



Annual Report and Accounts

For the year ended
31 March 2023



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King's and Lord
Treasurer's Remembrancer



Front cover: Drummorie Harbour
South West Scotland.
Photo: Shutterstock.com
/Rodney Hutchinson and 63 High
Street Edinburgh. Photo: Google

This page: Series of small islands,
Orkney Scotland which include
Little Green Holm Island. Photo:
Google

THE PERFORMANCE REPORT



Performance Overview

Introduction

- 1 The King's and Lord Treasurer's Remembrancer (KLTR) is the Crown's representative in Scotland with authority to deal with property falling to the Crown by operation of law. This includes the land, assets and other rights of dissolved companies, the estates of individuals who die leaving no heirs, and treasure found in Scotland. The KLTR changed its name from the QLTR to the KLTR following the death of Her Majesty Queen Elizabeth II and the accession of His Majesty King Charles III on 8 September 2022.
- 2 The KLTR post is held by the current Crown Agent, John Logue. He is supported in this role by the KLTR department, which is entirely self funding, and by the Head of Department who is the accountable officer. The KLTR's net receipts are paid over to the Scottish Consolidated Fund following deduction of its expenses, staffing and other running costs.
- 3 This report sets out the KLTR's financial and operational performance for the year.

Principal Activities

- 5 **The KLTR's principal activities are:**
 - > administering the property of individuals who die heirless by ingathering funds, paying debts, disposing of heritage, and advertising where appropriate for blood relatives.
 - > dealing with land, assets and other rights falling to the Crown under the Companies Acts, the property of missing persons and land where an owner cannot be identified. The KLTR has a broad discretion when property falls to the Crown in this way. Where it is not viable to try to sell a particular asset, right or land, the KLTR may waive the Crown's rights to it by a process known as "disclaiming" the Crown interest. When this happens, a notice is published in the Gazette and, for company property, is registered at Companies House.
 - > administering finds of treasure in Scotland, ingathering award payments, and making payments to finders.

Aim and Objectives

- 4 The KLTR works to achieve the effective administration of the King's and Lord Treasurer's Remembrancer's functions so that public enquiries and transactions are dealt with promptly and appropriately.

High Kirk of Campsie, Lennoxtown
Photo: Shutterstock.com/MackScania

King's and Lord
Treasurer's Remembrancer



Summary of Principal Risks

- 6 The KLTR had receipts less payments and claims made. The main financial risk for KLTR relates to having sufficient funds available to settle claims in the financial year. A full list of key risk to KLTR are at paras 20–23.

Financial Performance

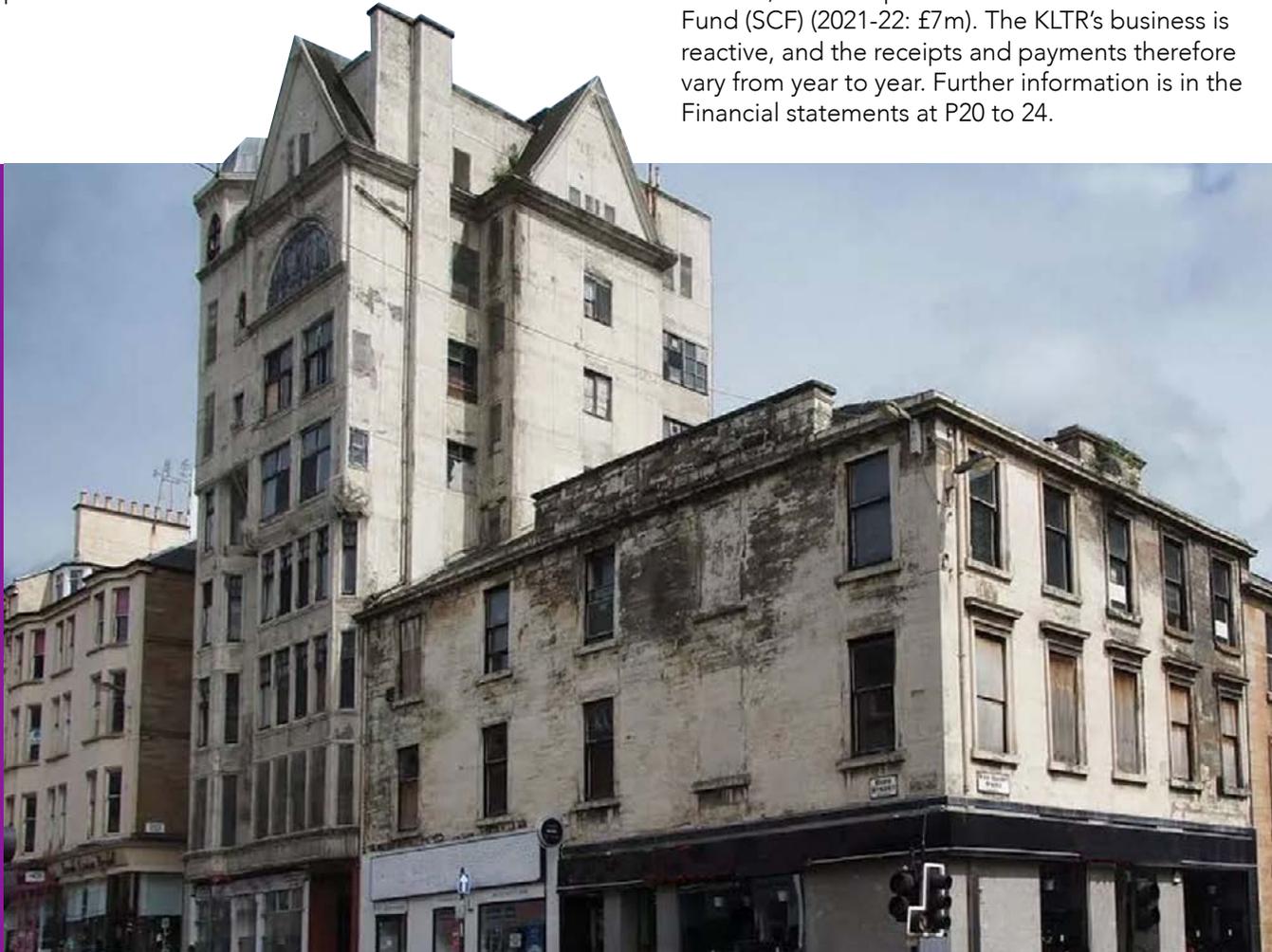
- 7 The KLTR had receipts less payments and claims made from operations in 2022-23 of £7m (2021-22: £7.9m). Net receipts after all payments and administration costs were £5.8m (2021-22: £7.2m). In 2022-23, £5m was paid to the Scottish Consolidated Fund (SCF) (2021-22: £7m). The KLTR's business is reactive, and the receipts and payments therefore vary from year to year. Further information is in the Financial statements at P20 to 24.

Performance Analysis

- 8 We have expanded this section to include the Financial Performance, an update of the National Ultimus Haeres Unit, the Treasure Trove unit, reform, staffing and KLTR key risks.

Financial and Operational Performance

- 9 The KLTR continues to hold a minimum reserve (currently £3.5m) to be able to meet claims for returns of funds and proceeds of sales of property by the KLTR. This can happen, for example, in cases where a company is restored to the register or where a legitimate claim is established to an individual's estate. The reserve gives the KLTR greater financial facility to deal with potential increases in receipts and claims to heirless estates and potential rises in the number of company dissolutions and restoration applications. The reserve limit and the margin of cover for claims available at any one time is monitored regularly. Further details about the reserve are set out at paragraphs 20 to 22.



Lion Chambers Glasgow. Photo: @trafficedesignuk

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The KLTR continues to hold a minimum reserve (currently £3.5m) to be able to meet claims for returns of funds and proceeds of sales of property by the KLTR.

Financial and Operational Performance (continued)

- 10 The table below sets out the KLTR's key annual receipts and payment figures for the financial years 2022-23 and 2021-22:

	2022-23 £000s	2021-22 £000s
Dissolved company funds	4,622	7,209
Receipts from property sales	2,470	172
Heirless estate proceeds	3,135	3,489
Treasure Trove	49	1
PTS pilot ¹	77	-
Non-company, non-property BV	903	682
Total gross receipts	11,256	11,554
Company funds return payments	1,861	1,343
Heirless estate claims paid	2,095	2,074
Other Crown claims paid	236	189
Treasure Trove	38	1
PTS pilot ¹	37	-
Other	0	61
Total gross payments	4,267	3,668
Departmental running costs (e.g. staffing, office charges, rent)	1,140	711
Funds contributed to the Scottish Consolidated Fund	5,022	7,030

¹ See paragraph 16 for more detail

- 11 The KLTR's total gross receipts are 3% lower than the previous years' figures and include a 36% decrease in dissolved company fund receipts and a 10% decrease in heirless estate proceeds. The relative level of payment returns of company funds increased to 40% of funds received this year, compared with 18% last year.
- 12 In looking at these comparisons it should be borne in mind that, generally, the nature of KLTR's business is reactive and relies on funds and cases being referred or reported to the KLTR department, and similarly on claims being brought. This reactive nature is also the case for finds of treasure, reported to the Treasure Trove Unit and for heirless estate cases referred to the KLTR by the National Ultimus Haeres Unit.

The Treasure Trove Unit and National Ultimus Haeres Unit

- 13 The Treasure Trove Unit (TTU), who are members of staff of National Museums Scotland, support the KLTR by carrying out day to day administration of the treasure trove system in Scotland. As from September 2022, the KLTR has been funding three additional 18-month posts in TTU to help tackle the backlog in finds built up over the pandemic following the closure of the museum for much of that time period. And, to assist with supporting the TTU more generally, we have agreed with Scottish Government that, from the new financial year 2023/24, KLTR will take over funding for all the TTU permanent staff's payroll via earmarked SCF contribution.
- 14 We also fund the National Ultimus Haeres Unit, who are part of COPFS and who deal with the investigation of heirless estates based out of Hamilton. The Unit has reported a challenging but manageable year emerging from the pandemic.

Reform

- 15 As well as delivering on our operational casework, the KLTR has undertaken a number of reforms during the financial year 2022/23.
- 16 Throughout 2022-23 we have continued work on developing our proposals to help tackle Scotland's ownerless vacant and derelict land where there is a Crown interest, launching a public consultation in September 2022/23.² To assist us with that policy development, we also continued several pilot cases begun in the previous financial year and which we expect will conclude during the 2023/24 financial year. The reception to the consultation paper and pilots has been positive and we are currently working with our stakeholders and key partners with a view to formally launching our ownerless property transfer scheme by the spring of 2024. The aim is the scheme will operate on a cost neutral basis after the formal launch.
- 17 We recognise that the treasure trove system is also due a review, being around 10 years since the system was last looked at by the KLTR's predecessors and nearly 20 since it was looked at in detail. We have therefore also been working this year to set up a comprehensive, arms length, review which will start in the autumn of 2023. We have already commissioned a chair and will make provision for funding in the new financial year for two additional staff, for two years, to assist with the review and with implementation of its recommendations thereafter.
- 18 We also consider it is time to review the functions relating to heirless estates shared between the COPFS and KLTR. We have accepted recommendations from the Scottish Government's internal auditors that both organisations' functions in this area will be reviewed in the early half of the upcoming new financial year, potentially with a view to amalgamating the functions under a single chain of command.

Staffing

- 19 To provide additional support and resilience as we begin this important reform work in the upcoming new financial year, in this financial year we have increased both our policy and legal capacity by 3 full time permanent staff plus 2 full-time secondees from COPFS.

Key Risk

- 20 The main financial risk for the KLTR relates to having sufficient funds available to settle claims in the financial year.
- 21 For example, for estates of individuals who die heirless, estates are very often claimed within 1-5 years of referral. To give another example, if a dissolved company is restored to the Companies Register then the KLTR would repay such sums that have been remitted to us in respect of the company's former bank account.
- 22 To cover the possibility of these claims being brought, KLTR retains a cash reserve. We reviewed our reserve levels in January 2023 against our liabilities this year and increased our minimum reserve by £0.5m to £3.5m.³ The amount paid over to the SCF after each quarter end is the excess over the relevant quarter reserve balance.
- 23 The KLTR has no financial liabilities arising from finds of treasure. Where finds are allocated to a museum, the amount paid to the finder is found by the museum itself. The KLTR's role in this regard is limited to acting as the conduit for passing the funds to the finder.



2 Ownerless Property Transfer Scheme (OPTS): consultation paper

3 The reserve was last increased in January 2021 by £0.5m



4 See for example: Sustainable performance www.gov.scot

Payment Policy

- 24 The KLTR requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. We aim to have 100% of invoices, including disputed invoices once the dispute has been settled, paid on time in these terms. Moreover, the Scottish Government has set a 30 day payment performance target with an aspiration to pay within 10 working days of receipt. Suppliers' invoices are paid by the Crown Office and Procurator Fiscal Service which then recharges the KLTR (see Note 5). In 2022-23, performance against the 30 day target was 97.3% (2021- 22: 99.8%). The KLTR aspires to pay all undisputed invoices within 10 days. During 2022-23, the KLTR paid 95.9% within the 10 day aspiration period (2021-22: 99.4%). In 2022-23, in line with the government policy, no interest was paid under the terms of the Late Payment of Commercial Debt (Interest) Act.

Environmental and Sustainability

- 25 The KLTR rents office space at Victoria Quay from the Scottish Government, which adheres to the Scottish Government environmental policies applicable to the office.⁴

Robert Sandeman
Accountable Officer

THE ACCOUNTABILITY REPORT

Remuneration and Staff Report

Employment Policies

- 26 The KLTR does not employ staff directly. All staff within the department are seconded to KLTR from the Crown Office and Procurator Fiscal Service (COPFS) and the wider Scottish and UK civil service.
- 27 The KLTR does not have its own policies on the employment of people with disabilities, staff relations or equal opportunities but follows the practices in force in COPFS. These are set out in the annual report and accounts of COPFS which can be found on the [COPFS website](#).

Audited Information

Remuneration

Staff who are seconded to the KLTR are paid at the rates in force for COPFS during the time of their secondments.

Senior Officials

- 29 The King's and Lord Treasurer's Remembrancer is a Non-Ministerial officeholder in the Scottish Administration. This post is currently held by John Logue who took over from David Harvie in October 2022. A recharge of 5% of David Harvie's time between April and September 2022 and John Logue's time October-March 2023 has been made to reflect their time associated with this role as the King's and Lord Treasurer's Remembrancer. The recharge from COPFS for the Crown Agent's time was £9,750 (2021-22: £9,473). Disclosure of their remuneration is included within COPFS Annual Report and Accounts.
- 30 Robert Sandeman is the Accountable Officer.
- 31 The Senior Officials' salaries are detailed below:

Officials	Salary £000s		Benefits in Kind Nearest £100		Pension Benefits £000s		Total £000s	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Robert Sandeman - Solicitor to KLTR Accountable Officer	80-85	75-80	-	-	11	24	90-95	95-100



Fair Pay Disclosure

32 KLTR is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Movement

Highest Earning Directors Remuneration	6.45%
Average Change in Other Staff	17.09%

	2022-23	2021-22	Movement
Median Salary	43,437	40,741	6.62%
Ratio to Highest Paid Director	1.9:1	1.9:1	
25 Percentile	36,996	32,462	13.97%
Ratio to Highest Paid Director	2.2:1	2.4:1	
75 Percentile	57,421	49,828	15.24%
Ratio to Highest Paid Director	1.4:1	1.6:1	
Range of Staff Remuneration	30,440 to 74,002	27,231 to 69,776	

NOTE: The increase in average salary is due to an increase in the number of employees and overall pay award from 2021-22 to 2022-23. The median pay increased from 2021-22 due to the increase in overall pay for KLTR employees compared to highest paid Director. The 75 percentile has increased due to the additional staff being employed.

Staff Numbers and Costs

33 Total staff costs charged for the KLTR are split as follows:

	2022-23 £000s	2021-22 £000s
Salaries and Wages	481	305
National Insurance	48	33
Pensions	112	80
Agency and Seconded	78	15
Total Staff Costs	719	433

NOTE:
These costs are recharged by COPFS quarterly in arrears.

Staff Numbers and Costs (continued)

Full Time Equivalent for Staff	All Staff 2022- 23	All Staff 2021-22	Male Staff 2022- 23	Male Staff 2021-22	Female Staff 2022- 23	Female Staff 2021-22
Accountable Officer	1.00	1.00	1.00	1.00	-	-
Other Permanent Staff	8.42	7.00	3.00	3.00	5.42	4.00
Secondees	2.00	1.00	1.00	1.00	1.00	0.00
Agency Staff	1.00	1.00	1.00	1.00	-	-
Sub-Total	12.42	10.00	6.00	6.00	6.42	4.00

34 In the year to 31 March 2023, the KLTR department lost 2.4% of total available working days to sickness (2021-22: 0.3%).

35 There was no expenditure on consultancy during 2022-23 or 2021-22.

36 There were no exit packages in 2022-23 or 2021-22.

37 There was no recharge from COPFS for Non-Executive Directors, who were all members of the COPFS/KLTR Audit and Risk Committee.

Pensions

38 COPFS and the Scottish Government are the employers for KLTR staff and as such administer their pensions. Full disclosure of the pension schemes are included in COPFS Annual Report and Accounts.

39 The Senior Officials' pensions are detailed below:

Officials	Accrued pension at pension age as at 31 March 23 and related pension age lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV account	Employer contribution to partnership pension
	£000s	£000s	£000s	£000s	£000s	Nearest £000s
Robert Sandeman Solicitor to KLTR Accountable Officer	30 – 35	0 – 2.5	433	389	-	-

NOTE:

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Statement of the Accountable Officer's Responsibilities

- 40 Under the accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the King's and Lord Treasurer's Remembrancer is required to prepare accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources by the KLTR during the year.
- 41 The accounts are prepared on a receipts and payments basis and must properly present the state of affairs of the KLTR.
- 42 In preparing the accounts the Accountable Officer is required to comply with the Scottish Public Finance Manual and in particular to:
- > observe the accounts direction issued by the Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 including 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 Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts; and
 - > prepare the accounts on a receipts and payments basis.

- 43 The Principal Accountable Officer for the Scottish Government has appointed the Solicitor for the KLTR as Accountable Officer.
- 44 The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the KLTR's assets, are set out in the 'Memorandum to Accountable Officers' from the Principal Accountable Officer.
- 45 I confirm that as far as I am aware, there is no relevant audit information of which the auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors were aware of that information.
- 46 I confirm that the annual report and accounts, as a whole, is fair, balanced and understandable and take responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

Parliamentary Accountability Report

Receipts & Payments

- 47 Receipts arise from the in gathering of funds from heirless personal estates; from other funds remitted to the KLTR falling to the Crown by operation of law such as the bank accounts of dissolved companies; and from proceeds of sale by the KLTR of property, assets and other rights claimed by the KLTR on behalf of the Crown.
- 48 Due to increases in claims of heirless estates gathered in previous years, balances are retained for potential liabilities from the last 5 years. A minimum reserve of £3.5m is held against these, and other, potential liabilities and any surplus over that figure is surrendered quarterly to the Scottish Consolidated Fund (refer to paragraph 7).
- 49 All receipts and subsequent transfers to the Scottish Consolidated Fund or beneficiaries are made in accordance with our Accounts Direction by the Scottish Ministers.

Financial Performance

- 50 The financial performance of the KLTR is considered at paragraph 6 of these financial statements.
- 51 There were no special payments during 2022-23 (2021-22: Nil).
- 52 There were no gifts (2021-22: Nil) and no remote contingent liabilities (2021-22: Nil) during 2022-23.

Governance Statement

Purpose of the Governance Framework

Scope of Responsibility

- 53 As Accountable Officer for the King's and Lord Treasurer's Remembrancer, I have responsibility for maintaining an adequate and effective system of internal control, which supports the achievement of the King's and Lord Treasurer's Remembrancer's aims, objectives and policies, whilst safeguarding the public funds and the King's and Lord Treasurer's Remembrancer's assets for which I am personally responsible, in accordance with the responsibilities assigned to me.
- 54 The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency, effectiveness and equality, and promotes good practice and high standards of propriety.



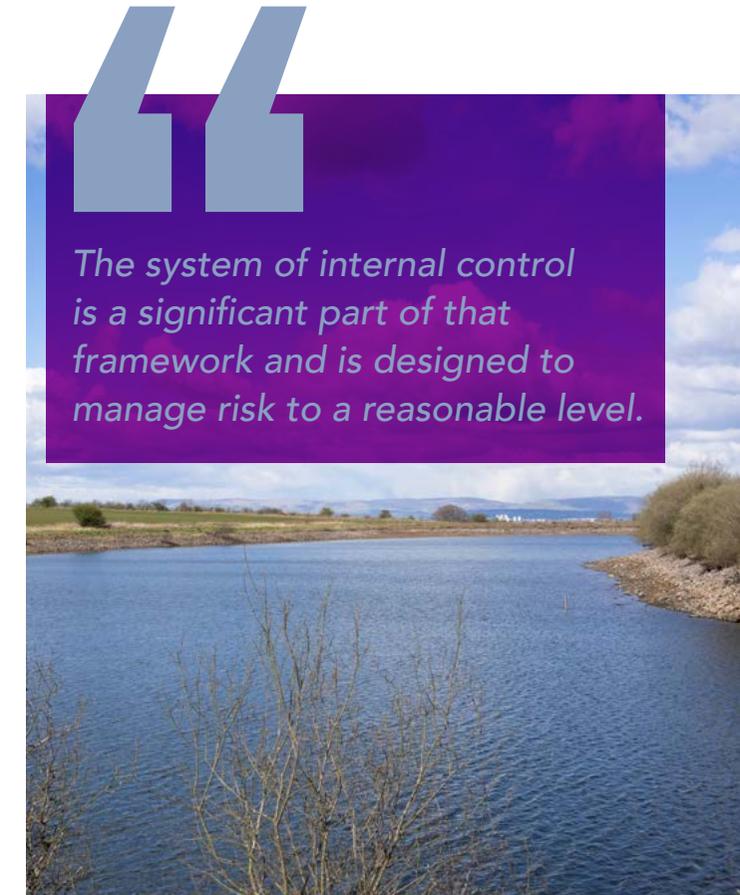
Pendant made from a Bronze Age barbed arrowhead mounted in a silver gilt decorative bezel cup. Allocated to Elgin Museum
Photo: Crown.

Scope of Responsibility

- 55 The KLTR's Governance Framework comprises the systems, processes, culture and values by which it is directed and controlled. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 56 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 KLTR's policies aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.
- 57 No weaknesses have been identified. However, given the evolution and progress of the KLTR over the last 5 years, we are intending to establish our own advisory board, commencing around October 2023, for the 2023/24 financial year, and beyond. It is intended the board will have both responsibility for supporting the KLTR's strategic direction, providing advice, guidance and views to the KLTR on these. It will also have responsibility for advising on the effectiveness of the KLTR's corporate governance arrangements, including the KLTR's systems of internal control and assurance, risk management and financial reporting. The board

will be chaired by the KLTR and comprised of: the KLTR, the KLTR accountable officer, the Non-Executive Directors of the COFPS Audit and Risk Committee, the KLTR Legal and Policy leads, and the COPFS Director of Finance and Procurement.

- 58 The process within the organisation accords with guidance from Scottish Ministers in the SPFM and has been in place for the financial year to which the annual report and accounts relate and up to the date of their approval.



The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level.

Balgray Reservoir. Dams to Darnley Country Park, Scotland.
Photo: Shutterstock/David McElroy

Audit and Risk Committee

- 59 The KLTR has a shared Audit and Risk Committee (ARC) with COPFS, whose members are all Non-Executive Members. The ARC, which comprises three Non-Executive Directors, supports the Accountable Officers (COPFS and KLTR) in their responsibilities for issues of risk, control and governance over their respective organisations. The ARC is chaired by a Non-Executive Director. Each year the ARC meets quarterly with additional meetings to consider and approve the annual accounts. The Committee met five times during 2022-23.
- 60 The KLTR operates risk management strategies in accordance with the Scottish Public Finance Manual.
- 61 The KLTR is committed to a process of continuous development and improvement, and we continue to develop our processes and respond to developments in best practice in this area.

Counter Fraud Activity

- 62 The KLTR does not have its own policies on counter fraud and anti-bribery but follows the practices in force in COPFS. These are set out in the annual report and accounts of COPFS which can be found on the [COPFS website](#).

Review of Adequacy and Effectiveness

- 63 As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:
 - > comments made by the external auditors in their management letter and other reports;
 - > reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key objectives;
 - > monthly meetings with appropriate KLTR staff to discuss relevant issues; and
 - > an Audit and Risk Committee whose membership is comprised entirely of Non-Executive Directors, one of whom chairs the meetings and reports to the relevant Scottish Government Audit and Assurance Committee on any significant problems with wider implications.
- 64 Appropriate action is in train to address any weaknesses identified and to ensure the continuous improvement of the system.



As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

Significant Governance Issues

- 65 There were no significant governance issues during 2022-23 or 2021-22.
- 66 There were no significant personal data related incidents reported in 2022-23 or 2021-22.

Conclusion

- 67 During the financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. As Accountable Officer, I am satisfied with the adequacy of the internal control and governance arrangements of the KLTR.

Robert Sandeman

Robert Sandeman
Accountable Officer





INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the King's and Lord Treasurer's Remembrancer, the Auditor General for Scotland and the Scottish Parliament

Reporting on the Audit of the Financial Statements

Opinion on Financial Statements

I have audited the financial statements in the annual report and accounts of the King's and Lord Treasurer's Remembrancer for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Receipts and Payments Account, Summary Note of Balances Held and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and the receipts and payments basis.

In my opinion the accompanying financial statements:

- > properly present the receipts and payments of the body for the year ended 31 March 2023 and the balances held at that date; and
- > have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the *Code of Audit Practice* approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Risks of Material Misstatement

I report in a separate Annual Audit Report, available from the *Audit Scotland website*, the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the Financial Statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation and proper presentation of financial statements in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Metal Detecting rally September 2023 - attended by TTU and Historic Environment Scotland. Photo: Crown Copyright.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- > using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- > inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- > inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- > discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- > considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

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My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement



Reporting on Regularity of Receipts and Payments

Opinion on Regularity

In my opinion in all material respects the receipts and payments in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000.

Responsibilities for Regularity

The Accountable Officer is responsible for ensuring the regularity of receipts and payments. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of receipts and payments in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on Other Requirements

Opinion Prescribed by the Auditor General for Scotland on Audited Parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Other Information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude

that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions Prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- > the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- > the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on Which I am Required to Report by Exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- > adequate accounting records have not been kept; or
- > the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- > I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on Wider Scope Responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my Report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Maggie Bruce CA
Senior Audit Manager,
Audit Scotland, 1st Floor, Room 03,
The Green House, Beechwood Business Park,
Inverness, IV2 3BL



Lennox Castle. A former hospital near to Lennoxtown, Campsie Fells in Scotland
Photo: Shutterstock/TreasureGalore

THE FINANCIAL STATEMENTS

Receipts and Payments Account For the year ended 31st March 2023

	Notes	2022- 23 £000s	2022- 23 £000s	2021-22 £000s	2021-22 £000s
Receipts					
Heirless Estates		3,135		3,489	
Dissolved Company Property		7,092		7,381	
Non-Company Property		903		683	
PTS Pilot ¹		77		-	
Treasure Finds		49		1	
Total Receipts			11,256		11,554
Payments					
Meeting Debts and Obligations of Estates, Including Discretionary Payments					
Heirless Estates		(2,095)		(2,074)	
Dissolved Company Property		(1,861)		(1,343)	
Non-Company Property		(236)		(189)	
PTS Pilot ¹		(37)		-	
Treasure Finds Payments		(38)		(1)	
Other Amounts		0		(61)	
Total Payments			(4,267)		(3,668)
Net Receipts from Operations			6,989		7,886
Administrative Costs					
Staff Costs	*	(719)		(433)	
Office & Administration Costs	2	(419)		(277)	
Case Related Costs		(2)		(1)	
Total Administrative Costs			(1,140)		(711)
Net Receipts from Operations			5,849		7,175
Payments to the Scottish Consolidated Fund			(5,022)		(7,030)
Total Net (Payments)\Receipts			827		145

*Remuneration and Staff Report (page 9).

¹ See paragraph 16 for more detail

The Receipts and Payments Account Statement has been Prepared on a Cash Basis.

Summary Note of Balances Held at 31st March 2023

	2022- 23		2021-22	
	Assets £000s	Liabilities £000s	Assets £000s	Liabilities £000s
Funds in Bank	4,231		3,404	
Sundry Estate*		11,216		8,725
Unallocated Receipts*		(6,985)		(5,321)
Total	4,231	4,231	3,404	3,404

* All Sundry Estate and unallocated receipts are subject to future claim and treated as a liability in this table.

The notes on pages 23-24 form part of these accounts.

The Accountable Officer authorised these financial statements for issue on the 31st August 2023.

Robert Sandeman

Robert Sandeman
Accountable Officer



The Accountable Officer authorised these financial statements for issue on the 31st August 2023.

Gorse blooming on the shores of Loch Ness. Photo Shutterstock/Don Fink



Notes to the Accounts

1. Statement of Accounting Policies

In accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the relevant principles and disclosure requirements of the Scottish Public Finance Manual. The particular accounting policies adopted by the KLTR are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of properly presenting the expenditure and receipts in accordance with the principles, set out in International Financial Reporting Standard (IFRS) 18 Accounting Policies.

1.1 Accounting Convention

These accounts have been prepared in accordance with the historic cost convention. As in previous years, income and expenditure are recognised on the basis of cash received and paid out.

1.2 Going Concern

A going concern approach has been adopted in the preparation of these financial statements.

1.3 Basis of Accounting

These accounts reflect the receipts and payments and a summary of the balances held for the year of the KLTR.

1.4 Non-Current Assets

The only non-current assets utilised by the KLTR are computer equipment and these are accounted for by the COPFS.

1.5 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

1.6 Value Added Tax (VAT)

The majority of services provided by the KLTR fall out-with the scope of VAT. The KLTR is not separately registered for VAT but recovers VAT on certain contracted-out services via the COPFS.

2. Office and Administration Costs

	2022-23	2021-22
	£000s	£000s
Travel & Subsistence	0	0
Practising Certificates & Publications	10	5
Accommodation	11	11
Printing & Stationery	2	3
Other Staff & Office Costs	19	6
Payment for NUHU (Staff & Admin)	278	227
Computer Costs	99	25
Total	419	277

*Audit fees of £4,270 (2021-22: £4,250) are notional/non-cash and therefore are in addition to the administrative costs outlined above.

3. Disposal of Assets

Disposal of assets falling to the Crown either at common law or statute has been in a manner consistent with the Scottish Public Finance Manual, for the benefit of the Scottish Consolidated Fund.

4. Contingent Liabilities

The KLTR receives claims for which, due to their nature, no figure can be disclosed. These payments are accounted for when the payments are made. Liabilities may also arise in respect of property where a Crown interest may arise and where a disclaimer of the Crown interest is no longer available, and a disposal has not proved possible. Due to their nature it is not possible to show a figure of what the liability might be and they will be accounted for if and when any payment is made.

5. Related Party Transactions

COPFS, which is headed by the KLTR in his capacity as Crown Agent, processes administrative payments on behalf of the KLTR.

COPFS then recharge the KLTR for all payments made on their behalf.

A unit within the COPFS (known as the National Ultimus Haeres Unit) undertakes initial investigation work where individuals have died in non suspicious circumstances and have been identified as possibly having no next of kin or heirs. As the Crown ultimately will have an interest in any estate where no heirs have been established, NUHU's costs are recovered by COPFS from the KLTR.

None of the Senior Officers or staff entered into transactions with the KLTR during the year.

6. Audit Fee

The accounts of the KLTR are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out the audit of the KLTR's accounts for the financial year ended 31 March 2023.

The notional audit fees applied for services during the year 2022-23 was £4,270, (2021-22: £4,250).

Direction by the Scottish Ministers



Scottish Government
Riaghaltas na h-Alba
gov.scot

Queens & Lord Treasurer's Remembrancer

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. An account of the Queen's & Lord Treasurer's Remembrancer for the year ended 31 March 2013 and subsequent years shall be prepared, in the form of an Annual Report, and shall include a receipts and payments account and a summary note of balances held.
2. The accounts shall comply with the relevant accounting principles and disclosure requirements of the edition of the Scottish Public Finance Manual in force for that period.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated 29 August 2013



Annual Report and Accounts

For the year ended
31 March 2023

E: enquiries@kltr.gov.uk
W: www.kltr.gov.uk

KLTR Office
1F North Scottish Government building
Victoria Quay
Edinburgh
EH6 6QQ

The King's and Lord Treasurer's Remembrancer ("KLTR") is the Crown's representative in Scotland. We deal with ownerless property, known as "bona vacantia".