

# **Assets Recovery Agency Resource Accounts 2004-05**

**(For the year ended 31 March 2005)**

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## ANNUAL REPORT

### Background

The Assets Recovery Agency (ARA) was formed in February 2003 as a Non-Ministerial Department to contribute to the fight against crime by taking assets out of the criminal economy. The Agency's main offices are in London; we also have a Northern Ireland branch and the Accounting Officer consults with the Secretary of State for Northern Ireland on aspects of ARA's annual plan concerning Northern Ireland. The Accounting Officer reports to the Home Secretary.

The Proceeds of Crime Act 2002 (POCA) is the result of the Government's aim to take the profit out of crime and dismantle and disrupt organised crime empires by removing the money that is their motivation and their major source of income. It brings together previous legislation, such as the Drug Trafficking Act 1994 and Part VI of the Criminal Justice Act 1988, with the changes recommended in a comprehensive report of a study conducted by the Performance and Innovation Unit of the Cabinet Office in 2000<sup>1</sup>. POCA strengthens the legislation around cash seizures, money laundering, investigation powers and restraint and confiscation procedures. The setting up of the Assets Recovery Agency was a key aspect of the legislation and the goals it aims to achieve.

### Departmental Aims and Objectives

**The Assets Recovery Agency is here to make sure that Crime Does Not Pay**

#### We do this by

- Working in close **partnership** with the law enforcement community;
- Fully using all our unique **powers** firmly and fairly;
- And promoting **professionalism** and the highest standards amongst all those involved in asset recovery.

If we are to achieve our challenging targets, we need to live by a set of common values. We are all committed to:

- Working together to **deliver results**;
- Always acting with high standards of **integrity, honesty and professionalism**;
- Continuously improving the **quality** of our work, through **innovation** and managed risk taking;
- Supporting **learning and skill development** to help us do our jobs better;
- **Promoting diversity**, celebrating success and valuing the contribution of everyone.

### Strategic Aims

We have three strategic aims:

- 1 To disrupt organised criminal enterprises through the recovery of criminal assets, thereby alleviating the effects of crime on communities.
- 2 To promote the use of financial investigation as an integral part of criminal investigation, within and outside the Agency, domestically and internationally, through training and continuing professional development.
- 3 To operate the Agency in accordance with its vision and values.

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<sup>1</sup> Published in November 2000. See <http://www.number-10.gov.uk/su/criminal/recovering/contents.htm>.

## Priorities

In agreeing the Business Plan, we have identified a number of priorities which relate to the key performance indicators we are setting:

- To adopt and conduct confiscation, civil recovery and taxation investigations under the provisions of the Proceeds of Crime Act 2002, that lead to a reduction in criminal activity.
- To promote and support the use of the powers conferred by the Proceeds of Crime Act 2002 through the successful training of financial investigators and to provide such support and expertise to the law enforcement community as may otherwise be required.
- Continuous development of staff and working practices and moving towards Best Practice standards in all aspects of the Agency.

The Agency is required to produce a statutory Business Plan and Annual Report which for 2004-05 was laid before Parliament in June 2005. It sets out full details of the Agency's performance against the targets established in the Business Plan, as well as details of partnership working, future legislative changes and planned developments for the medium term.

The Business Plan and Annual Report is available at [www.assetsrecovery.gov.uk](http://www.assetsrecovery.gov.uk).

## Where the money goes

Monies from assets recovered are paid into the Consolidated Fund. Funding equivalent to the assets recovered, excluding taxation payments, is allocated to the Home Office for use via the Recovered Assets Incentivisation Fund (RAIF) and other Home Office spending. This finances specific projects, including those which support the Asset Recovery Strategy, the Anti Drugs Strategy, local crime and disorder reduction partnerships and community regeneration projects.

## Financial Review

The following table contains a summary of outturn against key Estimate financial limits.

Key Financial Limits	Estimate	Outturn	Surplus
	£000	£000	£000
Net Resources	17,609	14,017	3,592
Gross Administration Costs	4,431	3,142	1,289
Capital	182	101	81
Net Cash Requirement	17,506	13,744	3,762

The underspend of £3.592m was attributed to lower than expected average staffing levels, efficiency savings and a slower than expected process of investigating and litigating cases using the Proceeds of Crime Act 2002.

Progress against targets over 2004-05 has been marked by notable successes and important learning points. In many instances targets have been exceeded but we have also learned much from our experience over the past two years, in particular regarding the timescales over which we can expect cases to progress. The impact of the legal challenges, whilst necessary for developing the case law essential to new legislation, has delayed the progress of our cases in the High Court which has had an impact on the Key Performance Indicators from the latter stages of the civil recovery process. Progress in a number of our current cases is at an advanced stage and we expect to complete claims for Recovery Orders in these cases before the High Court during 2005-06.

The Agency has three distinct operational functions: civil recovery, criminal confiscation and taxation. The civil recovery and taxation powers are unique to the Agency as designated under POCA.

### Civil Recovery

The civil recovery function enables the Agency to recover in civil proceedings before the High Court property which is, or represents property obtained through unlawful conduct in England, Wales and Northern Ireland - in Scotland, this power is exercised by the Civil Recovery Unit of the Crown Office. The following progress has been made on cases over the last two years:

	2004-05		2003-05	
	Number	Value (£m)	Number	Value (£m)
Referrals	103	39.0	227	119.0
Cases adopted	51	31.6	107	62.9
Freezing Order/Mareva	6	1.4	18	11.4
Interim Receivership Order	20	10.8	32	17.8
Recovery Orders	12	5.6	16	5.6
Receipts	-	4.7	-	4.7

### Criminal Confiscation

Confiscation is linked directly to a criminal prosecution, is dealt with on conviction and assesses both the benefit derived from the criminal activity and the assets available to the offender (which need not actually represent the benefit so identified) in order to repay the benefit to the Government. It is increasingly becoming an integral part of criminal investigation and the following progress has been made:

	2004-05		2003-05	
	Number	Value (£m)	Number	Value (£m)
Referrals	71	-	105	-
POCA assists adopted	10	-	11	-
Pre-POCA adopted	39	-	52	-
Restraint Order	4	3.7	9	7.6
Confiscation Orders	9	1.9	9	1.9

### Taxation

The Agency carries out taxation investigations in England, Wales, Scotland and Northern Ireland under Part 6 of POCA in cases where the Director has reasonable grounds to suspect that an income gain or profit which is chargeable to the relevant tax has arisen from criminal conduct. The relevant taxes include, but are not limited to, income tax, capital gains tax, corporation tax and inheritance tax.

When a case is adopted for Part 6 purposes, the Director serves a notice on the Board of Inland Revenue which enables her to carry out the normal taxation functions of the Inland Revenue for the period specified. In particular, the Director must apply all interpretations of the law and concessions published by the Board of Inland Revenue.

Three offers in settlement were made and, following negotiations, agreements reached during the year, the total amount of tax, National Insurance Contributions, interest and penalties amounting to over £250k. A further case was settled during the year by agreed assessments for the total amount of £5k. A number of appeals against estimated assessments issued in other cases were under consideration by the Special Commissioners, a specialist tax tribunal that has been given jurisdiction to hear Part 6 appeals under section 320 of POCA at the end of 2004-05.

### Training

The Financial Investigation Centre of Excellence provides the Agency with the capacity to deliver on its statutory obligations, for the provision of training and accreditation, and its strategic objectives by promoting the use of financial investigation as an integral part of criminal investigation. During 2004-05, the Centre continued to make significant contributions in building capacity for asset recovery across the whole law enforcement community, domestically and internationally, through ongoing development and delivery of the Financial Investigation Training Programme, bespoke training packages for other countries and associated

procedures. In 2004-05 the Centre provided training for over 600 new financial investigators and enhanced training for over 540 financial investigators. The training was delivered by the Centre supported by its training partners – Greater Manchester Police, HM Revenue & Customs, the Metropolitan Police Service and the National Crime Squad.

The variance on capital expenditure was due to a delay in implementing capital projects and in particular the implementation of a computerised HR System.

The net cash requirement underspend of £3.762m can be attributed to the above factors and also higher than expected year-end accruals for seconded staff costs and trade creditors due to delays in invoicing.

(The Agency's Annual Report 2004 covers in detail all the activities of the Agency and sets out expenditure plans for 2005-06 to 2007-08. Copies can be obtained from the Stationery Office, or viewed on Agency's Website [www.assetsrecovery.gov.uk](http://www.assetsrecovery.gov.uk).)

### Going Concern

The balance sheet at 31 March 2005 shows negative Taxpayers Equity of £1,511k. This reflects the inclusion of liabilities falling due in future years which are to be financed [mainly] by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet ARA's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Department's income, are surrenderable to the Fund.

In common with other government departments, the future financing of ARA's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2005-06 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### Accounting Officer of the Agency and Management Board

The Accounting Officer and members of the Management Board during 2004-05 were:

Jane Earl	Accounting Officer
Adrian Brenton	Assistant Director, Operations
Alan McQuillan	Assistant Director, Northern Ireland
John Tanner	Assistant Director, Business Delivery (on loan from Department for Constitutional Affairs (DCA))
Sue Edwards	Head of Legal
Sandra Grant	Head of Human Resources & Services
Ivor Johnston	Head of Finance & Procurement
Charlie Dickin	Head of Training, Centre of Excellence
Withheld	Non-Executive Director & Chair of Audit Committee
Reshard Auladin	Non-Executive Director

## **Appointment of Accounting Officer and Management Board**

The Accounting Officer, Assistant Directors, Heads of Legal and Training are appointed in line with section 5.1 of the Civil Service Management Code. The Assistant Director, Business Delivery, is on a 3-year loan from the Department for Constitutional Affairs and the Head of Training, Centre of Excellence, is on a 3-year secondment from Avon and Somerset Constabulary, following open competitions. All other members of the Management Board were appointed via open competition under permanent staff terms. The remuneration of the Accounting Officer and the other members of senior management is informed by the Senior Salaries Review Body. In accordance with section 2 of the Civil Service (Management Functions) Act 1992, the ARA can appoint staff as members of the Home Civil Service without the approval of the Minister for the Civil Service. Details on the costs, remuneration and pension arrangements for the ARA's management and staff can be found at Note 2 to the Resource Accounts.

Employees' pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded, statutory scheme, which provides benefits on a "final salary" basis at normal retirement age of 60. From 1 October 2002, there were significant changes to the operation of the scheme. Under the original scheme benefits accrue at the rate of 1/80th of pay. Members pay contributions of 1.5% of pensionable earnings. Under the revised arrangements, members contribute a higher rate of 3.5% of pensionable pay in order to receive a higher pension based on 1/60th of final pensionable pay together with a range of related additional benefits. All members were required to opt to remain in the old scheme or to join the new scheme or a third, intermediate scheme (retaining characteristics of the other main schemes) by Autumn 2002. Under both schemes, pensions are increased in payment in line with the Retail Prices Index.

## **Prompt Payment Policy**

Assets Recovery Agency is committed to the prompt payment of bills for goods and services received in accordance with the Government's Better Payments Practice Code and British Standard BS 7890 "Achieving Good Payment Performance in Commercial Transactions". Unless otherwise stated in the contract, payment was due within 30 days of the receipt of the goods or services or presentation of a valid invoice or similar demand, whichever is later. Assets Recovery Agency paid 91.22% of all invoices within 30 days of the date on which they were registered for payment during the period. No interest payments were made as result of late payments to creditors. The relatively low prompt payment performance in 2004/05 was due to the establishment of systems and financial procedures during the year and this is expected to improve significantly during the current year.

## **Interest Rate and Currency Risk**

Assets Recovery Agency has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are determined in sterling, so it is not exposed to interest rate risk or currency risk.

## **Fixed Assets**

Details of the movement in fixed assets are set out in Note 11 to the Financial Statements.

## **Health and Safety**

The Agency is committed to providing for staff an environment that is as far as possible safe and free from risk to health. In line with this commitment, the relevant legislation was complied with.

## **Equality and Diversity**

The Agency is committed to a policy which values equality and diversity, being one of its five core values. The Agency will provide not only a working environment that is free from discrimination, harassment or victimisation, where everyone will receive fair and equal treatment related to effective performance in their job, but also where the Agency harnesses the different perspectives and skills of everyone, and makes full use of them in its work. The Agency has created an ethos in which it responds to the needs of its staff and customers, where diversity is truly valued and where everyone is treated with dignity and respect.

The Agency's policies incorporate all relevant employment law, legislation and best practice to ensure that the Agency does not discriminate against anyone who works for the Agency or comes into contact with the Agency.

### **Employment of Disabled Persons**

The Agency follows the Civil Service Code of Practice on the Employment of Disabled People. The Code aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement is solely based on the competencies required for the job and the individual ability. The Agency is also signed up to the "two ticks" Disability Symbol programme.

### **Employee Relations**

The Agency is committed to creating and maintaining good industrial relations, both directly between line managers and their staff, and between management and the recognised trade unions. The Agency fosters a spirit of co-operation and partnership between all concerned, in the interests of efficiency and the well being of all Agency staff. This means recognising the responsibilities of managers to manage, the need for good communications with staff and their representatives, and proper consultation wherever appropriate on issues affecting staff and their conditions of service.

### **Auditors**

Under the Government Resources and Accounts Act 2000, the Assets Recovery Agency's accounts are audited by the National Audit Office, on behalf of the Comptroller and Auditor General. The notional audit fee for 2004/05 was £64,200.

### **The Future**

#### **Cost commitments**

The work of the Agency in pursuing assets through civil recovery and taxation breaks completely new legal ground in many areas. It was therefore always recognised that it would be almost impossible to develop accurate cost estimates for cases for the first two years of the Agency's life. This is especially true as the Agency is currently working on a number of cases and appeals that will set the legal precedents for future development of the law in these areas.

Our knowledge of the costs of litigating cases has now developed and 2005/06 will begin with a significant number of cases where we await final hearings and costs incurred in 2005/06 rather than 2004/05.

We have learned much from our experience over the past two years, particularly regarding the timescales of cases. We now have sufficient information to establish that the average length of cases is likely to take up to two and a half years, which is the result of the various legal processes and safeguards in the Proceeds of Crime Act. Cases being investigated, or adopted, for civil recovery in 2004-05, may therefore accrue costs, whether they be in terms of the interim receivers' costs or the legal and enforcement costs, which will run on into 2005-06, 2006-07 and perhaps 2007-08.

A number of the powers granted to the Director under POCA were challenged in cases brought by the Director during 2004/05. These were in relation to the civil recovery proceedings contained in Part 5 of POCA and awaiting decisions in each of these cases had a significant impact on the lifetime of both these and other cases. This was because firstly the Courts would not allow a case to be continued until the preliminary legal points had been resolved, and secondly because judges in other cases were not prepared to allow those cases in which the same points were to be raised to progress until the Courts of Appeal had ruled on those points in cases in which the challenges had already been brought. Of the challenges where decisions have now been reached, each has fallen in support of the legislation that civil recovery proceedings were properly classified as civil. Each appeal decision is significant in the development and understanding of the powers exercised by the Director, create important case law and serves to strengthen the position of the Agency in future challenges.



The Agency works alongside the Police and other investigating agencies and prosecutors. The over-arching national policy for asset recovery is contained in the Home Office Strategic Plan, which includes 'recovering more criminal assets' as part of their Commitments to law abiding citizens'. The Home Office commitment is also echoed in the National Policing Plan for 2004-2008, which commits the Police Service to action in this area, and which is supported by the incentivisation scheme which will enable all agencies to receive 50% of the value of assets recovered. Section 280, Subsection 3 of the revised Proceeds of Crime Act, which will have a commencement date of 1 July 2005, enables the Director to meet the costs of an appointed Interim Receiver from sums received from civil recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of POCA.

### **Serious Organised Crime and Police Act**

The Agency has worked extensively with the Home Office, the Department for Constitutional Affairs (DCA), the Northern Ireland Court Service, the Legal Services Commission and the Northern Ireland Legal Services Commission to develop a package of amendments to the Proceeds of Crime Act, which have been included in the Serious Organised Crime and Police Act 2005, which received Royal Assent in April 2005. These are detailed in the ARA Business Plan 2005-06. Included in the amendments is provision for legal aid to remain an option for those respondents who are unable to access restrained assets and the Lord Chancellor's direction has been welcomed which disapplies the normal civil legal aid exclusion of business-related cases in POCA cases. The new provisions will be implemented and applied as soon as possible in conjunction with the DCA and Northern Ireland Courts Service to ensure that there are no unjustified delays in the progress of civil recovery cases.

### **International**

The Agency expected that the necessary subordinate legislation to enable Part 11 of the Act to be brought into force effectively would be in place by 2004, with implementation taking place in 2005/06. Although the Home Office, which is responsible for drafting the necessary Orders in Council, has remained in consultation with the Agency and other interested parties, only limited progress has been made in drafting the necessary provisions. This is, in part, due to the extreme complexity of this area of the law; and the Agency's concern remains not only that there should be a broad measure of consistency between the domestic and overseas regimes, but also that the procedures for overseas cases should be fully workable. However, the Home Office now expects to have the necessary subordinate legislation in place before the end of 2005.

**Jane Earl**  
Accounting Officer

18th July 2005

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, the Assets Recovery Agency 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 in the use of resources by the agency during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Treasury has appointed the Director as Accounting Officer of the Agency with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Resource Accounting Manual prepared by the Treasury, and in particular to:

- Observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis.

The responsibility 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 Agency's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

## STATEMENT ON INTERNAL CONTROL

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Asset Recovery Agency's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

### 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 the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Assets Recovery Agency for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

Risk management is a key component of the internal control framework. Internal Audit have examined the ARA's ongoing development of their risk management arrangements, and consider that management have designed and implemented a system which provides assurance that significant risks are identified, evaluated and appropriately managed. Business Continuity Plans have been developed for each functional area within the Agency and Risk Management workshops held, attended by the Agency's Management Board, during which the organisation's objectives and risks were identified and a control strategy determined for each of the significant risks. A risk management approach has subsequently been embedded at all levels of the Agency as part of day-to-day business activity. ARA is committed to the principles of risk management, and in supporting those principles will:

- Support responsible, well thought through risk taking and innovation;
- Encourage staff at all levels to innovate, contribute ideas and raise concerns;
- Support the concept that 'Risk management is good management' and forms part of the every day activities of all staff;
- Provide guidance, training and tools to skill staff in managing risk and ensuring that responsibilities are clear;
- Provide support when things go wrong and taking action on lessons learned.

### The risk and control framework

Business risks arise not only from possible threats to the Agency, but also from failure to take advantage of possible opportunities. There are four main categories of risk that the Agency considers and seeks to manage:

- External risks to ARA – such as changes in economic or political circumstances;
- Financial risks – which are those events and actions which have a direct financial impact on ARA leading to increased expenditure (e.g. claims for compensation) or nugatory spending (e.g. the costs of a failed project);
- Activity risks – which are those events or actions which could disrupt our ability to provide a service or which could result in ARA acting in a way contrary to its objectives; and
- Human Resource risks – which are events having a direct impact on staff.

ARA has put in place a comprehensive risk strategy and a programme to monitor, review and update risks and actions to mitigate them on a regular basis and during the year:

- Arranged a regular programme of facilitated workshops to identify and keep up to date the record of risks facing the ARA;
- Introduced a programme of risk-awareness training;
- Developed and maintained the system of key performance and risk indicators;
- Developed and maintained the ARA's risk register.

### **Review of effectiveness**

As Accounting Officer for ARA, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control was informed by the work of the Home Office's Audit and Assurance Unit and the executive managers within the Agency, who have responsibility for the development and maintenance of the internal control framework, and comments made by the National Audit Office in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board, the Audit Committee and Risk Committee and a plan to ensure continuous improvement of the system is in place.

Internal Audit concluded that the overall control environment in operation within the ARA during 2004/05 has been adequately controlled. Internal Audit's review of the ARA's financial controls concluded that this area of the business was less than adequately controlled. However, the recommendations made for improvement in the control environment were accepted by the ARA and have been implemented.

I have the following procedures in place necessary to implement Treasury guidance on Corporate Governance:

A Management Board which meets fortnightly to consider management and strategic issues (the Board comprises the senior members of the Agency). The Board regularly reviews the Agency's priorities and the arrangements for their delivery, and establishes a strategic framework within which detailed business planning takes place. For 2004/05, the Board appointed two Non Executive Directors, on a fixed term basis, to support and develop independent governance for the future;

An Audit Committee which met quarterly during 2004/05, Chaired by a Non-Executive Director, to advise the Accounting Officer on the adequacy of risk management and internal control arrangements in the Agency and on the implications of assurances on risk and control. The Committee's role supports the annual Statement on Internal Control and monitors the ARA's risk management and internal controls on a regular basis with a full risk and control assessment reported on the year ending 31 March 2005. Risk management is fully incorporated into the corporate planning and decision-making processes of the organisation;

An information security policy and procedures aligned with BS7799 and a regular programme of independent external reviews to ensure that information security and related risk management is effective and consistent with BS7799;

The Agency operates a professional standards policy;

The Agency is in the process of establishing regular Health and Safety Audits, conducted jointly with the TUS H&S representative. As a result of these audits, the Agency H&S Officer will make an annual report to the Management Board. This will include formal fire safety risk assessments.

### **Working In Partnership**

The Concerted Inter-agency Criminal Finance Action Group (CICFA), a group comprising HM Revenue & Customs, Association of Chief Police Officers (ACPO), National Criminal Intelligence Service (NCIS), the National Crime Squad, the Crown Prosecution Service, Financial Services Authority, Northern Ireland Office, Department of Public Prosecutions (NI) and the Department of Constitutional Affairs (DCA), as well as the Agency, was established in June 2002 with responsibility for:

- implementing a programme of action in support of Asset Recovery Delivery Plan (ARDP); and
- assessing proposals for funding from RAIF and making recommendations on proposals which would receive funding and on which the agreement of Home Office Ministers should be sought.

In the first part of 2004/05, the Agency worked extensively with its CICFA partners to develop the new CICFA Programme of Action, which subsumed the previous Asset Recovery Delivery Plan, and is now structured and monitored, by use of the Joint Assets Recovery Database (JARD), in a way which enables CICFA to ensure a much greater degree of organisational focus and responsibility for delivery of a step-change in asset recovery performance.

The JARD was developed by ARA to provide a central repository of information covering all aspects of the asset recovery process. It encompasses cash seizure, asset restraint, criminal confiscation, civil recovery and criminal taxation cases flowing from POCA and all its predecessor legislation. JARD enables financial investigators, prosecutors, Magistrates' and Sheriffs' Courts across the asset recovery community to manage the end to end process of a case as it passes through the justice process. It is a cross-Government and cross-law enforcement database used by in excess of 2,500 individuals in over 300 locations throughout the United Kingdom.

The Agency's work on developing Memoranda of Understanding with key stakeholders and other organisations has progressed and these are regularly reviewed to ensure that all arrangements outlined are still operationally beneficial and relevant to both parties. As of 31 March 2005, revised MoUs have been agreed and signed with ACPO, Police Service of NI, Local Authority Fraud Investigators, Inland Revenue and Northern Ireland Information Service.

There have also been regular liaison meetings between the Agency and partner agencies, including the Home Office, HM Revenue & Customs. These have served to ensure joint working between organisations.

ARA's senior management plays a full part in the Concerted Inter-agency Criminal Finances Action group (CICFA).

Under Schedule 1, Section 1 Part 6 of the Proceeds of Crime Act, I prepare an annual plan for the Secretary of State's approval and report on progress against the plan on a quarterly basis.

**Jane Earl**  
Accounting Officer

18th July 2005

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

I certify that I have audited the financial statements on pages 16 to 38 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 22 to 23.

### **Respective responsibilities of the Accounting Officer and Auditor**

As described on page 10, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Assets Recovery Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 11 to 13 reflects the Assets Recovery Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Assets Recovery Agency's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Assets Recovery Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Assets Recovery Agency at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**  
Comptroller and Auditor General

19th July 2005

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

The maintenance and integrity of The Assets Recovery Agency's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## SCHEDULE 1

### Summary of Resource Outturn 2004-05

	2004-05 Estimate			2004-05 Outturn			2003-04 Outturn	
	<i>Gross expendi- ture</i>	<i>Appropri- ations-in- Aid</i>	<i>Net Total</i>	<i>Gross expendi- ture</i>	<i>Appropri- ations-in- Aid</i>	<i>Net Total</i>	<i>Net total outturn compared with Estimate saving/ (excess)</i>	
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	
	£000	£000	£000	£000	£000	£000	£000	
<b>Request for Resources 1</b>	17,684	75	17,609	14,085	68	14,017	3,592	11,026
Total Resources (Note 8)	17,684	75	17,609	14,085	68	14,017	3,592	11,026
Non Operating – Cost A-in-A	–	–	–	–	–	–	–	–
<b>Net Cash Requirement</b>			<b>17,506</b>			<b>13,744</b>	<b>3,762</b>	<b>8,961</b>

### Summary of income payable to the Consolidated Fund

(In addition to appropriations in aid, the following income relates to the Agency and is payable to the Consolidated Fund – cash receipts being shown in italics)

	Note	2004-05 Forecast		2004-05 Outturn	
		<i>Income £000</i>	<i>Receipts £000</i>	<i>Income £000</i>	<i>Receipts £000</i>
<b>TOTAL</b>	5	–	–	<b>0</b>	<b>0</b>

### Explanation of the variation between estimate and outturn (net total resources)

The underspend of £3.592m was attributed to lower than expected average staffing levels, efficiency savings and a slower than expected process of investigating and litigating cases using the Proceeds of Crime Act 2002.

During 2004-05, we encountered our first challenges to our powers under POCA on grounds of perceived incompatibility with Human Rights legislation. These challenges have been rejected at first instance in the High Court of Northern Ireland and the High Court of England. Appeals have been heard by the Court of Appeal in England and Wales and in Northern Ireland, the decisions in which have found strongly in the Agency's favour. However, the arguing of legal points has slowed our ability to achieve final orders. We hope that this position will improve over the next year as more legal points are resolved fully. Our knowledge of the costs of litigating cases has also developed. We start 2005/06 with a significant number of cases where we await the final hearings, and our costs in a number of cases will be incurred in 2005/06 rather than 2004/05.

The variance on capital expenditure was due to the unexpected delay in Information and Communication Technology (ICT) projects.

### Explanation of the variation between estimate and outturn (net cash requirement)

The underspend of £3.762m can be attributed to the above and also higher than expected year-end accruals for seconded staff costs and receivers' fees.



## Reconciliation of Resources to Cash Requirement

	Note	<i>Estimate</i>	<i>Outturn</i>	<i>Net total outturn compared with Estimate saving/ (excess)</i>
		<u>£000</u>	<u>000</u>	<u>£000</u>
<b>Net Total Resources</b>		17,609	14,017	3,592
Capital:				
Acquisition of fixed assets	10,11	182	101	81
Investments		-	-	-
Non-operating A in A				
Proceeds of fixed asset disposals		-	-	-
Accrual Adjustments:				
Non-cash items				
Cost of Capital Charges	3,4	(37)	30	(67)
Depreciation/devaluation of fixed assets	4,11	(261)	(267)	6
Other non-cash items	3	(60)	(64)	4
Revaluation of fixed assets	11	-	(30)	30
Provision	16	-	(9)	9
Changes in working capital other than cash	12	73	(34)	107
<b>Net Cash Requirement (Schedule 4)</b>		<u>17,506</u>	<u>13,744</u>	<u>3,762</u>

The notes on Pages 22 to 38 form part of these accounts

**SCHEDULE 2****Operating Cost Statement**  
for the year ended 31 March 2005

	Note	<u>2004-05</u>	<u>2003-04</u>
		<u>£000</u>	<u>£000</u>
<b>Administration Costs</b>			
Staff costs	2	577	656
Other administration costs	3	2,565	2,811
<b>Gross administration costs</b>		<u>3,142</u>	<u>3,467</u>
<b>Net administration costs</b>	7	<u>3,142</u>	<u>3,467</u>
<b>Programme Costs</b>			
Staff costs	2	4,710	3,970
Other programme costs	4	6,233	3,614
<b>Gross programme costs</b>		<u>10,943</u>	<u>7,584</u>
Operating income	6	(68)	(43)
<b>Net Programme costs</b>		<u>10,875</u>	<u>7,541</u>
<b>Net Operating Cost</b>	8,9	<u>14,017</u>	<u>11,008</u>
<b>Net Resource Outturn</b>	8,9	<u>14,017</u>	<u>11,026</u>

All income and expenditure is derived from continuing operations

**Statement of Recognised Gains and Losses**

		<u>2004-05</u>	<u>2003-04</u>
Net gain/(loss) on revaluation of tangible fixed Assets	11	(30)	(7)
<b>Total recognised gains and losses for the financial year</b>		<u>(30)</u>	<u>(7)</u>

The notes on Pages 22 to 38 form part of these accounts

**SCHEDULE 3****Balance Sheet**

as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	11		1,640		1,866
<b>Debtors falling due after 1 year</b>	13		1		34
<b>Current Assets</b>					
Debtors	13	1,438		940	
Cash at bank and in hand	14	360		611	
		1,798		1,551	
<b>Creditors (amounts falling due within one year)</b>	15	(4,589)		(4,693)	
<b>Net Current Liabilities</b>			(2,791)		(3,142)
<b>Total Assets less Current Liabilities</b>			(1,150)		(1,242)
<b>Creditors (amounts falling due after more than one year)</b>	15	(352)			–
<b>Provisions for liabilities and charges</b>	16	(9)	(361)		
			(1,511)		(1,242)
<b>Taxpayers' Equity</b>					
General Fund Deficit	17		(2,261)		(2,049)
Revaluation reserve	18		3		–
Donated asset reserve	18		747		807
			(1,511)		(1,242)

Jane Earl  
Accounting Officer

18th July 2005

The notes on Pages 22 to 38 form part of these accounts

**SCHEDULE 4****Cash Flow Statement**

for the year ended 31 March 2005

	2004-05	2003-04
	£000	£000
<b>Net cash outflow from operating activities (a)</b>	(13,643)	(7,869)
<b>Capital expenditure and financial investment (b)</b>	(101)	(1,074)
<b>Receipts due to the Consolidated Fund which are outside the department's activities</b>	–	–
<b>Payments of amounts due to the Consolidated Fund</b>	(18)	–
<b>Financing (c)</b>	13,511	9,554
<b>(Decrease)/Increase in cash in the period (d)</b>	(251)	611

## Notes

a See the table below giving a reconciliation of operating cost to operating cash flows.

c See the table below giving an analysis of financing and a reconciliation to the net cash requirement.

b See the table below giving an analysis of capital expenditure and financial investment.

**Reconciliation of operating cost to operating cash flows**

<b>Net Operating Cost (Notes 8,9)</b>	14,017	11,008
<b>Adjust for non-cash transactions</b>	(301)	(31)
<b>Revaluation of fixed assets</b>	(30)	–
<b>Provisions</b>	(9)	–
<b>Adjust for movements in working capital other than cash:</b>		
Increase in debtors (Note 12)	465	(8)
Decrease/(increase) in creditors (Note 12)	(499)	(3,100)
<b>Net cash outflow from operating activities (a)</b>	13,643	7,869

**Analysis of capital expenditure and financial investment**

Tangible fixed assets additions (Notes 10,11)	(101)	(1,074)
<b>Net cash outflow from investing activities (b)</b>	(101)	(1,074)

**Analysis of financing and reconciliation to the Net Cash Requirement**

<b>From Consolidated Fund (Supply) – current year</b>	13,511	9,554
<b>From Consolidated Fund (Supply) – prior year</b>	–	–
<b>Net financing (c)</b>	13,511	9,554
<b>Decrease/(Increase) in cash (d)</b>	251	(611)
<b>Net cash flows other than financing</b>	13,762	8,943
<b>Adjustments for payments and receipts not related to supply:</b>		
Current year CFERs not paid over (Note 5)		18
CFER received in prior year paid over to the Home Office	(18)	
<b>Net Cash Requirement (Schedule 1)</b>	13,744	8,961

## Note:

Amount of grant actually issued to support the net cash requirement £13,511,000.00.

The notes on Pages 22 to 38 form part of these accounts

**SCHEDULE 5****Resources by Departmental Aim and Objectives**  
for the year ended 31 March 2005

	<u>Gross</u> <u>£000</u>	<u>2004-05</u> <u>Income</u> <u>£000</u>	<u>Net</u> <u>£000</u>
<b>Aim: to reduce crime by recovering the proceeds of crime</b>			
Objective 1:	12,854	–	12,854
Objective 2:	1,231	(68)	1,163
<b>Net Operating Costs</b>	<b>14,085</b>	<b>(68)</b>	<b>14,017</b>

**Resources by Departmental Aim and Objectives**  
for the year ended 31 March 2004

	<u>Gross</u> <u>£000</u>	<u>2003-04</u> <u>Income</u> <u>£000</u>	<u>Net</u> <u>£000</u>
<b>Aim: to reduce crime by recovering the proceeds of crime</b>			
Objective 1:	9,688	–	9,688
Objective 2:	1,363	(43)	1,320
<b>Net Operating Costs</b>	<b>11,051</b>	<b>(43)</b>	<b>11,008</b>

## Note:

Administration Costs have been allocated to objectives on the basis of average headcount. The Objectives above are consistent with the ARA's 2004/05 Business Plan, which were agreed with the Home Secretary and Secretary of State for Northern Ireland. It was deemed inappropriate to allocate capital employed across the above objectives for 2003/04 and 2004/05.

Objective 1: to reduce crime by recovering the proceeds of crime through criminal confiscation, civil recovery and taxation

Objective 2: to promote the use of financial investigation as an integral part of criminal investigation through training and continuing professional development.

The notes on Pages 22 to 38 form part of these accounts

## NOTES TO THE ACCOUNTS

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the *Resource Accounting Manual* issued by HM Treasury. The particular accounting policies adopted by the ARA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current costs.

#### 1.2 Tangible fixed assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Expenditure on tangible fixed assets of over £2,000 is capitalised. In addition, items such as IT hardware systems, which are under a single management control and do not exceed £2,000 individually but total at least £25,000 (including VAT) on a grouped basis, are also capitalised.

On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All tangible fixed assets are restated to current value each year. Buildings are restated to current value using professional valuations in accordance with FRS 15 every five years and in the intervening years by the use of H M Treasury published indices appropriate to the type of building. Non-property operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

#### 1.3 Depreciation

Depreciation is on a straight line basis and the rates are as follows:

Building Enhancements	–	10 years
Office Equipment	–	5 to 10 years
Office Furniture	–	10 years
IT & Communications	–	3 to 10 years
Security Equipment	–	5 to 10 years

The estimated useful lives of fixed assets are reviewed regularly.

#### 1.4 Intangible Assets

Software licences have been written off to the income and expenditure account in view of the relatively low level of expenditure on such items. There are no other assets of an intangible nature.

#### 1.5 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement.

#### 1.6 Research and development

Expenditure on research is not capitalised. Development expenditure is capitalised if it meets the criteria specified in the *Resource Accounting Manual (RAM)*, which are adapted from SSAP 13 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work. Two software development programmes have been capitalised in the Agency. These are the Joint Assets Recovery Database (JARD) and the Financial Investigators Support System (FISS), each of which meet the criteria outlined in SSAP 13 and will be depreciated over a five year period.

#### 1.7 Operating income

Operating income is income which relates directly to the operating activities of the Agency. It comprises fees and charges for services provided on a full-cost basis to external customers. It includes not only income appropriated in aid of the Estimate but also income to the Consolidated Fund, which in accordance with the RAM is treated as operating income. Operating income is stated net of VAT.

### 1.8 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Agency. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Agency, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

### 1.9 Capital charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for:

a) tangible and intangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:

- additions at cost
- disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
- impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
- depreciation of tangible and amortisation of intangible fixed assets;

b) donated assets, and cash balances with the Office of the Paymaster General (OPG), where the charge is nil.

### 1.10 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

### 1.11 Pensions

Direct employees of the ARA are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded and non-contributory. The ARA recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. There is a separate scheme statement for the PCSPS as a whole.

### 1.12 Value Added Tax

Most of the activities of the Agency are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.13 Confiscated Assets

The Agency's operational role under the Proceeds of Crime Act 2002 gives rise to criminal confiscation, civil recovery and taxation of income related to crime. As a result, confiscated and seized assets are generated. In accordance with the Resource Accounting Manual, the income generated from these assets is outside the scope of Resource Accounting, and is surrendered to the Consolidated Fund. Because the Agency does not obtain rights to the proceeds until they have been delivered to them from the Court or Interim Receivers, and because the recoverable amounts are not certain until the point of transfer, the Agency includes a Memorandum Note at Note 25 showing the proceeds received from such asset realisations, rather than the proceeds receivable. The details of confiscation investigations, civil recovery cases and taxation cases, along with estimated recoverable asset values, are published each year in the Agency's Annual Report, available at [www.assetsrecovery.gov.uk](http://www.assetsrecovery.gov.uk).

**2. Staff numbers and costs**

Staff costs comprise:

	<b>Permanently employed staff</b>	<b>Others</b>	<b>Ministers</b>	<b>Special Advisers</b>	<b>2004-05 Total</b>	<b>2003-04 Total</b>
	£000	£000	£000	£000	£000	£000
Wages & salaries	3,629	1,143	–	–	4,772	4,367
Social security costs	305	–	–	–	305	136
Other pension costs	510	–	–	–	510	222
Less recoveries in respect of outward secondments	(120)	(180)	–	–	(300)	–
<b>TOTAL</b>	<b>4,324</b>	<b>963</b>	<b>0</b>	<b>0</b>	<b>5,287</b>	<b>4,726</b>

The Principal Civil Service Pension Scheme (PCSPS), to which most of the Agency's employees are members, is an unfunded multi-employer defined benefit scheme, but the Assets Recovery Agency is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004-05, normal employer contributions of £511,594.65 were payable to the PCSPS (2003-04 £219,850) at one of four rates in the range 12 to 18.5 percent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2005-06, the salary bands will be in the range between 16.2% and 24.6%. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

Employees joining the Agency can opt to open a partnership account, a stakeholder pension with an employer contribution. Employer's contributions of £8,622.33 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £430.08, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £51.84. Contributions prepaid at that date were £913.13.



The average number of whole-time equivalent persons was as follows:

Objective	Permanently employed staff	Others	Ministers	Special Advisers	2004-05 Total	2003-04 Total
Objective 1:	97	24	0	0	121	79
Objective 2:	12	6	0	0	18	13
Staff engaged on capital projects	-	-	-	-	-	2
<b>TOTAL</b>	<b>109</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>139</b>	<b>94</b>

Objective 1: to reduce crime by recovering the proceeds of crime through criminal confiscation, civil recovery and taxation

Objective 2: to promote the use of financial investigation as an integral part of criminal investigation through training and continuing professional development

As the Agency is undergoing a gradual expansion, the above numbers do not reflect the actual staff in post at 31 March 2005, which were significantly higher. The corresponding numbers at 31 March 2005 were as follows:

Objective	Permanently employed staff	Others	Ministers	Special Advisers	2004-05 Total	2003-04 Total
Objective 1:	108	27	0	0	135	107
Objective 2:	17	6	0	0	23	20
<b>TOTAL</b>	<b>125</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>158</b>	<b>127</b>

The senior management of the Agency were as follows:

	Salary, including Performance Pay	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/05 and related lump sum	CETV at 31/3/04	CETV at 31/3/05	Real increase in CETV after adjustment for inflation and changes in market investment factors	Employer contribution to partnership pension account including risk benefit cover
	2004-05 £000	£000	£000	Nearest £000	Nearest £000	Nearest £000	Nearest £000
Jane Earl*, Accounting Officer	135-140	0-2.5	0-5	22	44	21	N/A
Adrian Brenton**, Assistant Director, Operations	85-90	5-7.5 plus lump sum of 10-12.5	40-45 plus lump sum of 115-120	651	777	106	N/A
Alan McQuillan*, Assistant Director, Northern Ireland	90-95	0-2.5	0-5	20	39	19	N/A
John Tanner, Assistant Director, Business Delivery Unit (on loan from DCA)	70-75	0-2.5 plus lump sum of 2.5-5	15-20 plus lump sum of 50-55	163	184	16	N/A
Sue Edwards**, Head of Legal	90-95	0-2.5 plus lump sum of 2.5-5	25-30 plus lump sum of 75-80	383	418	24	N/A
Sandra Grant*, Head of Human Resources	60-65	0-2.5	0-5	6	16	10	N/A
Ivor Johnston, Head of Finance	50-55	0-2.5 plus lump sum of 5-7.5	10-15 plus lump sum of 40-45	121	187	63	N/A
Charlie Dickin, Head of Training, Centre of Excellence (on secondment from Avon and Somerset Constabulary)	75-80	N/A	N/A	N/A	N/A	N/A	N/A

Notes: \* opted to join Premium  
 \*\* opted to join Classic Plus  
 \*\*\* permission not granted to disclose details

Two Non Executive Directors were appointed on 31 August 2004 and were remunerated in the range £Nil to £5k during 2004/05.

## Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by the Inland Revenue as a taxable emolument. There were no qualifying benefits in kind made to any member of the Management Board during 2004/05.

## Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service Pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

Columns 4 & 5 of the above table show the Management Board member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 6 reflects the increase in CETV effectively funded by the Agency. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**3. Other administration costs**

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Rentals under operating leases:		
Hire of plant and machines	–	
Other operating leases	2,133	1,896
Non cash items:		
Depreciation of fixed assets	–	
Loss on disposal of fixed assets	–	
Provisions	9	–
Cost of capital charge	(64)	(42)
Auditor's remuneration and expenses	64	56
Other expenditure:		
Travel and Subsistence	44	41
Staff Training	34	27
Recruitment, etc	71	219
Specialists' Fees	42	31
Accommodation	62	348
IT & Communications	62	62
Printing & Stationery	66	65
Publicity & Advertising	23	63
Consultancy	19	45
	423	901
<b>Total</b>	<b><u>2,565</u></b>	<b><u>2,811</u></b>

Note: No payments were made to the Auditors as these fees were notional.

**4. Other programme costs**

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Rentals under operating leases:		
Hire of plant and machines	207	225
Other operating leases	–	
Non cash items:		
Depreciation of fixed assets	205	15
Devaluation of fixed assets	62	
Cost of capital charge	34	2
Other Expenditure:		
RAIF Communications	588	205
Travel and Subsistence	344	267
Staff Training	458	312
Recruitment, etc	11	18
Specialists' Fees	3,109	1,302
Accommodation	0	24
IT & Communications	577	874
Printing & Stationery	255	170
Publicity & Advertising	65	26
Forensic/Financial Investigation costs	193	0
Consultancy	125	174
	5,725	3,372
<b>Total</b>	<b><u>6,233</u></b>	<b><u>3,614</u></b>

	Admin. (Note 3)	Programme	Total
	£000	£000	£000
Cost of capital charge	(64)	34	(30)
Depreciation of fixed assets	–	205	205
Devaluation of fixed assets	–	62	62
Auditor's remuneration and expenses	64		64
	<u>–</u>	<u>301</u>	<u>301</u>

### 5. Analysis of Income Payable to the Consolidated Fund

In addition to appropriations-in-aid, the following income relates to the Assets Recovery Agency and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	2004-05 Forecast		2004-05 Outturn	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts – excess A-in-A	6	–	–	0	<i>0</i>
Non-operating income and receipts – excess A-in-A		–	–	–	–
Subtotal	6	–	–	0	<i>0</i>
Other operating income and receipts not classified as A-in-A		–	–	–	–
Other non-operating income and receipts not classified as A-in-A		–	–	–	–
Other amounts collectable on behalf of the Consolidated fund		–	–	–	–
<b>TOTAL</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b><i>0</i></b>

The actual value of other operating income and receipts not classified as A-in-A was £NIL surrenderable to the Consolidated Fund.

## 6. Income and Appropriations-in-Aid

### Operating Income

Operating income not appropriated in aid (ie transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 5). In 2004-05 all operating income not classified as A-in-A was within public expenditure.

	2004-05			
	Resource Outturn		Operating Cost Statement	
	Netted off gross expenditure in Subhead	Appropriated-in-Aid	Payable to Consolidated Fund	Income included in Operating Cost Statement
	£000	£000	£000	£000
Operating income analysed by classification and activity is as follows:				
Administrative income:				
– allowable within admin cost limit	–	–	–	–
– other	–	–	–	–
Fees and charges to external customers	–	68	–	68

Operating income analysed by classification and activity is as follows:

Administrative income:

– allowable within admin cost limit	–	–	–	–
– other	–	–	–	–
Fees and charges to external customers	–	68	–	68

An analysis of income from services provided to external and public sector customers is as follows:

	2004-05			2003-04		
	Income	Full cost	Surplus/deficit	Income	Full cost	Surplus/deficit
	£000	£000	£000	£000	£000	£000
Law enforcement agency training	68	68	0	43	43	0
	<b>68</b>	<b>68</b>	<b>0</b>	<b>43</b>	<b>43</b>	<b>0</b>

## 7. Administration cost limit

The outturn within the administration costs control regime shown against the limit is as follows:

	2004-2005		2003-2004	
	Outturn	Limit	Outturn	Limit
	£000	£000	£000	£000
Request for Resources 1 (Gross limit)	3,142	4,431	3,467	4,180

The underspend is attributed to lower than expected staffing levels and efficiency savings.

**8. Reconciliation of net operating cost and net resource outturn**

	2004-05 Outturn	2003-04 Outturn
	£000	£000
Net Operating Cost	14,017	11,008
Remove non-supply expenditure and income, including income scored as Consolidated Fund Extra Receipts (CFERs):	-	-
Operating Income not classified as A-in-A	-	18
<b>Net Resource Outturn</b>	<b>14,017</b>	<b>11,026</b>

Net operating cost is the total of expenditure and income appearing in the operating cost statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Agency's Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1).

**9. Analysis of net resource outturn and reconciliation to Operating Cost Statement**

2004-05								Net total outturn compared with Estimate
Admin.	Other current	Grants	Gross resource expend- iture	A-in-A	NET TOTAL	Estimate		
£000	£000	£000	£000	£000	£000	£000		
Request for Resources 1: Central Government Spending	3,142	10,943	-	14,085	(68)	14,017	17,609	3,592
<b>Total</b>	<b>3,142</b>	<b>10,943</b>	<b>-</b>	<b>14,085</b>	<b>(68)</b>	<b>14,017</b>	<b>17,609</b>	<b>3,592</b>

**Reconciliation to Operating Cost Statement**

Gross Operating Expenditure	14,085
Operating Income	(68)
<b>Net Operating Cost</b>	<b>14,017</b>

2003-04								Net total outturn compared with Estimate
Admin.	Other current	Grants	Gross resource expend- iture	A-in-A	NET TOTAL	Estimate		
£000	£000	£000	£000	£000	£000	£000		
Request for Resources 1: Central Government Spending	3,467	7,584	-	11,051	(25)	11,026	14,011	2,985
<b>Total</b>	<b>3,467</b>	<b>7,584</b>	<b>-</b>	<b>11,051</b>	<b>(25)</b>	<b>11,026</b>	<b>14,011</b>	<b>2,985</b>

**Reconciliation to Operating Cost Statement**

Gross Operating Expenditure	11,051
Operating Income	(43)
<b>Net Operating Cost</b>	<b>11,008</b>

**10. Analysis of capital expenditure, financial investment and associated A-in-A**

	2004-05			NET TOTAL £000
	Capital Expenditure	Loans, etc	A-in-A	
	£000	£000	£000	
Request for Resources 1	101	-	-	101
Total 2004-05	101	-	-	101

  

	2003-04			NET TOTAL £000
	Capital Expenditure	Loans, etc	A-in-A	
	£000	£000	£000	
Request for Resources 1	1,074	-	-	1,074
Total 2003-04	1,074	-	-	1,074

**11. Tangible fixed assets (see also notes 1.2-1.6)**

	IT & Comms Equipment	Building Enhance- ments	Security Equipment	Office Furniture	Office Equipment	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
at 1 April 2004	893	770	149	81	82	1,975
Additions	20	-	73	-	8	101
Disposals	-	-	-	-	-	-
Revaluations*	(81)	40	-	2	-	(39)
<b>At 31 Mar 2005</b>	<b>832</b>	<b>810</b>	<b>222</b>	<b>83</b>	<b>90</b>	<b>2,037</b>
<b>Depreciation</b>						
At 1 April 2004	(10)	(78)	(4)	(7)	(11)	(110)
Charged in year*	(180)	(77)	(17)	(8)	(14)	(296)
Disposals	-	-	-	-	-	-
Revaluation	16	(7)	-	-	-	9
<b>At 31 March 2005</b>	<b>(174)</b>	<b>(162)</b>	<b>(21)</b>	<b>(15)</b>	<b>(25)</b>	<b>(397)</b>
<b>Net book value</b>						
At 31 March 2005	658	648	201	68	65	1,640
<b>Net book value</b>						
At 31 March 2004	883	692	145	74	71	1,866

\* Depreciation charged in year includes £91k and Revaluations upwards in year include £30.1k in respect of donated assets which was subsequently added to the Donated Asset Reserve (see Note 18).

Buildings were revalued on the basis of indices for March 2005.



**12. Movements in working capital other than cash**

These movements were used for the reconciliation of resources and cash flow statement as per Department Yellow.

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£000</u>	<u>£000</u>
Increase/(Decrease) in debtors	465	(8)
Decrease/(Increase) in creditors	(499)	(3,118)
	<u>(34)</u>	<u>(3,126)</u>
Adjustment: movement in working capital not related to voted resource consumption:		
Amounts due to the Consolidated Fund	–	18
<b>Net decrease in working capital other than cash</b>	<u>(34)</u>	<u>(3,108)</u>

**13. Debtors**

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Trade Debtors	619	255
VAT	262	272
Other Debtors	41	32
Prepayments and accrued income	516	381
	<u>1,438</u>	<u>940</u>
Amounts falling due after more than one year:		
Prepayments	1	34
	<u>1,439</u>	<u>974</u>

**14. Cash at Bank and in Hand**

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April	611	–
Net Cash Inflow/(Outflow)	(251)	611
<b>Balance at 31 March</b>	<u>360</u>	<u>611</u>
<b>The following balances at 31 March are held at:</b>		
Office of HM Paymaster General	359	610
Cash in hand	1	1
	<u>360</u>	<u>611</u>
<b>The balance at 31 March comprises:</b>		
Amounts issued from the Consolidated Fund for supply but not spent at year end	360	593
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	–	18
	<u>360</u>	<u>611</u>

**15. Creditors**

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year</b>		
Trade creditors	2,495	2,295
Other creditors	648	691
Accruals and deferred income	1,086	1,096
Consolidated Fund extra receipts received due to be paid to the Consolidated Fund	–	18
Amounts issued from the Consolidated Fund for supply but not spent at year end	360	593
	<u>4,589</u>	<u>4,693</u>
 Amounts falling due after more than one year:		
Other creditors	352	–
	<u>4,941</u>	<u>4,693</u>

**16. Provisions for liabilities and charges**

	<u>Early departure costs</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1st April 2004	0	0	0
Provided in the year	0	9	9
Provisions not required written back	0	0	0
Provisions utilised in the year	0	0	0
Unwinding of discount	0	0	0
<b>Balance at 31st March 2005</b>	<u>0</u>	<u>9</u>	<u>9</u>

These provisions consist of a legal claim of £1.5k in relation to Human Resources, which was settled post year-end, and also £7.3k for doubtful debts.

**17. Reconciliation of net operating cost to changes in general fund**

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£000</u>	<u>£000</u>
<b>Net operating cost for the year (Schedule 2)</b>	(14,017)	(11,008)
Income not appropriated in aid payable to Consolidated Fund	0	(18)
Net resource outturn	(14,017)	(11,026)
Net parliamentary funding	13,511	9,554
Consolidated Fund creditor for cash unspent	(360)	(593)
03-04 Consolidated Fund creditor for cash spent	611	–
Non-cash Charges:		
Cost of Capital	(30)	(40)
Provision	9	–
Audit fees	64	56
<b>Net decrease in general fund</b>	<u>(212)</u>	<u>(2,049)</u>
General fund at 1 April 2004	(2,049)	–
<b>General fund at 31 March 2005 (Schedule 3)</b>	<u>(2,261)</u>	<u>(2,049)</u>

**18. Reserves****18(a) Revaluation Reserve**

	<b>2004-2005 Donated Asset Reserve</b>	<b>2004-2005 Donated Asset Reserve</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April 2004	–	–
Arising on revaluation during the year (net)	3	–
<b>Balance at 31 March 2005</b>	<b>3</b>	<b>–</b>

**18(b) Donated Asset Reserve**

	<b>2004-2005 Donated Asset Reserve</b>	<b>2003-2004 Donated Asset Reserve</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April 2004	807	908
Donations in year	–	–
Released to operating cost statement	(93)	(101)
Arising on revaluation during the year (net)	33	–
<b>Balance at 31 March 2005</b>	<b>747</b>	<b>807</b>

The donated asset reserve reflects the net book value of assets donated to the Agency. Donated assets include the fit-out of accommodation at a cost of £777k, IT application software at a cost of £27k, video conferencing equipment at a cost of £21k, a fast copier/portable interview recorder at a cost of £2k and office furniture costing £81K.

**19. Capital commitments**

	<b>2004-2005</b>	<b>2004-2005</b>
	<b>£000</b>	<b>£000</b>
Contracted capital commitments at 31 March 2005 for which no provision has been made	13	–

The Agency had entered into a contracted commitment of a capital nature as at 31st March 2005, relating to office furniture for new staff in Belfast. This amounted to £13,145.22

**20. Other financial commitments**

The Agency has entered into non-cancellable contracts (which are not leases or PFI contracts), for a managed service provision and the supply and maintenance of IT equipment. The payments to which the Agency is committed during 2005-06, analysed by the period during which the commitment expires are as follows:

	<b>31 March 2005</b>	<b>31 March 2004</b>
	<b>£000</b>	<b>£000</b>
Expiry within one year	27	–
Between two and five years	628	746
After 5 years	–	–

## 21. Commitments under Leases

At 31 March 2005, the Agency was committed to making the following payments during the next year in respect of operating leases expiring:

	<b>31 March 2005</b>	<b>31 March 2004</b>
	<b>£000</b>	<b>£000</b>
<b>Buildings</b>		
Within one year	-	-
Between two and five years	2,376	2,368
After 5 years	103	86
	<b>2,479</b>	<b>2,454</b>
<b>Other</b>		
Within one year	85	363
Between two and five years	12	113
After five years	-	-
	<b>97</b>	<b>476</b>

## 22. POCA amendments in the Serious Organised Crime and Police Act

Section 280, Subsection 3 of the amended Proceeds of Crime Act (POCA) enables the Director to meet the costs of an appointed Interim Receiver from sums received from Civil Recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of POCA. This revision will apply to all cases where assets have not been realised by end June 2005. Receivers' Fees totalling £2,560,426 were incurred on civil recovery during 2004/05. The commencement date of the provision is 1 July 2005 and thereafter the costs of Interim Receivers and Trustees in civil recovery may be offset against eventual case proceeds. This will have a significant impact on Agency costs.

## 23. Related Party Transactions

The Agency received a transfer of funds from the Home Office amounting to £285,000 during 2004/05. This was related to funding out of the Recovered Assets Incentivisation Fund of which £85,000 was reallocated to the National Crime Squad. The Home Office and Crown Prosecution Service are considered to be related parties.

None of the Board members or key management staff have undertaken any material transactions with the Agency or its related parties during the year.

## 24. Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which government departments are financed, the Assets Recovery Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Agency has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks it faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months from the balance sheet date have been omitted from the current profile.

### *Liquidity risk*

The Agency's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Assets Recovery Agency is not therefore exposed to significant liquidity risks.

### *Interest rate risk*

All of the Agency's financial assets and financial liabilities carry a nil rate of interest, and the Agency is not therefore exposed to any interest rate risk.

### *Foreign currency risk*

The Agency's exposure to foreign currency risk is negligible. Foreign currency income is negligible and foreign currency expenditure is not significant. The Agency therefore has no standing policy to eliminate currency exposures on high value transactions.

### *Fair Value*

Set out below is a comparison by category of book values and fair values of the Agency's financial assets and liabilities as at 31 March 2005.

	<u>Book Value</u>	<u>Fair Value</u>
	<u>£000</u>	<u>£000</u>
<b>Primary financial instruments</b>		
<b>Financial assets</b>		
Cash at bank	359	359

## 25. Seized Assets

The Agency manages an account at the Office of the Paymaster General containing £268,110.29 relating to ongoing cases. This sum relates to funds seized and is to be transferred into the Consolidated Fund.

These are not departmental assets and are not included in the accounts.

	<u>31 March 2004</u>	<u>Gross inflows</u>	<u>Gross outflows</u>	<u>31 March 2005</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Monetary assets	2	4,386	(4,120)	268

There were no other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values.

**26. Intra-government Balances**

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	612	–	(1,088)	–
Balances with local authorities	269	–	(251)	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Balances with bodies external to government	557	1	(3,250)	(352)
<b>At 31st March 2005</b>	<b>1,438</b>	<b>1</b>	<b>(4,589)</b>	<b>(352)</b>

**27. Actual Outturn - Resources and Cash**

a) Request for Resources 1: Actual amount net resource outturn	£14,017,327
Actual amount of saving compared with Estimate	£3,591,673
b) Actual Outturn - Cash: Outturn net requirement	£13,743,820
Actual amount of saving compared with Estimate	£3,762,409