

The Queen's Civil List
Annual Report 2009

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INCOME AND EXPENDITURE ACCOUNT

<i>Year to 31st December</i>		2009	2008
	Note	£m	£m
Civil List funding received:			
Annual Civil List		7.9	7.9
Draw-down from reserve		6.5	6.4
		<u>14.4</u>	<u>14.3</u>
		14.4	14.3
Salaries	3	10.3	9.9
Other expenditure			
Catering and hospitality		1.2	1.1
Executive and administrative		1.5	1.5
Housekeeping and furnishings		0.6	0.7
Ceremonial functions		0.3	0.4
Other		0.3	0.3
Total net expenditure	5	<u>14.2</u>	<u>13.9</u>
		14.2	13.9
Net funding for fixed assets and working capital		<u>0.2</u>	<u>0.4</u>
		0.2	0.4

Total net expenditure in 2009 includes approximately £0.5 million in respect of VAT (2008: £0.7 million).

The accounting policies are summarised on pages 51 and 52. The Income and Expenditure Account should be read in conjunction with the Statement of Total Recognised Gains and Losses, the Balance Sheet and Cash Flow Statement on pages 47, 48 and 49 respectively.

The results shown above relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

<i>Year to 31st December</i>	2009	2008
	Note	
	£m	£m
Net funding for fixed assets and working capital	0.2	0.4
Actuarial loss for the year	(0.3)	(0.1)
Total recognised (losses) / gains relating to the year	<u>(0.1)</u>	<u>0.3</u>
	<u><u>(0.1)</u></u>	<u><u>0.3</u></u>

BALANCE SHEET

<i>As at 31st December</i>		2009	2008
	Note	£m	£m
Fixed assets	6	2.5	2.4
Current assets			
Stock	7	0.4	0.4
Debtors	8	1.0	1.1
Cash at bank and in hand		1.2	0.8
		2.6	2.3
Creditors: amounts falling due within one year	9	(2.2)	(1.9)
Net current assets		0.4	0.4
Total assets less current liabilities excluding pension scheme liability		2.9	2.8
Pension scheme liability	4	(1.2)	(1.0)
Net assets		1.7	1.8
		=====	=====
 Represented by:			
 Reserves		1.7	1.8
		=====	=====

Sir Alan Reid

Keeper of the Privy Purse

7 June 2010

CASH FLOW STATEMENT

<i>Year to 31st December</i>	2009	2009	2008	2008
	£m	£m	£m	£m
Reconciliation of total net expenditure to Civil List funding				
Total net expenditure		(14.2)		(13.9)
Depreciation	0.5		0.5	
Net excess of contributions over pension service costs	(0.1)		(0.1)	
Decrease in debtors	0.1		–	
Increase in creditors due within one year	0.3		0.2	
		<u>0.8</u>		<u>0.6</u>
Net cash outflow from activities		(13.4)		(13.3)
Capital expenditure – fixed assets acquired		(0.6)		(0.8)
Net cash outflow before funding		(14.0)		(14.1)
Civil List funding received		14.4		14.3
Net increase in cash		<u>0.4</u>		<u>0.2</u>
		<u>0.4</u>		<u>0.2</u>
Reconciliation of cash balances		2009		2008
		£m		£m
Cash at bank as at 1st January		0.8		0.6
Net increase in cash		0.4		0.2
Cash at bank as at 31st December		<u>1.2</u>		<u>0.8</u>
		<u>1.2</u>		<u>0.8</u>

CIVIL LIST RESERVE

The Civil List Act 1972 provides that, when the annuity payable under the Act exceeds Civil List expenditure for the year, the excess should 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 30th December 1990 to invest such surpluses on behalf of the Royal Trustees.

During the last ten-year period to December 2000 a surplus of £35.6 million was accumulated, and is invested by the Royal Household Investment Committee. It was agreed that the Civil List would remain at an annual amount of £7.9 million for the following ten-year period to December 2010, and there would be a transfer of additional expenditure to the Civil List with effect from 1st April 2001. To the extent that Civil List annual expenditure exceeded the £7.9 million payment, amounts could be withdrawn from the reserve each year rather than being paid into it.

The Civil List expenditure exceeds the annual £7.9 million payment and amounts are therefore now withdrawn from the reserve each year.

The annual amount to be withdrawn is determined when the Civil List budget is prepared towards the end of the preceding year.

	2009	2008
	£m	£m
Net expenditure for the year	(14.2)	(13.9)
Net increase in fixed assets	(0.1)	(0.3)
Net excess of contributions over pension service costs	(0.1)	(0.1)
Total cash received	<u>(14.4)</u>	<u>(14.3)</u>
Civil List reserve	2009	2008
	£m	£m
Balance brought forward	21.0	26.0
Interest received	0.7	1.4
Draw-down	(6.5)	(6.4)
Balance carried forward	<u>15.2</u>	<u>21.0</u>

The reserve is invested in money market deposits.

The draw-down for 2010 is expected to be £7.2 million for revenue and capital expenditure.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

a) Basis of preparation

The accounts are prepared in accordance with the combined accounts direction given by the Treasury as set out in Appendix B (pages 140 to 142) and have been prepared in accordance with applicable accounting standards, the Government Financial Reporting Manual (FRM) and under the historical cost accounting rules. The accounts have been prepared on an accruals basis.

Section 5 of the Civil List Act 1972 requires the Royal Trustees to report on Civil List expenditure at least once every ten years. The Royal Trustees Report for the period 2001-10 which will be published on 22 June 2010, will set out Civil List expenditure since the last report on 3 July 2000 and make recommendations for the amount of the Civil List and expenditure to be met from it for the year to 31 December 2011, after taking into account the anticipated balance on the Civil List Reserve at 31 December 2010.

b) Recharges

All recharges are accounted for on a receivable basis.

c) Leases

Operating lease rentals are charged to the Income and Expenditure Account on a straight-line basis over the period of the lease.

d) Fixed assets and depreciation

Expenditure of £2,000 or more to acquire or improve assets which should last for at least a year is capitalised as fixed assets. Depreciation is charged on a straight-line basis at the following rates:

• Information systems hardware	3 years
• Information systems software	3 to 5 years
• Furnishings	10 to 20 years
• Other equipment	3 to 10 years
• Horses	12 years
• Liveries	7 to 20 years

Assets held in right of the Crown are not capitalised within these accounts although expenses relating to their use and maintenance are included.

e) Stock

Stock is held at the lower of cost and net realisable value.

f) Pensions

The Civil List participates in two pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Civil List. Contributions to the schemes are charged to the Income and Expenditure Account to reflect the cost of benefits accruing to members so as to spread pension costs over employees' working lives with the Royal Household. One of these pension schemes, managed by the Government, is not a funded scheme. As permitted by FRS 17: Retirement Benefits, this scheme is treated as a defined contribution scheme by the Civil List and the full cost of contributions made in the year is reflected in the Income and Expenditure Account.

However, FRS 17: Retirement Benefits is applicable to the second scheme, the Royal Households Group Pension Scheme, and accordingly the Income and Expenditure Account includes the cost of benefits accruing during the year in respect of current service, the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time. The actuarial gain/(loss) recognised in the pension scheme for the year is shown within the statement of total recognised gains and losses and the balance sheet includes the liability in the pension scheme, taking the assets at their year-end bid-values and liabilities at their actuarially calculated values discounted using the annualised yield on the iBoxx over 15-year AA rated corporate bond index at the year end.

The Civil List also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Civil List in an independently administered fund. The amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the year.

Further details of the pension schemes are provided in Appendix A of the Royal Public Finances Annual Report (pages 127 - 139).

g) Reserves

The reserves represent funds drawn down from the Royal Household Investment Committee to fund the acquisition of fixed assets and stock and which have not been included in the Income and Expenditure Account. Following the implementation of FRS 17: Retirement Benefits the deficit on the Royal Households Group Pension Scheme is included in the reserves.

2. SEGMENTAL ANALYSIS

	Salaries		Other costs		Total	
	2009	2008	2009	2008	2009	2008
	£m	£m	£m	£m	£m	£m
Catering and hospitality	1.6	1.7	1.2	1.1	2.8	2.8
Executive and administrative	3.9	3.7	1.5	1.5	5.4	5.2
Housekeeping and furnishings	3.1	2.9	0.6	0.7	3.7	3.6
Ceremonial functions	1.8	1.7	0.3	0.4	2.1	2.1
Other costs	(0.1)	(0.1)	0.3	0.3	0.2	0.2
Total	<u>10.3</u>	<u>9.9</u>	<u>3.9</u>	<u>4.0</u>	<u>14.2</u>	<u>13.9</u>

Salaries - Other costs relates to non cash pension costs.

3. 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.

	2009	2008
Lord Chamberlain	1	1
Private Secretary's Office	46	47
Privy Purse and Treasurer's Office	30	26
Master of the Household's Department	166	165
Lord Chamberlain's Office	57	59
	<u>300</u>	<u>298</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.

Payroll Costs

	2009	2008
	£m	£m
Salaries	8.0	7.6
Temporary staff	0.3	0.3
National insurance	0.7	0.7
Pension contributions	1.3	1.3
	<u>10.3</u>	<u>9.9</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).

4. PENSION ARRANGEMENTS

Details of the pension schemes operating for employees of the Royal Household are provided in Appendix A of the Royal Public Finances Annual Report on pages 127 - 139.

5. TOTAL NET EXPENDITURE

Total net expenditure is stated after charging/(crediting):

	2009	2008
	£m	£m
Depreciation	0.5	0.5
Rentals under operating leases	0.1	0.1
Service charges and recharges	(3.3)	(3.4)

The remuneration of the Civil List Auditor was £nil in 2009 (2008: £nil). There were no additional fees paid to the Civil List Auditor during 2009 or 2008.

6. FIXED ASSETS

	Information Systems	Furnishings & Equipment	Horses & Liveries	Assets in course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1st January 2009	1.1	2.2	0.7	0.3	4.3
Additions	0.2	0.1	–	0.3	0.6
Transfers	0.1	0.2	–	(0.3)	–
At 31st December 2009	1.4	2.5	0.7	0.3	4.9
Depreciation					
At 1st January 2009	0.7	0.9	0.3	–	1.9
Charge for the year	0.3	0.2	–	–	0.5
At 31st December 2009	1.0	1.1	0.3	–	2.4
Net book value					
At 31st December 2009	0.4	1.4	0.4	0.3	2.5
At 1st January 2009	0.4	1.3	0.4	0.3	2.4

7. STOCK

	2009 £m	2008 £m
Wine and spirits	0.4	0.4
	0.4	0.4

Wine is held in stock to age.

8. DEBTORS

	2009 £m	2008 £m
Recharges	0.5	0.6
Other debtors	0.4	0.4
Prepayments	0.1	0.1
	1.0	1.1

Cash balances not required to fund debtors and creditors at 31st December are payable to the Royal Household Investment Committee, for inclusion in the Civil List reserve. The balance is included under other debtors.

9. CREDITORS: amounts falling due within one year

	2009	2008
	£m	£m
Amounts due to suppliers	0.3	0.3
PAYE, National Insurance and Pension contributions	0.9	0.9
Accruals	1.0	0.7
	<u>2.2</u>	<u>1.9</u>

10. RESERVES

	Fixed asset reserve	Stock reserve	Pension scheme deficit	Total reserves
	£m	£m	£m	£m
As at 1st January 2009	2.4	0.4	(1.0)	1.8
Actuarial loss on Pension Scheme	–	–	(0.3)	(0.3)
Movement in year	0.1	–	0.1	0.2
As at 31st December 2009	<u>2.5</u>	<u>0.4</u>	<u>(1.2)</u>	<u>1.7</u>

11. COMMITMENTS

Operating lease commitments are as follows:

	2009	2008
	£m	£m
Expiring between 2 and 5 years	<u>0.4</u>	<u>–</u>

12. RELATED PARTY TRANSACTIONS

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

	2009 £m	2008 £m	2009 £m	2008 £m
	Balance due from:		Recoveries from:	
Royal Collection Trust	0.1	0.1	1.1	1.1
Property Services Grant-in-aid	–	–	0.5	0.6
Royal Travel Grant-in-aid	–	–	0.1	0.1
Privy Purse	–	0.1	0.3	0.3
Other Royal Households	0.1	0.2	0.5	0.6
	Balance due to:		Charged by:	
Privy Purse	0.1	–	0.1	0.1

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.

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.

REPORT OF THE AUDITOR TO THE CHANCELLOR OF THE EXCHEQUER

I have audited the accounts on pages 46 to 57 under the Civil List Audit Act 1816. These accounts have been prepared under the historical cost convention and the accounting policies set out on pages 51 and 52.

Respective responsibilities of the Royal Household and the Auditor

The Royal Household is responsible for the preparation of the accounts for each financial year in the form and on the basis approved by the Treasury. The Royal Household is also responsible for ensuring the regularity of financial transactions. The Royal Household is also responsible for the preparation of the other contents of the Annual Report. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Civil List Audit Act 1816 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 accounts, if proper accounting records have not been kept or if I have not received all the information or explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounts.

I review the statement on internal controls on pages 36 to 39 and report if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounts.

Basis of opinion

I conducted the audit in accordance with International Standards on Auditing (UK and Ireland) 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Royal Household in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- I. the accounts give a true and fair view of the state of affairs at 31st December 2009 and of the net expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Civil List Audit Act 1816 and directions made thereunder by the Treasury; and
- II. 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.

Sir Nicholas Macpherson

Permanent Secretary to the Treasury and Civil List Auditor

Government Offices
1 Horse Guards Road
London
SW1A 2HQ

7 June 2010

APPENDIX 1: ADDITIONAL NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

The segmental analysis on page 53 sets out the staff costs for each of the categories below. In accordance with the accounts direction we set out below an analysis of the non-staff costs on a basis consistent with the Royal Trustees Report.

Catering and hospitality

	2009	2008
	£m	£m
Garden parties	0.7	0.6
Food and kitchens	0.5	0.5
	<u>1.2</u>	<u>1.1</u>

Executive and administrative

	2009	2008
	£m	£m
Recruitment and training	0.3	0.3
Depreciation (net of recharges)	0.4	0.3
Stationery, printing and binding	0.3	0.2
Computers and information systems	0.2	0.4
Legal advice and other professional services	0.2	0.2
Travel	0.1	0.1
	<u>1.5</u>	<u>1.5</u>

Housekeeping and furnishings

	2009	2008
	£m	£m
Housekeeping	0.3	0.3
Furnishings and equipment	0.3	0.4
	<u>0.6</u>	<u>0.7</u>

Ceremonial functions

	2009	2008
	£m	£m
Carriage processions	0.1	0.1
Uniforms and protective clothing	0.1	0.2
Motor vehicles	0.1	0.1
	<u>0.3</u>	<u>0.4</u>

APPENDIX 2: FIVE YEAR INFORMATION

INCOME AND EXPENDITURE ACCOUNT

<i>Year to 31st December</i>	2009	2008	2007	2006	2005
	£m	£m	£m	£m	£m
Civil List funding received:					
Annual Civil List	7.9	7.9	7.9	7.9	7.9
Draw-down from reserve	6.5	6.4	4.9	4.1	3.4
	<u>14.4</u>	<u>14.3</u>	<u>12.8</u>	<u>12.0</u>	<u>11.3</u>
	=====	=====	=====	=====	=====
Salaries	10.3	9.9	9.1	8.8	8.3
Other expenditure					
Catering and hospitality	1.2	1.1	1.2	1.1	1.0
Executive and administrative	1.5	1.5	1.2	1.0	0.9
Housekeeping and furnishings	0.6	0.7	0.6	0.5	0.5
Ceremonial functions	0.3	0.4	0.2	0.3	0.3
Other costs	0.3	0.3	0.4	0.5	0.3
Total net expenditure	<u>14.2</u>	<u>13.9</u>	<u>12.7</u>	<u>12.2</u>	<u>11.3</u>
Net surplus/(deficit) taken to/(from) reserves	<u>0.2</u>	<u>0.4</u>	<u>0.1</u>	<u>(0.2)</u>	<u>-</u>
	=====	=====	=====	=====	=====

PERFORMANCE INDICATORS AND OPERATING RATIOS

	2009	2008	2007	2006	2005
Increase in net Civil List expenditure	2.2%	9.4%	4.1%	8.0%	6.6%
Suppliers paid within:					
• 30 days	80%	71%	79%	81%	89%
• 40 days	88%	83%	87%	89%	93%
• 50 days	91%	89%	92%	92%	96%
Staff Numbers	300	298	296	284	278

