of the Guard	-	70
	<hr/>	<hr/>
	-	230
	<hr/> <hr/>	<hr/> <hr/>

HEAD OF STATE EXPENDITURE

Head of State Expenditure is met from public funds in exchange for the surrender by The Queen of Her hereditary revenues, including notably revenues from the Crown Estate. It excludes the cost of security provided by the police and military services and the armed services ceremonial.

While the purpose of this report is primarily to set out, in the public interest, information about Civil List expenditure, it is important to view it in context. It forms part of the Government's support for The Queen as Head of State, and the Royal Trustees therefore also take account of these other elements. Indeed the various elements of support are cohesive and mutually supportive.

Total Government support for The Queen as Head of State is set out in the table below.

<i>Forecast Year to 31st March</i>	2011
	£m
The Queen's Civil List ¹	14.5
Parliamentary Annuities	0.4
Grants-in-aid	21.2
Expenditure met directly by Government Departments and the Crown Estate	3.8
	<hr/>
	39.9
	<hr/> <hr/>

A chart showing the Head of State expenditure for the past ten years is set out on page 63.

The Civil List does not fund the official duties of the Prince of Wales or other members of the Royal Family. These are met respectively from revenues of the Duchy of Cornwall and the Privy Purse.

PARLIAMENTARY ANNUITIES

The Parliamentary Annuity was paid to The Duke of Edinburgh. The annuity was primarily to meet official expenses incurred in carrying out his public duties. Parliamentary Annuities paid to other Members of the Royal Family are reimbursed by The Queen.

¹ Figures are for the calendar year 2010

GRANTS-IN-AID

<i>Forecast Year to 31st March</i>	2011
	£m
Property Services	13.7
Communications and Information	0.5
Royal Travel	7.0
	<hr/>
	21.2
	<hr/> <hr/>

Property Services

The Property Services Grant-in-aid is the annual funding provided by the Department for Culture, Media and Sport to the Royal Household to meet the cost of property maintenance, and of certain utilities and related services, at:

- Buckingham Palace;
- St James's Palace, Clarence House and Marlborough House Mews;
- The residential and office areas of Kensington Palace;
- The Royal Mews and Royal Paddocks at Hampton Court; and
- Windsor Castle and buildings in the Home and Great Parks at Windsor.

These properties are referred to as the "Occupied Royal Palaces" or the "Estate" with an aggregate floor area estimated at approximately 160,000 square metres. The Buckingham Palace, St James's Palace and Windsor Castle State Apartments, together with offices, service areas, workshops, stores, coach houses, stables and garages, represent approximately 75% of the total area. In addition, there are The Queen's Gallery at Buckingham Palace, some 217 properties allocated for residential use mainly by staff and pensioners and 29 properties used as communal residential accommodation for staff.

The Occupied Royal Palaces are held in trust for the nation by The Queen as Sovereign. Their maintenance and upkeep is one of the expenses met by the Government in return for the surrender by the Sovereign of the Hereditary Revenues of the Crown (principally the net surplus from the Crown Estate which amounted to £230 million in the year to 31st March 2009). The Department for Culture, Media and Sport has overall responsibility for the maintenance of and provision of services to the Occupied Royal Palaces; however, with effect from 1st April 1991, management and operating responsibility was transferred to the Royal Household. The Property Section, was established in 1991 to take on this work.

The Occupied Royal Palaces are used by the Sovereign in fulfilling the role and functions of Head of State and by other members of the Royal Family in support of The Queen.

Communications and Information

The Royal Communications and Information Grant-in-aid is the annual funding for communication and information services for official royal functions and engagements.

The Royal Household incurs expenditure developing and running the communications programme, maintaining a Press Office (to liaise with and provide information to the Press and other media), developing the British Monarchy's web site, providing information officers to administer press arrangements at royal engagements and visits in England and Scotland, and providing general and educational information to the public. General Press Office costs and expenditure incurred in developing and running the communications programme are charged to the Civil List. Other costs are charged to the Royal Communications and Information Grant-in-aid. The division of costs between the two funding sources is historic.

Royal Travel

The Royal Travel Grant-in-aid is the annual funding provided by the Department for Transport to meet the cost of official royal travel by air and rail. Up to 31st March 1997 the official royal travel costs were met by the Ministry of Defence, the Department of Transport and the Foreign and Commonwealth Office (FCO).

Responsibility for the expenditure was transferred to the Household with effect from 1st April 1997 in order to:

- facilitate cost reductions and enhance value for money by matching financial and user responsibility; and
- improve accountability and transparency, and enable a detailed annual report to be published, by giving one organisation responsibility for royal travel expenditure.

The Memorandum of Understanding dated 25th March 1997 between the Lord Chamberlain and the Permanent Secretary of the Department of Transport (now the Department for Transport – “the Department”), sets out the basis on which the Royal Household should use and account for the annual Royal Travel Grant-in-aid provided to it by the Department. The Memorandum of Understanding requires the Private Secretary to The Queen and the Keeper of the Privy Purse, the Royal Household officials with responsibility for the Grant-in-aid, to account for its stewardship in an annual report.

It is an important part of The Queen's role as Sovereign, supported by other members of the Royal Family, to act as a focal point for national life and to bring people together across all sectors of society. In carrying out this role the Royal Family receives thousands of invitations each year from or on behalf of Government, the Church, local authorities and the Armed Services, and a wide range of individual organisations across the private, public and voluntary sectors.

In 2004-05 it was agreed between UK Trade & Investment (UKTI) and the Department for Transport that the costs of The Duke of York's official overseas travel as Special Representative of UKTI should be met by the Grant-in-aid.

EXPENDITURE MET DIRECTLY BY GOVERNMENT DEPARTMENTS AND THE CROWN ESTATE

A summary of the expenditure expected to be met from other funds provided by Parliament during the current financial year to 31st March 2011 is set out below. A summary of the ten year period is given on pages 63 to 65.

<i>Forecast Year to 31st March¹</i>	2011 £m
Cabinet Office - Administration of honours	0.5
Ministry of Defence - Equerries, orderlies and other support	1.0
Historic Scotland - Maintenance of the Palace of Holyroodhouse	1.1
Foreign Office - State Visits to and by The Queen and liaison with the Diplomatic Corps	0.1
Department for Culture, Media and Sport - Ceremonial occasions	0.4
Crown Estate - Maintenance of the Home Park at Windsor Castle	0.6
Wales, Scotland and Northern Ireland - Communication support	0.1
	<hr/>
	3.8
	<hr/> <hr/>

Equerries and orderlies are seconded from the Armed Services to assist The Queen and other members of the Royal Family in undertaking their official duties. The Palace of Holyroodhouse is The Queen's official residence in Scotland.

¹ Figures are not audited

MANAGING THE ROYAL HOUSEHOLD

Continuing improvement is an important part of the Royal Household's approach, and it operates in a businesslike and professional manner, with a strong emphasis on value for money and accountability in the use of public funds and resources.

HOUSEHOLD OBJECTIVES

The continuing objectives of The Queen's Household are as follows:

- Plan and deliver first-class Royal events
- Provide high quality advice and effective input into policy issues
- Communicate effectively the role and activities of the Monarchy
- Support and advise all Royal Households
- Maintain and make accessible the Royal Collection
- Continue to develop a diverse team of well led, trained and adaptable professionals
- Ensure efficient use of resources
- Ensure internal business process and infrastructure provides appropriate support and continues to develop

SENIOR MANAGEMENT

The leadership of The Queen's Household is the responsibility of the Lord Chamberlain and the five Heads of the Household's Departments, reporting to The Queen. The Lord Chamberlain, the Heads of Department and two non-executive members are collectively referred to as the Lord Chamberlain's Committee.

The Lord Chamberlain's Committee meets formally approximately once a month. Its members are as follows:

- Lord Chamberlain – The Rt Hon. The Earl Peel

Heads of Departments:

- Private Secretary to The Queen - The Rt Hon. Christopher Geidt
- Keeper of the Privy Purse - Sir Alan Reid
- Master of the Household - Air Vice-Marshal David Walker
- Comptroller, Lord Chamberlain's Office - Lt Col. Andrew Ford
- Director of the Royal Collection - Jonathan Marsden

Non-executive members:

- Private Secretary to The Duke of Edinburgh - Brigadier Sir Miles Hunt-Davis
- Principal Private Secretary to The Prince of Wales and The Duchess of Cornwall - Sir Michael Peat

The Lord Chamberlain's duties are not full-time.

The division of responsibilities across the Grants-in-aid and Civil List funding sources is as follows:

	The Civil List	Property Services and Communications and Information	Royal Travel
Private Secretary to The Queen	Private Secretaries, Researchers, Press Office, Records Management, Security Liaison	Communication and Information Policy	Travel Policy, Security and Safety
Keeper of the Privy Purse	Finance, Personnel, IT and Telecoms, Internal Audit	Supervision and direction, Fire, Health and Safety Services, Communication and Information, Finance	Travel Finance and Operations
Master of the Household	Event Management, Catering and Hospitality, House Management, Logistics	Craftsmen	
Comptroller, Lord Chamberlain's Office	Ceremonial, Royal Mews, Medical, Ecclesiastical		

Within the Royal Household, the Communications and Press Secretary is responsible for organising the provision of communications and information services and is supported in financial matters by the Deputy Treasurer to The Queen.

The Royal Travel Office, headed by the Director of Royal Travel, is responsible for organising the provision of travel services and for the in-house helicopter operation and is supported in financial matters by the Deputy Treasurer to The Queen.

REMUNERATION REPORT

The Royal Household Remuneration Committee is responsible for setting the salaries of The Rt Hon. The Earl Peel, The Rt Hon. Christopher Geidt and Sir Alan Reid. The Royal Household Remuneration Committee has the following members:

- The Cabinet Secretary - Sir Gus O'Donnell
- The Permanent Secretary to the Treasury - Sir Nicholas Macpherson
- The Lord Chamberlain – The Rt Hon. The Earl Peel
- Treasury Officer of Accounts and Secretary to the Committee - Paula Diggle

The salary of Lt Col. Andrew Ford is set with reference to Senior Civil Service pay scales. His salary is reviewed annually and for the 2009-10 financial year he received a cost of living increase plus a performance related payment of up to a maximum of 4.5%.

Air Vice-Marshal David Walker is seconded from the Ministry of Defence on a contract that is reviewed periodically. The next review date will be in 2012. The salary shown below is his secondment cost (excluding VAT) charged to the Civil List.

All other members of the Lord Chamberlain's Committee are appointed on permanent contracts.

All members of the Lord Chamberlain's Committee have notice periods of between three and six months. There are no specific provisions for termination payments.

The non-executives receive no remuneration in respect of their duties as members of the Committee.

This structure has been in place throughout the last ten year period and is expected to remain in place for the foreseeable future

Salaries for 2009-10 for members of the Lord Chamberlain's Committee who are paid from the Civil List (before the deduction of abatements and other charges in respect of housing) as published in the Royal Public Finances Annual Report 2009-10, are shown below.

	Salary	Pension Payments
<i>Year to 31st March</i>	2009-10	2009-10
	£'000	£'000
The Rt Hon. The Earl Peel	82	12
The Rt Hon. Christopher Geidt	146	22
Sir Alan Reid	180	34
Air Vice-Marshal David Walker	120	44
Lt Col. Andrew Ford	101	15

As part of centrally provided risk benefit cover for employees within the Defined Contribution (Stakeholder) Pension Scheme, a further 0.46% of pensionable salary is contributed for death-in-service and income replacement schemes.

Jonathan Marsden is not included in the above table because he is paid by the Royal Collection.

There are no accrued annual pensions as the payments made were not to any of the Royal Household defined benefit pension schemes.

The Committee members' performance is assessed by The Lord Chamberlain through an annual appraisal process.

No other members of staff had salaries over £150,000.

OPERATING APPROACH

In reviewing the operating approach of the Civil List, the Royal Trustees take into consideration the wider context of all departments within the Royal Household as this reflects the co-ordinated way in which the Royal Public Finances are managed and also takes account of the fact that the administrative structures funded by the Civil List underpin operations in all of the other areas.

The Civil List

The Royal Household's overriding aim in managing the Civil List is to give excellent support to The Queen to enable Her Majesty to serve the nation as Head of State, while ensuring that value for money is achieved.

Continuing improvement is an important part of the Royal Household's approach together with being a good employer and providing good conditions and job satisfaction, operating in a business like and professional manner with a strong emphasis on value for money, recruiting from across all sections of the community, and being open and accountable in the use of public funds and resources.

Property Services

The Property Section is the department of the Royal Household responsible for the maintenance of, and related services to, the Occupied Royal Palaces in England. It receives its Grant-in-aid via the Department for Culture, Media and Sport

A small specialist team of staff is responsible for planning and supervising the property maintenance work and for buying in services in the most appropriate and cost-effective manner, supported by a minimum number of in-house maintenance and other non-supervisory staff.

The approach of the Property Section, subject to funding constraints, is based on pre-planned preventative maintenance and conserving (and wherever possible enhancing) the architectural and historical integrity of the buildings, while ensuring that the Palaces can continue to be used in the most effective and efficient way as living and working buildings whilst taking into consideration the operating requirements of the Departments of The Queen's Household and of the other Households and organisations which use the buildings.

Royal Communications and Information

This is the part of the Royal Household responsible for providing clear and comprehensive communications and information about royal functions and engagements.

The Queen's engagements throughout England and Scotland are covered by the Buckingham Palace Press Officers and a Press Officer at the Palace of Holyroodhouse. Separate arrangements apply for royal visits to Wales and Northern Ireland

It also funds the British Monarchy website (www.royal.gov.uk) which is a primary source of reference for media and members of the public. It contains information on the work and constitutional role of The Queen, biographies of members of the Royal Family, and the history and use of Royal Palaces, as well as media announcements and a history section on the English, Scottish and United Kingdom Crowns.

Royal Travel

The Grant-in-aid for Royal Travel meets the cost of official journeys undertaken by or in support of members of the Royal Family by air and rail. Travel by senior members of the Royal Family between residences is categorised as official.

Safety, security, presentation, the need to minimise disruption for others, the effective use of time, environmental impact and cost are taken into account when deciding on the most appropriate means of travel. Staff may travel with members of the Royal Family or separately (e.g. to undertake reconnaissance visits or to arrive in advance).

The programme of overseas tours is determined by the FCO and UKTI, and approved by the Royal Visits Committee.

The Royal Visits Committee is a Cabinet Committee, chaired by the Permanent Under Secretary and comprising the Private Secretaries to The Queen, The Prince of Wales, The Duke of York and No. 10, the Chief Executive of UKTI and the Director of Protocol, Foreign and Commonwealth Office.

AUDIT COMMITTEE

The Audit Committee, which reports to the Lord Chamberlain's Committee, has overall responsibility for monitoring the effectiveness of the system of internal control, including financial, operational and compliance controls and risk management. It currently comprises four members: Nigel Turnbull (non-executive Chairman), Air Vice-Marshal David Walker (Master of the Household), Miss Leslie Ferrar (Treasurer, Household of The Prince of Wales and Duchess of Cornwall) and Sir David Tweedie (Chairman of the International Accounting Standards Board) who was appointed on 14 December 2009. In undertaking its responsibilities, the Audit Committee considers reports from both internal and external auditors and management, and makes recommendations to the Lord Chamberlain's Committee throughout the year.

The Audit Committee meets at least three times a year. Meetings are attended by the Head of Audit Services, the Keeper of the Privy Purse, the Deputy Treasurer to The Queen and representatives from The Treasury who are the external auditors of the Civil List and KPMG LLP who are auditors of the Royal Travel and Property Services Grants-in-aid and are contracted by HM Treasury to audit the Civil List. Other senior managers in the Royal Household attend when invited by the Committee.

Matters dealt with by the Committee include: approving terms of engagement for the external auditors; reviewing and approving audit plans, annual reports and management reports from internal and external auditors; reviewing the Royal Household risk register; reviewing the implementation of audit recommendations; and reviewing the statement on internal control. The Audit Committee also examines issues that may impact on risks within the Royal Household.

EMPLOYMENT POLICIES

The Royal Household's employment policies and practices have been developed to encourage a motivated, adaptable and skilled workforce.

The Household is committed to equality of opportunity. Diversity of both applicants and employees is promoted, with candidates sought from all sections of the community, responding to advertisements placed in national, regional and specialist media and a wide range of web sites. The majority of recruits to the Household now apply over the internet, submitting electronic applications, ensuring the widest possible trawl of candidates and that selection decisions are made on standardised information. The effectiveness of the Household's Equal Opportunities Policy is monitored.

The Household has introduced a number of wellbeing initiatives with the aim of fostering a culture of motivation and engagement, promoting healthy lifestyles and encouraging the retention of key staff. These include the formation of a Welfare and Lifestyle Committee with staff representatives, the promotion of the Royal Household Football, Sports and Social Club and the implementation of flexible working, as well as various health and fitness initiatives.

Staff consultation is a key element of the Royal Household's employee relations strategy, with a number of channels of communications including intranet briefings, a staff survey conducted every three years, regular small focus groups and discussions and updates on the performance of the Household delivered by the Lord Chamberlain and Heads of Department. Staff are kept informed on progress made by the Royal Household and are encouraged to contribute ideas and to give feedback to senior management, with the aim of continuously improving services and standards. All staff paid from public funds receive a summary copy of the Royal Public Finances Annual Report, highlights of which are also published on the intranet.

All staff participate in an annual review to assess performance against objectives and a competency framework, and each employee is encouraged to commit to a personal development plan prepared jointly with his or her manager. Career opportunities are advertised internally with up to a third of all vacancies filled in this way.

LEARNING AND DEVELOPMENT

Considerable emphasis is placed on training, which is provided both in-house and through external organisations. The range of opportunities for learning and development extends from Institute of Leadership and management qualifications for supervisors and managers, through to highly specialised courses for Royal Travel helicopter pilots. Similarly the medium and format for delivery is very diverse, with breakfast workshops, lunch-time learning sessions and "Learning at Work" days, as well as residential programmes and a developing e-learning facility and resource library. Specialist IT training focusing on enhancing IT capability is also available to all staff.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Royal Household has a Sustainability and Social Responsibility Policy and is committed to considering the economic, social and environmental impact of its activities.

In particular, the Committee reports on measures to:

- reduce the consumption of materials and energy;
- use renewable or recycled materials;
- encourage employees to take responsibility for and participate in good environmental practices; and
- manage the activities of the Royal Household in an environmentally sensitive manner.

The Royal Household is also supportive of employees who are involved in charitable and voluntary activities and offers special leave for this purpose.

FIRE HEALTH AND SAFETY

Fire Safety

Automatic fire detection systems are installed throughout the Estate and are monitored continually to ensure they work effectively. The systems are maintained under preventative term contracts which are competitively tendered every three to five years. Systems are regularly reviewed to ensure that they remain suitable for the risk and at present the fire alarm panels, which are now obsolete, are being replaced to meet current standards.

Automatic fire suppression systems incorporating water sprinklers and drenchers and fixed installations using foam or inert gas are installed in kitchens and other high risk areas and to augment the provision of structural fire compartmentation.

Fire risk assessments and inspections are undertaken on a regular basis, initially using independent consultants, with follow-up inspections by in-house fire safety officers in accordance with the Fire Regulatory Reform Order. In addition, each department has a nominated fire marshal.

The fire safety strategies used within the Royal Household continue to rely on effective fire prevention, early detection, training, regular fire drills, active and passive protection methods and risk management. The opportunity is taken to incorporate new technologies and identified good practice into fire safety systems, policies and procedures.

Health and Safety

Health and Safety within the Royal Household is coordinated by the central Health and Safety Branch. This team is supported by first aiders and health and safety representatives within all departments across the Royal Household. Proactive consultation is undertaken throughout the year, with the team giving advice through workplace inspections and risk assessment. A Health and Safety Committee Meeting takes place in London, Windsor and Edinburgh once a year.

The Royal Household's Health and Safety Policy documentation provides comprehensive procedures to ensure that high standards of health and safety management are maintained. The health and safety culture throughout the Royal Household, whilst improving, is under continual review and supplemented by training from both in-house and external sources. Communicating a positive approach to health and safety remains the current focus of attention.

The branch occasionally undertakes the role of CDM Coordinator on projects that fall within the requirements of the Construction (Design and Management) Regulations 2007. Generally, however, projects are contracted to competent consultants.

STATEMENT ON INTERNAL CONTROL

The Royal Trustees are aware that the Royal Household publish a Statement of Internal Control annually within the Royal Public Finances Annual Report. The following is an extract from the 2009-10 Annual Report.

Scope of responsibility

As Keeper of the Privy Purse, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Royal Household in areas funded by the Civil List and Grants-in-aid, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The role and responsibilities of the Keeper of the Privy Purse are defined in Financial Memoranda relating to the Civil List and Grants-in-aid¹.

The purpose of the system of internal control

The system of internal control is designed 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 Royal Household policies, aims and objectives;
- evaluate the likelihood of those risks being realised;
- assess the impact should they be realised;
- manage those risks efficiently, effectively and economically.

The system of internal controls has been in place for the period covered by this report and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to handle risk

Strategic leadership of the risk management process comes from the Lord Chamberlain's Committee. Departmental Heads and senior managers are responsible for identifying, assessing and managing risk in their areas of responsibility and all Royal Household staff are encouraged to identify operational risks in the performance of their duties.

The Lord Chamberlain's Committee assesses risks and opportunities as part of the review of annual budgets and in the preparation of longer term operating plans with reference to the Household objectives and mitigates risks as far as possible.

¹ Financial Memorandum relating to the Civil List; Financial Memorandum for the maintenance of the Occupied Royal Palaces in England and Royal Communications and Information, and for the maintenance of Marlborough House; and, Financial Memorandum relating to the Grant-in-aid for Royal Travel by Air and Rail.

The Audit Committee for the Civil List and Grants-in-aid is a sub-committee of the Lord Chamberlain's Committee. It is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and is supported in this role by the internal audit function. The Chair of the Audit Committee reports annually to the Lord Chamberlain's Committee on the Audit Committee's activities and responsibilities.

The Royal Household Investment Committee which comprises the Lord Chamberlain, the Keeper of the Privy Purse and the Deputy Treasurer to The Queen is responsible for managing the investment of Civil List surplus funds and monitoring the balance of counterparty risk against return.

Specialist risk managers in the Royal Household include the Fire Safety Managers in Windsor and London, the Health and Safety Manager and the Director of Security Liaison. These specialists provide advice on the management of the risks falling within their areas of responsibility and provide annual reports to the Lord Chamberlain's Committee.

The risk and control framework

The Royal Household's management of risk is facilitated in the following ways:

- There is a Royal Household strategic risk register which has been developed with reference to the Royal Household's objectives and is underpinned by integrated departmental risk registers. These are reviewed by the Lord Chamberlain's Committee and departmental management teams on a regular basis.
- The Audit Committee met four times in the period covered by this report and has reviewed the risk registers at its meetings. The Audit Committee regularly requires Heads of Department and senior managers to present an outline of the activities in their area of responsibility to ensure that key risks are appropriately identified and being managed.
- The internal audit function takes a risk-based approach to audits and operates to a plan of work agreed by the Audit Committee that is aligned to the risk registers and Royal Household objectives. The findings of reviews are reported to the Audit Committee.
- The Audit Committee monitors management's progress with the implementation of agreed internal audit recommendations ensuring that management establish appropriate priorities.
- Assurance on specialist areas such as property maintenance and Royal Travel is provided by suitably qualified, external professionals and regulatory bodies.
- Ongoing budgetary control is monitored by the production of regular and timely financial management reports.
- The Royal Household's management of the Civil List and the Grants-in-aid is facilitated through regular meetings with HM Treasury, the Department for Culture, Media and Sport and the Department for Transport.

Some of the improvements and initiatives that have been made during the year include:

- Enhanced information security arrangements following the introduction of document secure marking software and the introduction of an ISO 27001 reporting tool.
- Implementation of a new Visitor Management Access system which has enhanced physical security arrangements for visitors to the Occupied Royal Palaces.
- A review of security arrangements in relation to the charter of fixed wing aircraft was undertaken by the Royal Household and the Home Office.
- The main control panels for the Automatic Fire Detection systems and control room computers were replaced throughout the Windsor estate and at Buckingham Palace during the year.
- The establishment of a Procurement Strategy Group which is developing standard purchasing guidance for management to help secure best value from expenditure and ensure that best practice is followed with regard to ethical and sustainable procurement.
- The development of an Energy Management Strategy which aims to minimise energy consumption, reduce CO2 and other greenhouse gas emissions and limit the use of finite fossil fuels. An Energy Management Committee has been established to monitor implementation of the strategy and to set targets for reduction in consumption.
- Following the reports of the National Audit Office and the Public Accounts Committee on the maintenance of the Occupied Royal Palaces, the Property Services section is now establishing a more structured approach to condition surveys of the Palaces in order to help determine the extent of maintenance work required to bring the properties to a target condition, to be agreed with the Department for Culture Media and Sport. Using software developed by Defence Estates it is anticipated that condition assessments for the whole estate will have been completed by December 2011. This will enable the Household to determine the shortfall against target condition for each part of the Estate and thus provide a more accurate assessment of the expenditure required to bring the Estate up to its agreed target condition.
- The Audit Committee has been strengthened by the appointment of a fourth member from December 2009: Sir David Tweedie, Chairman of the International Accounting Standards Board.

Review of effectiveness

As Keeper of the Privy Purse, I have responsibility for ensuring the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is supported by the work of the internal auditors and the senior managers within the Royal Household who have responsibility for the development of the internal control framework, and comments made by the external auditors and other qualified professionals in their management letters and reports. I have considered the results of the reviews of the effectiveness of the system of internal control by the Audit Committee and have agreed a plan to address weaknesses and ensure continuous improvement of the system.

No significant internal control issues have arisen during the period covered by this report.

Sir Alan Reid
Keeper of the Privy Purse and Trustee
7 June 2010

STATEMENT OF THE KEEPER OF THE PRIVY PURSE'S FINANCIAL RESPONSIBILITIES

The Royal Trustees are aware that the Royal Household publish the Statement of the Keeper of the Privy Purse's Financial Responsibilities annually within the Royal Public Finances Annual Report. The following is an extract from the 2009-10 Annual Report.

THE CIVIL LIST

The Keeper of the Privy Purse is responsible for ensuring that:

- the administration of the Civil List fully accords with the accounts directions given by the Treasury in pursuance of Section 9 of the Civil List Audit Act 1816; and
- the Civil List is applied only for the purposes set out in the Financial Memorandum between the Royal Household and the Treasury and in the Civil List Act 1972.

GRANT-IN-AID FOR PROPERTY SERVICES, ROYAL COMMUNICATIONS AND INFORMATION AND THE MAINTENANCE OF MARLBOROUGH HOUSE

Under the terms of the Memorandum of Understanding and the Financial Memorandum in respect of Property Services, Royal Communications and the Maintenance of Marlborough House, dated 28th September 2006, the Keeper of the Privy Purse is responsible for ensuring that:

- the administration of the Grant-in-aid fully accords with *Managing Public Money* and other guidance that may be notified to the Royal Household by the Department for Culture, Media and Sport; and
- the Grant-in-aid is applied only for the purposes approved by the Lord Chamberlain and the Secretary of State for Culture, Media and Sport as set out in the Memoranda of Understanding.

He is required to submit this annual report to the Lord Chamberlain and the Secretary of State for Culture, Media and Sport.

GRANT-IN-AID FOR ROYAL TRAVEL

Under the terms of the Memorandum of Understanding dated 25th March 1997 and the Financial Memorandum dated May 2002, the Keeper of the Privy Purse is responsible for ensuring that:

- the administration of the Grant-in-aid fully accords with *Managing Public Money* and other guidance that may be notified to the Royal Household by the Department for Transport; and
- the Grant-in-aid is applied only for the purposes approved by the Lord Chamberlain and the Secretary of State for Transport and set out in the Memorandum of Understanding.

He is required to submit, jointly with the Private Secretary to The Queen, this annual report to the Lord Chamberlain and Secretary of State for Transport.

GENERAL

The Keeper of the Privy Purse is responsible for ensuring that:

- the Royal Household maintains the books and records which are proper and necessary to enable it to discharge its responsibility, as set out in the Financial Memoranda, for the income and expenditure;
- the Grants-in-aid and Civil List are used economically, efficiently and effectively to secure good value for money, in accordance with propriety and regularity;
- staff paid from the Grants-in-aid or Civil List take financial considerations fully into account at all stages in framing, reaching and executing decisions in so far as the Grants-in-aid or Civil List is concerned; and
- proper, effective and timely follow-up action is taken to all internal and external audit reports.

The Keeper of the Privy Purse is also responsible for safeguarding the assets acquired from Grants-in-aid and Civil List funds and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Keeper of the Privy Purse, who held office at the date of approval of this report, confirms that, so far as he is aware, there is no relevant audit information of which the Civil List and Grants-in-aid auditors are unaware; and he has taken all the steps that he ought to have taken as Keeper of the Privy Purse to make himself aware of any relevant audit information and to establish that the Civil List and Grants-in-aid auditors are aware of that information.

This Annual Report is also published on the Royal Household website; the maintenance and integrity of the website is the responsibility of the Lord Chamberlain's Committee.

Sir Alan Reid
Keeper of the Privy Purse and Trustee
7 June 2010

The Queen's Civil List
Summarised Civil List Accounts
2001 to 2010

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SUMMARY INCOME AND EXPENDITURE ACCOUNTS

<i>Year to 31st December</i>		2001	2002	2003
	<i>Notes</i>	£m	£m	£m
Civil List funding received:				
Annual Civil List		7.9	7.9	7.9
Draw-down from reserve		0.5	2.2	2.6
		<u>8.4</u>	<u>10.1</u>	<u>10.5</u>
Payroll costs	2	6.1	6.8	7.1
Other expenditure				
Catering and hospitality	3	0.8	0.9	0.9
Executive and administrative	3	0.5	0.7	0.9
Housekeeping and furnishings	3	0.3	0.4	0.5
Ceremonial functions	3	0.2	0.2	0.2
Golden Jubilee		-	0.5	-
Other		0.2	0.3	0.3
Total net expenditure		<u>8.1</u>	<u>9.8</u>	<u>9.9</u>
Net funding for / (from) fixed assets and working capital		<u>0.3</u>	<u>0.3</u>	<u>0.6</u>
 SUMMARY STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES				
Net funding for / (from) fixed assets and working capital		0.3	0.3	0.6
Actuarial (loss) /gain for the year		-	-	-
Total recognised gains/ (losses) relating to the year		<u>0.3</u>	<u>0.3</u>	<u>0.6</u>

Further information on the nature of these accounts is summarised on pages 40 to 41.

						Unaudited Forecast
2004	2005 ¹	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
7.9	7.9	7.9	7.9	7.9	7.9	7.9
2.8	3.4	4.1	4.9	6.4	6.5	7.2
<u>10.7</u>	<u>11.3</u>	<u>12.0</u>	<u>12.8</u>	<u>14.3</u>	<u>14.4</u>	<u>15.1</u>
7.6	8.3	8.8	9.1	9.9	10.3	10.4
0.9	1.0	1.1	1.2	1.1	1.2	1.3
1.0	0.9	1.0	1.2	1.5	1.5	1.4
0.5	0.5	0.5	0.6	0.7	0.6	0.6
0.2	0.3	0.3	0.2	0.4	0.3	0.4
-	-	-	-	-	-	-
0.4	0.3	0.5	0.4	0.3	0.3	0.4
<u>10.6</u>	<u>11.3</u>	<u>12.2</u>	<u>12.7</u>	<u>13.9</u>	<u>14.2</u>	<u>14.5</u>
0.1	-	(0.2)	0.1	0.4	0.2	0.6
0.1	-	(0.2)	0.1	0.4	0.2	0.6
-	(0.3)	0.3	0.2	(0.1)	(0.3)	-
<u>0.1</u>	<u>(0.3)</u>	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>	<u>(0.1)</u>	<u>0.6</u>

¹ As restated in the 2006-07 Royal Public Finances Annual Report

SUMMARY BALANCE SHEETS

<i>Year to 31st December</i>		2001	2002	2003
	<i>Notes</i>	£m	£m	£m
Fixed assets	4	0.9	1.3	1.8
Current assets				
Stock	4	0.5	0.4	0.4
Debtors	4	0.8	0.7	1.1
Cash at bank and in hand		0.7	0.5	0.5
		2.0	1.6	2.0
Creditors: amounts falling due within one year	4	(1.5)	(1.2)	(1.6)
Net current assets		0.5	0.4	0.4
Total assets less current liabilities excluding pension scheme liability		1.4	1.7	2.2
Pension scheme liability		-	-	-
Net assets		1.4	1.7	2.2
Represented by:				
Fixed asset reserve		0.9	1.3	1.8
Stock reserve		0.5	0.4	0.4
Pension scheme deficit		-	-	-
Reserves		1.4	1.7	2.2

							Unaudited Forecast
2004	2005 ¹	2006	2007	2008	2009	2010	
£m	£m	£m	£m	£m	£m	£m	£m
1.8	1.9	2.0	2.1	2.4	2.5	2.6	
0.5	0.5	0.4	0.4	0.4	0.4	0.4	
0.8	0.8	1.0	1.1	1.1	1.0	1.2	
0.7	0.5	0.6	0.6	0.8	1.2	0.6	
2.0	1.8	2.0	2.1	2.3	2.6	2.2	
(1.5)	(1.3)	(1.6)	(1.7)	(1.9)	(2.2)	(1.8)	
0.5	0.5	0.4	0.4	0.4	0.4	0.4	
2.3	2.4	2.4	2.5	2.8	2.9	3.0	
-	(1.3)	(1.2)	(1.0)	(1.0)	(1.2)	(0.8)	
2.3	1.1	1.2	1.5	1.8	1.7	2.2	
1.8	1.9	2.0	2.1	2.4	2.5	2.6	
0.5	0.5	0.4	0.4	0.4	0.4	0.4	
-	(1.3)	(1.2)	(1.0)	(1.0)	(1.2)	(0.8)	
2.3	1.1	1.2	1.5	1.8	1.7	2.2	

¹ As restated in the 2006-07 Royal Public Finances Annual Report

SUMMARY CASH FLOW STATEMENTS

<i>Year to 31st December</i>	2001	2002	2003
	£m	£m	£m
Reconciliation of total net expenditure to Civil List funding			
Total net expenditure	(8.1)	(9.8)	(9.9)
Depreciation	0.1	0.2	0.3
Net excess of contributions over pension service costs	-	-	-
(Increase) / decrease in stock	-	0.1	-
(Increase) / decrease in debtors	(0.4)	0.1	(0.4)
Increase / (decrease) in creditors due within one year	0.5	(0.3)	0.4
Net cash outflow from activities	<u>(7.9)</u>	<u>(9.7)</u>	<u>(9.6)</u>
Capital expenditure – fixed assets acquired	(0.4)	(0.6)	(0.9)
Net cash outflow before funding	<u>(8.3)</u>	<u>(10.3)</u>	<u>(10.5)</u>
Civil List funding received	8.4	10.1	10.5
Net increase / (decrease) in cash	<u>0.1</u>	<u>(0.2)</u>	<u>-</u>
Reconciliation of cash balances			
Cash at bank as at 1st January	0.6	0.7	0.5
Net increase / (decrease) in cash	0.1	(0.2)	-
Cash at bank as at 31st December	<u>0.7</u>	<u>0.5</u>	<u>0.5</u>

						Unaudited Forecast
2004	2005 ¹	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
(10.6)	(11.3)	(12.2)	(12.7)	(13.9)	(14.2)	(14.5)
0.4	0.5	0.4	0.5	0.5	0.5	0.5
-	0.1	0.2	-	(0.1)	(0.1)	(0.4)
(0.1)	-	0.1	-	-	-	-
0.4	-	(0.2)	(0.1)	-	0.1	(0.2)
(0.2)	(0.2)	0.3	0.1	0.2	0.3	(0.4)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(10.1)	(10.9)	(11.4)	(12.2)	(13.3)	(13.4)	(15.0)
(0.4)	(0.6)	(0.5)	(0.6)	(0.8)	(0.6)	(0.7)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(10.5)	(11.5)	(11.9)	(12.8)	(14.1)	(14.0)	(15.7)
10.7	11.3	12.0	12.8	14.3	14.4	15.1
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0.2	(0.2)	0.1	-	0.2	0.4	(0.6)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0.5	0.7	0.5	0.6	0.6	0.8	1.2
0.2	(0.2)	0.1	-	0.2	0.4	(0.6)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0.7	0.5	0.6	0.6	0.8	1.2	0.6
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

¹ As restated in the 2006-07 Royal Public Finances Annual Report

SUMMARY CIVIL LIST RESERVE

<i>Year to 31st December</i>	2001 £m	2002 £m	2003 £m
Cash received by Civil List			
Net expenditure for the year	(8.1)	(9.8)	(9.9)
Net increase in fixed assets	(0.3)	(0.4)	(0.6)
Net decrease / (increase) in stock	-	0.1	-
Net deficit / (excess) of contributions over pension service costs	-	-	-
Total cash received	<u>(8.4)</u>	<u>(10.1)</u>	<u>(10.5)</u>
Funded by			
Annual Civil List	(7.9)	(7.9)	(7.9)
Draw-down	(0.5)	(2.2)	(2.6)
	<u>(8.4)</u>	<u>(10.1)</u>	<u>(10.5)</u>
Civil List Reserve			
Balance brought forward	35.6	37.1	36.5
Interest received	2.0	1.6	1.4
Draw-down	(0.5)	(2.2)	(2.6)
Balance carried forward	<u>37.1</u>	<u>36.5</u>	<u>35.3</u>

						Unaudited Forecast
2004	2005	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
(10.6)	(11.3)	(12.2)	(12.7)	(13.9)	(14.2)	(14.5)
-	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	(0.2)
(0.1)	-	0.1	-	-	-	-
-	0.1	0.2	-	(0.1)	(0.1)	(0.4)
<u>(10.7)</u>	<u>(11.3)</u>	<u>(12.0)</u>	<u>(12.8)</u>	<u>(14.3)</u>	<u>(14.4)</u>	<u>(15.1)</u>
(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)
(2.8)	(3.4)	(4.1)	(4.9)	(6.4)	(6.5)	(7.2)
<u>(10.7)</u>	<u>(11.3)</u>	<u>(12.0)</u>	<u>(12.8)</u>	<u>(14.3)</u>	<u>(14.4)</u>	<u>(15.1)</u>
35.3	34.0	32.2	29.4	26.0	21.0	15.2
1.5	1.6	1.3	1.5	1.4	0.7	-
(2.8)	(3.4)	(4.1)	(4.9)	(6.4)	(6.5)	(7.2)
<u>34.0</u>	<u>32.2</u>	<u>29.4</u>	<u>26.0</u>	<u>21.0</u>	<u>15.2</u>	<u>8.0</u>

NOTES TO THE SUMMARISED ACCOUNTS

1. NATURE OF THE SUMMARISED ACCOUNTS

The form and content of the Summarised Civil List Accounts for the nine years ended 31 December 2009 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.

The summary financial information shown for the year ending 31 December 2010 is a forecast prepared by the Royal Household and is unaudited.

a) Basis of preparation

These Summarised Civil List Accounts are derived from the full Civil List Accounts for each of the years from 31 December 2001 to 31 December 2009. 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 56 to 58.

b) Accounting policies

The accounting policies used in preparing the full Civil List Accounts have been consistently applied over the nine years ended 31 December 2009, other than in respect of pensions.

A new accounting standard on pensions FRS 17: Retirement Benefits was adopted in the full Civil List Accounts for the year ended 31 December 2006 and the comparative information for the year ended 31 December 2005 restated. The Summarised Civil List Accounts for the year ended 31 December 2005 are based on the restated information to take account of FRS 17: Retirement Benefits. As a result, a pension liability was recognised with effect from 2005. This is shown in the Summary Balance Sheet as a liability due after more than one year together with a corresponding pension scheme reserve from the same date.

c) Unaudited forecast for the year ending 31 December 2010

The unaudited financial information for the year ending 31 December 2010 is based on actual results in the management accounts for the four months ended 30 April 2010, together with a forecast for the remainder of the calendar year. The unaudited forecast has been prepared using accounting policies consistent with the full Civil List Accounts for 31 December 2009 and in accordance with the latest Treasury accounts direction.

d) 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 each of the years ended 31 December 2001 to 2009, under the Civil List Audit Act 1816. Except for the year ended 31 December 2005, the Civil List Auditor's report in respect of each of these years was unqualified.

The full Civil List Accounts for the year ended 31 December 2005 had a qualified audit opinion in respect of the non-adoption of FRS 17: Retirement Benefits. The audit report qualification is reproduced below as provided for under Companies Act 2006 section 427 (4)(f). However, as explained above, the 2005 amounts shown in the Summarised Civil List Accounts are the restated amounts to show the information in accordance with FRS17: Retirement Benefits.

Qualified Opinion for the year ended 31 December 2005

“This is a qualified opinion arising from a disagreement about the accounting treatment of pension contributions.

As explained in note 4 “Pension Arrangements”, Financial Reporting Standard 17 has not been implemented for year ended 31st December 2005. Accordingly net assets and reserves should be reduced by £1.3 million (2004: £0.9 million). Net expenditure should be increased by £0.1 million (2004: £0.1 million). In addition, there was an actuarial loss of £0.3 million (2004: £0.1 million) that should be recognised in a Statement of Total Recognised Gains and Losses.”

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 each of the years ended 31 December 2001 to 2009 contained no such statement in the audit report.

Further, each of the audit reports on the full Civil List Accounts for each of the years ended 31 December 2001 to 2009 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 to 31st December was as set out below.

	2001	2002	2003
Lord Chamberlain	1	1	1
Private Secretary's Office	34	35	32
Privy Purse and Treasurer's Office	23	27	26
Master of the Household's Department	163	164	184
Lord Chamberlain's Office	64	63	60
	<u>285</u>	<u>290</u>	<u>303</u>

This figure is shown net of staff time recharged to other funding sources. Where staff work part-time they are recorded according to the proportion of their time devoted to, and paid by, the Civil List. In 2008, the basis of reporting headcount was changed from net establishment to actual. All prior year numbers have been restated to reflect this. The equivalent figure for 2000 was 237 and the large increase in 2001 reflected the transfer of the Porters and Non-domestic cleaners to the Civil List.

Payroll Costs

	2001	2002	2003
	£m	£m	£m
Salaries	4.6	5.2	5.6
Temporary staff	0.1	0.1	0.2
National insurance	0.5	0.5	0.4
Pension contributions	0.9	1.0	0.9
Other	-	-	-
	<u>6.1</u>	<u>6.8</u>	<u>7.1</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 organisations and third parties (in respect of management, facilities and support provided by Civil List staff).

	Unaudited Forecast					
2004	2005	2006	2007	2008	2009	2010
1	1	1	1	1	1	1
37	42	45	45	47	46	46
26	26	28	26	26	30	30
157	147	148	165	165	166	166
60	62	62	59	59	57	57
<u>281</u>	<u>278</u>	<u>284</u>	<u>296</u>	<u>298</u>	<u>300</u>	<u>300</u>

	Unaudited Forecast					
2004	2005	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
5.9	6.4	6.7	7.1	7.6	8.0	8.1
0.3	0.3	0.3	0.2	0.3	0.3	0.2
0.5	0.5	0.6	0.6	0.7	0.7	0.7
0.9	1.0	1.0	1.2	1.4	1.3	1.4
-	0.1	0.2	-	(0.1)	-	-
<u>7.6</u>	<u>8.3</u>	<u>8.8</u>	<u>9.1</u>	<u>9.9</u>	<u>10.3</u>	<u>10.4</u>

Payroll Costs Segmental Analysis

	2001	2002	2003
	£m	£m	£m
Catering and hospitality	1.1	1.2	1.2
Executive and administrative	2.2	2.3	2.6
Housekeeping and furnishings	1.5	1.9	1.9
Ceremonial functions	1.3	1.4	1.4
Other	-	-	-
	<u>6.1</u>	<u>6.8</u>	<u>7.1</u>

						Unaudited Forecast
2004	2005	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
1.3	1.4	1.4	1.5	1.7	1.6	1.5
2.8	3.1	3.4	3.4	3.7	3.9	4.0
2.1	2.2	2.4	2.7	2.9	3.1	3.1
1.4	1.5	1.4	1.5	1.7	1.8	1.8
-	0.1	0.2	-	(0.1)	(0.1)	-
7.6	8.3	8.8	9.1	9.9	10.3	10.4
7.6	8.3	8.8	9.1	9.9	10.3	10.4

3. OTHER COSTS

The segmental analysis on pages 44 and 45 sets out the staff costs for each of the categories below.

<i>Year to 31st December</i>	<i>Notes</i>	2001	2002	2003
		£m	£m	£m
Catering and hospitality				
Garden parties		0.4	0.4	0.5
Food and kitchens		0.4	0.5	0.4
		<u>0.8</u>	<u>0.9</u>	<u>0.9</u>
Executive and administrative				
Recruitment and training		0.2	0.1	0.2
Depreciation (net of recharges)		0.1	0.2	0.2
Stationery, printing and binding		0.1	0.2	0.2
Computers and information systems		-	0.2	0.1
Legal advice and other professional services		-	-	0.1
Travel		0.1	-	0.1
		<u>0.5</u>	<u>0.7</u>	<u>0.9</u>
Housekeeping and furnishings				
Housekeeping		0.2	0.2	0.3
Furnishings and equipment		0.1	0.2	0.2
		<u>0.3</u>	<u>0.4</u>	<u>0.5</u>
Ceremonial functions				
Carriage processions		0.1	0.1	0.1
Uniforms and protective clothing		0.1	0.1	0.1
Motor vehicles		-	-	-
		<u>0.2</u>	<u>0.2</u>	<u>0.2</u>

						Unaudited Forecast
2004	2005	2006	2007	2008	2009	2010
£m	£m	£m	£m	£m	£m	£m
0.5	0.6	0.7	0.7	0.6	0.7	0.8
0.4	0.4	0.4	0.5	0.5	0.5	0.5
<u>0.9</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>	<u>1.1</u>	<u>1.2</u>	<u>1.3</u>
0.2	0.2	0.2	0.3	0.3	0.3	0.2
0.3	0.3	0.3	0.3	0.3	0.4	0.4
0.2	0.1	0.1	0.1	0.2	0.3	0.2
0.1	0.1	0.2	0.2	0.4	0.2	0.3
0.1	0.1	0.1	0.2	0.2	0.2	0.2
0.1	0.1	0.1	0.1	0.1	0.1	0.1
<u>1.0</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>	<u>1.5</u>	<u>1.5</u>	<u>1.4</u>
0.3	0.3	0.3	0.3	0.3	0.3	0.3
0.2	0.2	0.2	0.3	0.4	0.3	0.3
<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.6</u>	<u>0.6</u>
-	0.1	0.1	-	0.1	0.1	0.2
0.1	0.1	0.1	0.1	0.2	0.1	0.1
0.1	0.1	0.1	0.1	0.1	0.1	0.1
<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>

4. SUPPLEMENTARY BALANCE SHEET INFORMATION

<i>Year to 31st December</i>	2001 £m	2002 £m	2003 £m
Fixed Assets			
Information systems	0.2	0.5	0.8
Furnishings and equipment	0.5	0.6	0.8
Horses and liveries	0.2	0.2	0.2
Assets in course of construction	-	-	-
	<u>0.9</u>	<u>1.3</u>	<u>1.8</u>
Stock			
Wine and spirits	0.4	0.4	0.3
Official presents	0.1	-	0.1
	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>
Wine is held in stock to age.			
Debtors			
Recharges	0.6	0.6	0.8
Other debtors	0.1	-	0.2
Prepayments	0.1	0.1	0.1
	<u>0.8</u>	<u>0.7</u>	<u>1.1</u>
Creditors			
Amounts due to suppliers	0.7	0.4	0.6
PAYE, National insurance and pension contributions	0.6	0.6	0.6
Accruals	0.2	0.2	0.4
	<u>1.5</u>	<u>1.2</u>	<u>1.6</u>

						Unaudited Forecast	
	2004	2005	2006	2007	2008	2009	2010
	£m	£m	£m	£m	£m	£m	£m
	0.8	0.7	0.6	0.5	0.4	0.4	0.4
	0.8	1.0	1.1	1.3	1.3	1.4	1.5
	0.2	0.2	0.3	0.3	0.4	0.4	0.4
	-	-	-	-	0.3	0.3	0.3
	<u>1.8</u>	<u>1.9</u>	<u>2.0</u>	<u>2.1</u>	<u>2.4</u>	<u>2.5</u>	<u>2.6</u>
	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	0.1	0.1	-	-	-	-	-
	<u>0.5</u>	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
	0.5	0.7	0.6	0.6	0.6	0.5	0.6
	0.2	-	0.3	0.5	0.4	0.4	0.4
	0.1	0.1	0.1	-	0.1	0.1	0.2
	<u>0.8</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>	<u>1.0</u>	<u>1.2</u>
	0.3	0.3	0.3	0.2	0.3	0.3	0.3
	0.9	0.9	0.9	0.8	0.9	0.9	0.9
	0.3	0.1	0.4	0.7	0.7	1.0	0.6
	<u>1.5</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>	<u>2.2</u>	<u>1.8</u>

5. RELATED PARTY TRANSACTIONS

Material transactions during the ten year period with other entities controlled by officials or trustees on behalf of The Queen are set out below.

<i>Year to 31st December</i>	2001 £m	2002 £m	2003 £m
Recoveries of expenditure by the Civil List			
Royal Collection Trust	0.4	0.5	0.6
Property Services Grant-in-aid	0.5	0.5	0.5
Royal Travel Grant-in-aid	0.1	0.1	0.1
Privy Purse	0.2	0.2	0.2
Other Royal Households	0.1	0.1	0.2
	<u>1.3</u>	<u>1.3</u>	<u>1.6</u>
Expenditure re-charged to the Civil List			
Privy Purse	-	-	0.1
	<u>-</u>	<u>-</u>	<u>0.1</u>

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 above.

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. Personnel services were charged in this way up to 2008 but are now charged directly to each related party.

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 has undertaken any material transaction with the Civil List during the year.

							Unaudited Forecast
2004	2005	2006	2007	2008	2009	2010	
£m	£m	£m	£m	£m	£m	£m	£m
0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.1
0.6	0.7	0.7	0.7	0.6	0.5	0.5	0.5
0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
0.3	0.3	0.3	0.4	0.6	0.5	0.5	0.5
<u>1.9</u>	<u>2.1</u>	<u>2.2</u>	<u>2.4</u>	<u>2.7</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
0.1	-	0.1	0.1	0.1	0.1	0.1	0.1
<u>0.1</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

LETTER FROM THE CHANCELLOR OF THE EXCHEQUER TO THE CIVIL LIST AUDITOR

Sir Nicholas Macpherson

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

Dear Sir Nicholas,

As you are aware, with the other Trustees of The Queen's Civil List, I am due to report under the Civil List Act 1972 ("the Act") this summer. I am writing to you in your role as the statutory auditor of the Civil List to confirm our understanding of the audit work the Trustees wish you to perform in respect of the historical financial information within the Trustees' report.

2. The Royal Household has prepared full annual financial statements for the Civil List for each of the nine calendar years ended 31 December 2009. The full annual financial statements for each of those years were audited in accordance with the Civil List Audit Act 1816.
3. Having regard to the prior publication of audited full annual financial statements of the Civil List the Trustees intend to present summarised historical accounts for each of those calendar years ("Summarised Civil List Accounts").
4. The form and content of the Summarised Civil List Accounts will be 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 are applicable. In particular the Trustees, being mindful of good practice, wish the Summarised Civil List Accounts to be accompanied by an appropriate statement by you as the Civil List Auditor. You should make your report to me and state whether the summarised accounts so presented conform with the relevant provisions of the Companies Act and the SI 374 Regulations.

5. You should perform your audit 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 Civil List.

I am copying this letter to Sir Alan Reid and Jeremy Heywood¹.

As ever,

The Rt Hon. George Osborne
The Chancellor of the Exchequer and Trustee
9 June 2010

¹ Jeremy Heywood is the Principal Private Secretary to the Rt Hon. David Cameron, Prime Minister and Trustee

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 each of the nine years ended 31 December 2009 which are set out on pages 32 to 51.

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, in accordance with your letter of 9 June 2010, to report to you my opinion on the consistency of the Summarised Civil List Accounts presented within the Royal Trustees Report as at 22 June 2010 with each of the full annual accounts of the Civil List for the nine years ended 31 December 2009 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 22 June 2010 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 years ended 31 December 2001 to 2004 and 2006 to 2009 and conform, in so far as applicable, with the relevant requirements of section 427 of the Companies Act 2006 and regulations made thereunder.

For the year ended 31 December 2005, as is set out on page 41 of the Summarised Civil List Accounts, my audit opinion was qualified in respect of the non-adoption of FRS 17: Retirement Benefits (“FRS 17”). In the following year, FRS 17 was adopted in full and the comparative information for 2005 was duly restated. In my opinion, the Summarised Civil List Accounts for the year ended 31 December 2005 are consistent with the restated 2005 financial information, included as comparative information in the full annual Civil List Accounts for the year ended 31 December 2006 and comply, in so far as applicable, with the relevant requirements of section 427 of the Companies Act 2006 and the 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 and my predecessors¹ signed our reports on the full annual Civil List Accounts for the nine years ended 31 December 2009 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
22 June 2010

¹ Sir Nicholas Macpherson was appointed Civil List Auditor on 25 September 2005, his predecessors as Civil List Auditor, Sir Gus O'Donnell and Sir Andrew Turnbull signed the audit opinions for the years ended 31 December 2002 to 2004 and 2001 respectively

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 2009 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 accounting and disclosure 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 accounting and disclosure 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 2009

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.

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

10 YEAR SUMMARY OF PARLIAMENTARY ANNUITIES FOR MEMBERS OF THE ROYAL FAMILY

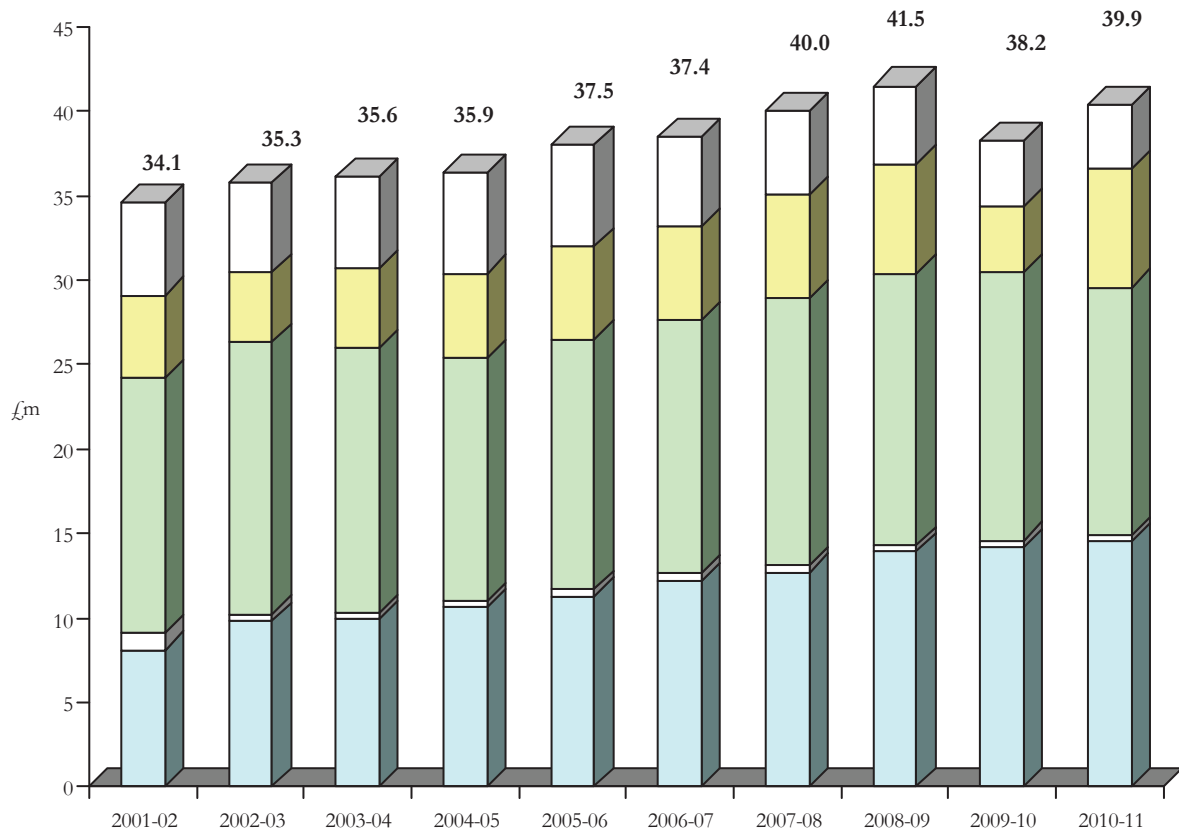
<i>Year to 31st December</i>	2001	2002	2003
	£'000	£'000	£'000
HM Queen Elizabeth The Queen Mother			
Annuity	643	159	—
	<u>643</u>	<u>159</u>	<u>—</u>
HRH The Duke of Edinburgh			
Annuity	359	359	359
	<u>359</u>	<u>359</u>	<u>359</u>
Annuities to other members of the Royal Family			
Annuities	1,560	1,365	1,341
Reimbursed by HM The Queen	(1,560)	(1,365)	(1,341)
	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>1,002</u>	<u>518</u>	<u>359</u>

2004 £'000	2005 £'000	2006 £'000	2007 £'000	2008 £'000	2009 £'000	2010 £'000
—	—	—	—	—	—	—
—	—	—	—	—	—	—
359	359	359	359	359	359	359
359	359	359	359	359	359	359
1,326	1,254	1,254	1,254	1,254	1,254	1,254
(1,326)	(1,254)	(1,254)	(1,254)	(1,254)	(1,254)	(1,254)
—	—	—	—	—	—	—
359	359	359	359	359	359	359

Ten Year Summary of Head of State Expenditure Funded by Parliament

Head of State Expenditure is met from public funds in exchange for the surrender by The Queen of the revenue from the Crown Estate. It is forecast to have grown from £34.1 million to £39.9 million, an average annual growth of 1.7% but a reduction of 15.8% in real terms over the 10 years to March 2011. The figures for 2010-11 are based on forecasts prepared by the Royal Household and have not been audited.

Ten Years to March 2011



KEY	
	The Queen's Civil List
	Parliamentary Annuities
	Grant-in-aid for Property Services and Communications and Information
	Grant-in-aid for Royal Travel by Air and Rail
	Government Departments and the Crown Estate

10 YEAR SUMMARY OF HEAD OF STATE EXPENDITURE FUNDED BY PARLIAMENT

	<i>Notes</i>	2001-02 £m	2002-03 £m	2003-04 £m
The Queen's Civil List		8.1	9.8	9.9
Parliamentary Annuities		1.0	0.4	0.4
Grants-in-aid:				
- Property Services		14.5	15.6	15.3
- Communications and Information		0.6	0.5	0.4
- Travel by Air and Rail		4.9	4.2	4.7
Expenditure met directly by Government Departments and the Crown Estate:				
Administration of honours <i>Cabinet Office</i>		0.4	0.4	0.5
Equerries and orderlies and other support <i>Ministry of Defence</i>		0.9	1.0	0.9
Maintenance of the Palace of Holyroodhouse <i>Historic Scotland</i>		2.1	2.3	1.8
State Visits to and by The Queen and liaison with the Diplomatic Corps <i>Foreign and Commonwealth Office</i>		0.6	0.3	0.7
Ceremonial occasions <i>Department for Culture, Media and Sport</i>		0.3	0.1	0.3
Maintenance of the Home park at Windsor Castle <i>Crown Estate</i>		0.6	0.6	0.6
Communications Support <i>Central Office of Information Northern Ireland and Wales</i>		0.1	0.1	0.1
Total		34.1	35.3	35.6

						Unaudited Forecast
2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
£m	£m	£m	£m	£m	£m	£m
10.6	11.3	12.2	12.7	13.9	14.2	14.5
0.4	0.4	0.4	0.4	0.4	0.4	0.4
13.9	14.3	14.5	15.3	15.5	15.4	13.7
0.5	0.5	0.5	0.5	0.6	0.4	0.5
5.0	5.5	5.6	6.2	6.5	3.9 ¹	7.0
0.5	0.5	0.5	0.7	0.6	0.6	0.5
1.0	0.9	0.9	1.4	1.4	1.0	1.0
1.9	1.9	1.3	1.1	1.2	1.1	1.1
0.9	1.1	0.7	0.7	0.4	0.2	0.1
0.5	0.4	0.2	0.2	0.2	0.3	0.4
0.6	0.6	0.5	0.6	0.6	0.6	0.6
0.1	0.1	0.1	0.2	0.2	0.1	0.1
35.9	37.5	37.4	40.0	41.5	38.2	39.9

¹ The sale of The Queen's Helicopter in 2009-10 resulted in lease repayments of £1.5 million to Royal Travel. Excluding this income, expenditure on Royal Travel would have been £5.4 million and Head of State Expenditure £39.7 million.

HEAD OF STATE EXPENDITURE FUNDED BY PARLIAMENT NOTES TO THE 10 YEAR SUMMARY

The figures presented on pages 63 to 65 are prepared on a consistent basis. They have been provided by Government Departments or the Royal Household and have been included in Royal Public Finances, independently audited and published annually throughout the period covered by this Report. The figures for 2010-11 are forecasts prepared as at 31 May 2010.

The Queen's Civil List

Figures are for the calendar year ending in the financial year (e.g the amount shown for 2010-11 is for the calendar year 2010).

Parliamentary Annuities

The Queen has reimbursed the Parliamentary Annuities for The Duke of York, The Earl of Wessex, The Princess Royal, The Princess Margaret and Princess Alice since 1 April 1993, and for the Section 3 Annuitants since 1975.

EXPENSES MET DIRECTLY BY GOVERNMENT DEPARTMENTS AND THE CROWN ESTATE

Cabinet Office – administration of honours

This expenditure is to meet the cost of the Central Chancery of the Orders of Knighthood, which is responsible for the administration and maintenance of records for the Orders of Chivalry and for organising Investitures.

Ministry of Defence – equeries and orderlies.

Includes personnel, baggage transport and other services. Personnel costs amounting to £93,000 were transferred to the Civil List from 1 April 2001 and the cost of providing medical supplies and baggage transport amounting to £64,000 was transferred to the Civil List from 1 April 2009.

Historic Scotland – maintenance of the Palace of Holyroodhouse

The Palace of Holyroodhouse is The Queen's official residence in Scotland and is maintained by Historic Scotland, an Agency of the Scottish Executive. Members of the Royal Family and nominated representatives of Her Majesty stay there while undertaking official duties.

Foreign and Commonwealth Office

With the exception of travel, which is charged to the Royal Travel Grant-in-aid, all inward and outward State Visit costs are met by the Foreign and Commonwealth Office, except for visits by Her Majesty as Queen of Australia, Canada and New Zealand.

The Marshal of the Diplomatic Corps, a member of the Royal Household, is responsible on behalf of the Foreign Office for liaison with the Diplomatic Corps in London and an annual reception is held for the Diplomatic Corps at Buckingham Palace.

Department for Culture, Media and Sport – ceremonial occasions

The costs are to provide stands, barriers, flags, diases and canopies for State visits and State Funerals.

Crown Estate – Maintenance of the Home Park at Windsor Castle

The Crown Estate is responsible for the maintenance of the Home Park at Windsor Castle and for its day-to-day security. The Home Park provides accommodation and sports grounds for staff. Part of it is farmed with a rent payable by the Privy Purse to the Crown Estate.

Wales and Northern Ireland – Communications support

The Northern Ireland and Welsh Assemblies are responsible for arrangements relating to Lord Lieutenants expenses, costs incurred during Royal visits and investiture expenses.

GLOSSARY

Duchy of Lancaster

Income from the Duchy of Lancaster funds the Privy Purse. It is The Queen's private income which after tax is largely used by Her Majesty to meet official expenditure. Accounts for the Duchy of Lancaster are presented to both Houses of Parliament annually.

Duchy of Cornwall

Income after tax from the Duchy of Cornwall funds the official duties of The Prince of Wales, Duchess of Cornwall and Princes William and Harry. Accounts for the Duchy of Cornwall are published and laid before Parliament annually.

The Royal Collection Trust

The Royal Collection consists of works of art of all kinds and is held by The Queen as Sovereign in trust for Her successors and for the nation. It receives no funding from the Government or the National Lottery. All costs, except for some building occupancy costs, are met by The Royal Collection Trust out of the revenue from visitor admissions to the Occupied Palaces and from related activities. An annual report is published by The Royal Collection Trust, copies of which are available on-line at www.royalcollection.org.uk.

Further information is available on www.royal.gov.uk



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