

Product Accounts 2008–09

Foreword

Background

National Savings and Investments (NS&I)

NS&I became an Executive Agency of the Chancellor of the Exchequer in 1996. Its origins can be traced back to the National Savings Bank in the 1860s. In February 2002 National Savings launched its new name and corporate identity, and is now known as 'NS&I'.

NS&I is an integral part of the UK's debt management arrangements. Its sole aim is to help reduce the cost to the taxpayer of Government borrowing now and in the future, through the sale of savings and investment products to the retail market, thus providing retail funding for Government that is cost-effective in relation to funds raised on the wholesale market.

The Director of Savings, who is also NS&I's Chief Executive, is the Accounting Officer responsible for administering NS&I's products. The Chief Executive of NS&I is accountable to HM Treasury Ministers for the performance of the Agency and, as Accounting Officer, to Parliament for the proper, effective and efficient use of public funds. Accountability to HM Treasury Ministers is achieved via a governance framework, which includes a Framework Document, Corporate Plan, Service Delivery Measures and the annual Financing Remit.

Siemens

In January 1999, NS&I signed a 10-year contract with Siemens for the provision of operational services which came into effect on 1 April 1999. The initial 10-year contract was extended to a 15-year contract ending in March 2014.

The National Loans Fund (NLF)

The NLF is central Government's main borrowing and lending account. The NLF undertakes borrowing and uses the proceeds to meet any deficits on the Consolidated Fund. Most of the NLF's borrowing needs are met indirectly through borrowing on its behalf by NS&I and the Debt Management Office (DMO). The NLF finishes every day with a nil balance on its bank account because any cash surpluses or deficits are offset by transfers to or from the Debt Management Account (DMA). HM Treasury is responsible for the operation of the NLF.

The Commissioners for the Reduction of the National Debt (CRND)

Under the National Savings Bank Act 1971, Ordinary Account investments are passed to the CRND who invest them under section 18 of that Act. The CRND forms part of the DMO.

Under the National Savings Stock Register Regulations 1976, some old un-cleared payments are also passed to the CRND for inclusion in the Unclaimed Dividends Account.

NS&I's products and regulation

These accounts cover transactions and balances on all NS&I's products.

The products covered by these accounts and their governing legislation and regulations are as follows:

Products governed by the National Debt Act 1972

British Savings Bonds	National Savings Stock Register Regulations 1976
Capital Bonds	National Savings Stock Register Regulations 1976
Children's Bonus Bonds	Savings Certificates (Children's Bonus Bonds) Regulations 1991
Deposit Bonds	National Savings Stock Register Regulations 1976
First Option Bonds	National Savings Stock Register Regulations 1976
Guaranteed Income Bonds and Guaranteed Growth Bonds (previously known as Fixed Rate Savings Bonds)	National Savings Stock Register Regulations 1976
Gift Tokens	
Guaranteed Equity Bonds (GEB)	National Savings Stock Register Regulations 1976
Income Bonds	National Savings Stock Register Regulations 1976
Pensioners' Guaranteed Income Bonds	National Savings Stock Register Regulations 1976
Premium Bonds	Premium Savings Bonds Regulations 1972
Save As You Earn	Savings Contracts Regulations 1969
Savings Certificates	Savings Certificates Regulations 1991
Savings Stamps	National Savings Stamps Regulations 1969
Yearly Plan	Savings Certificates (Yearly Plan) Regulations 1984

Products governed by the National Savings Bank Act 1971

Easy Access Savings Account	National Savings Bank Regulations 1972
Individual Savings Account	National Savings Bank Regulations 1972
Investment Account	National Savings Bank Regulations 1972
Ordinary Account	National Savings Bank Regulations 1972
Residual Account	National Savings Bank Regulations 1972
Treasurers' Account	National Savings Bank Regulations 1972

British Savings Bonds, Deposit Bonds, First Option Bonds, Gift Tokens, Ordinary Account, Save As You Earn, Savings Stamps, Treasurers' Account, Yearly Plan, Capital Bonds and Pensioners' Guaranteed Income Bonds were not on sale during the year, but some customer funds are still invested within them. During 2008–09, NS&I announced its intention to close the Mini Cash Individual Savings Account (ISA) to new customers and withdrew the facility for existing customers to make deposits into the Mini Cash ISA at the Post Office® in April 2009.

British Savings Bonds, Deposit Bonds, Gift Tokens, Ordinary Account, Save As You Earn, Savings Stamps, Treasurers' Account and Yearly Plan were transferred to the Residual Account in April 2008 under the Legacy Management project as part of the **NS&I adding value** strategy to simplify and modernise the business. The Residual Account was developed to manage investments which NS&I has been unable to repay the customers. It acts as a single repository for investments from closed and matured products.

Although NS&I is not regulated by the Financial Services Authority (FSA), it recognises the relevant regulations, and aims for voluntary compliance with relevant FSA standards and works in the spirit of the overall regulatory framework. Over the past 12 months, the focus has been on implementing and embedding relevant work practices and ensuring closer adherence to the relevant standards set out in the FSA handbook, and this focus will continue in the future.

NS&I joined the Financial Ombudsman Service (FOS) voluntary jurisdiction scheme in 2005. Under FOS jurisdiction, NS&I's complaints procedure has been streamlined to achieve clarity and transparency and to deliver greater simplicity for customers, who have access to the same dispute resolution process as other financial services providers.

NS&I strives to meet both the regulatory and the best practice standards within the financial services industry that are applicable to a savings organisation dealing in cash deposits.

Accounts

The accounts have been prepared under a direction issued by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000. This direction is disclosed in an Annex to these accounts.

Scope of the Product Accounts

These accounts record the transactions for the year ended 31 March 2009 on retail savings and investment products administered by NS&I and the balances in respect of those products as at that date. They do not include:

- *The investment or use of funds.* Customer funds are not directly invested by NS&I. They are passed to either the NLF to fund public sector activity, or to the CRND, where they are invested mainly in Government securities.
- *NS&I's administration costs.* These are funded by Parliamentary Vote and accounted for separately in the 'Resource Accounts' in the Annual Report. However, the

interest costs on NS&I products are included in the total cost of servicing the national debt, and these costs are therefore reflected as a charge on the NLF account and these accounts.

- *Tax foregone.* Some NS&I products are tax free. The notional cost of tax foregone by the Exchequer is not recognised as a cost in these accounts, but is considered as part of NS&I's overall Value Add metric when computing how cost-effective NS&I has been at financing the national debt.

A separate White Paper account (Ordinary Deposits Account) is also published for the Ordinary Account.

Performance for the year

NS&I's objective is to provide the Government with cost-effective retail finance, compared to funds raised on the wholesale market. In response to the changing market conditions, one of NS&I's Service Delivery Measures (SDMs), Value Add, was temporarily suspended as agreed with HM Treasury.

Highlights from 2008–09

- NS&I raised £26.03 billion through sales and deposits for the year ended 31 March 2009 (2007–08: £15.54 billion). After repayments and interest, total liabilities to customers (Net Financing) increased by £12.45 billion during 2008–09 to £97.23 billion
- excellent operational performance in the context of the exceptional and unsolicited inflows seen during the year, especially during the period immediately following the events of September 2008
- simplification of the product range, with closure of Mini Cash ISA to new sales announced during the year and withdrawal of the product from the Post Office® (effective from 5 April 2009)
- progress on the modernisation of NS&I's IT infrastructure, including a new banking platform
- **mylostaccount.org.uk**, the online tracing service launched with the British Bankers' Association (BBA) and Building Societies' Association (BSA) on 30 January 2008, continued to successfully reunite NS&I's customers with their unclaimed assets. In 2008–09, NS&I reunited £102 million of assets with their owners (£37 million in 2007–08)

- as part of the move to voluntary compliance with relevant FSA standards, NS&I continued to implement the compliance and risk strategies that were developed and agreed in 2007–08. In recognition of our legal obligations under the Proceeds of Crime Act 2002, Terrorism Act 2000 and Money Laundering Regulation 2007, NS&I introduced a verification of identity check for 15 million existing customer records
- Siemens and NS&I retained the Customer Contract Association (CCA) Global Standard following an extensive interim assessment of our Customer Interaction Centres (CIC) in Glasgow, Blackpool and Durham
- Siemens (NS&I account) was the 2008 winner of the Best Use of the CCA Global Standard award
- NS&I received a Highly Commended award in the Central e-Government excellence category Take-up & usage growth (for mylostaccount.org.uk)
- NS&I received awards at the Financial Services Forum Awards for Marketing Effectiveness 2008 for Most Effective Advertising Campaign (for mylostaccount.org.uk), and commendations in the Digital Activity and the New Product, Service or Innovation categories (for mylostaccount.org.uk again) and in the Sponsorship category for building effectiveness through Classic FM
- NS&I and Siemens were finalists in the Best Outsourcing Partner category at the European Call Centre Awards
- as part of the **NS&I adding value** strategy to simplify and modernise the business, NS&I amalgamated all dormant accounts, such as the Ordinary Account, into a newly created Residual Account.

Looking forward

The Net Financing target for 2009–10 is to maintain a neutral position (nil for the year +/- £2 billion) and NS&I will continue implementing its **NS&I adding value** strategy, although the existing Value Add target remains temporarily suspended.

Audit

These accounts have been audited by the Comptroller and Auditor General, whose Certificate and Report appear on pages 89 and 90.

Jane Platt

Jane Platt
Chief Executive
National Savings and Investments
 23 June 2009

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed NS&I to prepare, for each financial year, accounts covering all its products. The accounts are prepared on an accruals basis and must give a true and fair view of the products' balances at the year end, and of the income and expenditure and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual*, and in particular to:

- observe the *Accounts Direction* issued by HM Treasury, 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
- prepare the accounts on a going-concern basis.

HM Treasury has appointed the Chief Executive as Accounting Officer of NS&I.

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

The Accounting Officer's responsibility to keep information relating to proper records includes responsibility for the maintenance, the integrity and the upkeep of the Product Accounts on the NS&I website.

Statement on internal control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NS&I policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in HM Treasury's *Managing Public Money* document.

As Accounting Officer I retain sole responsibility for the system of internal control within NS&I. I am assisted in discharging this responsibility by the board, which, in addition to me and the other NS&I Executive Directors, comprises four independent Non-executive Directors and two representatives of HM Treasury, who provide the key assurance link back to the Treasury Ministers.

The Treasury Minister, while maintaining accountability, has delegated day-to-day dealings with NS&I to HM Treasury's Debt and Reserves Management (DRM) team. The NS&I board has assumed overall responsibility for monitoring the effectiveness of the Agency's risk management processes. My senior staff and I also hold regular briefing meetings with other relevant HM Treasury teams, and a monthly performance report is sent to the Economic Secretary to the Treasury as part of our overall governance arrangements with HM Treasury.

2. 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 departmental 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 NS&I for the year ended 31 March 2009 and up to the date of approval of the accounts, and accords with HM Treasury guidance.

3. Capability to handle risk

The board, Audit Committee and Executive Management Team (EMT) have primary responsibility for identifying and monitoring the key risks which NS&I faces. The board delegates the responsibility for overseeing the risk management process to the Audit Committee, with the Audit Committee reporting back to the board after each meeting. Every month the EMT considers whether there are any new risks to the business to be registered and discusses the key risks as part of its monthly risk review. The Audit Committee formally reviews the key risks at least annually to ensure that they remain valid and complete in the light of changing circumstances in the year and business plans for the coming year.

NS&I has a risk management strategy, a risk management framework and agreed risk management reporting protocols, and these are reviewed and approved annually by the Audit Committee.

The Audit Committee, chaired by an independent Director, is responsible for providing assurance, in conjunction with internal and external auditors, to the board on the existence and effectiveness of the overall processes for managing risk within NS&I and within these parts of Siemens concerned with NS&I business.

NS&I's business model means that we are critically reliant on our business partner, Siemens, for the delivery of our strategic objectives. Consequently, we have established joint processes with Siemens to manage the partnership as one business. These include Siemens' representation at relevant committees; joint working between project offices; joint project teams; and a Joint Audit and Risk Management Committee (JARMC). The JARMC updates the Audit Committee on the management of risks to the joint business. Across the whole business, Directors and operational managers are responsible for embedding risk identification and management within the design, documentation and operation of business processes, in line with agreed risk tolerances.

NS&I's Committee structure is reviewed every year to enhance governance, empower staff and include Siemens personnel in all appropriate areas. Compliance Risk, Fraud and Security functions have all been strengthened. Key risks are shared with HM Treasury through the Audit Committee.

The risk management process is led by the EMT, which comprises the Executive Directors and the Siemens Account Director responsible for the NS&I account, and is responsible for:

- implementation of the risk management strategy
- developing and overseeing the risk management framework
- identifying and evaluating strategic risks
- designing, operating and monitoring a suitable system of internal control.

4. The risk and control framework

An analysis of key risks and the consequent significant sub-risks has been established through an ongoing programme of individual and collective discussion with the Executive Directors. With very few exceptions where sub-risks have been retained by the Directors, all sub-risks have been allocated to senior managers. An organisation-wide risk register records all significant risks identified, links lower level risks through to the key risks, records mitigating controls and named risk managers. The Audit Committee reviews the key risks annually to ensure that they remain valid and complete in the light of business plans for the coming year.

For each key risk and sub-risk identified, the assessment and scoring of the probability and impact both before and after mitigating controls is performed using a consistent methodology on a risk matrix. The results of this are considered against our agreed organisational risk appetite as approved annually by the Audit Committee. Reviews of risks and their risk scores are performed regularly by senior managers and the EMT. Where further action is necessary to reduce exposure, the action, and its intended effect on the status of the risk, is logged, responsibility allocated, and a completion date agreed. This ensures that there is ongoing

tracking of any risk where exposure remains unacceptably high despite the controls that are in place. These risks are flagged as red, reviewed monthly by the EMT and reported to the Audit Committee.

Our management of risk is embedded in policy making, planning and delivery by Executive Directors and senior managers, who are responsible for ensuring the proper management of risks and for cascading implementation of the risk management strategy and framework within their respective directorates and teams. Senior managers are responsible for implementation of self-assessment processes.

As part of the annual planning cycle, senior managers are required to identify the significant risks that could impact on the achievement of each main element of their proposed business plans for the year. These risks are then compared with the existing risk register, which is amended as necessary.

Contingency plans are in place or are being implemented for all sub-risks where exposure is inherently unacceptable.

A programme management function ensures that all projects are subject to formal project management disciplines, including an assessment of inherent and residual risks. Projects are governed by formal project management disciplines, including regular review of project and programme risks overseen by the project board, EMT, Audit Committee and the board.

Senior managers provide assurance to the relevant Executive Directors that they are satisfied that all their sub-risks are adequately controlled, or that plans are in place to provide that control. In addition, EMT members provide me with equivalent assurance for the key risks for which they have responsibility. Executive Directors also provide assurance that an adequate system of internal control operates within their directorates, and that, to the best of their knowledge, their staff comply with all relevant legal and regulatory requirements.

The risk management process continues to be enhanced.

The key achievements in 2008–09 include:

- continuing to implement a risk based approach to anti-money laundering in line with the Money Laundering Regulations 2007
- embedding Treating Customers Fairly within our culture:
 - conducting regular reviews with every area of the business
 - implementing an electronic workflow approval process for any financial promotions issued to make sure that these are fair, clear and not misleading
 - enhancing the complaints-handling processes
- refining data protection and retention rules to be built into our new systems
- conducting a comprehensive audit of our compliance arrangements with the Post Office®
- making further enhancements to our overall risk framework, including key policies and related assurance
- refining and reviewing the effectiveness of our governance committees to ensure that they are working as required
- providing ongoing training to our staff on key compliance issues
- continuing to embed compliance more deeply into our delivery partner, Siemens.

Plans for 2009–10 include the continued strengthening of our risk management and compliance assurance processes and increased investment in Information Security and in our fraud risk management capabilities.

5. Statement of information risk

NS&I holds personal information relating to its customers and readily acknowledges its responsibility to ensure that this information is accurate and up-to-date, and its duty to ensure that the personal information entrusted to it is properly safeguarded from loss and unauthorised access.

The Cabinet Office's review of data-handling procedures in government, published in June 2008, made a number of recommendations to be implemented across government. In December 2008, the Cabinet Office published Her Majesty's Government (HMG) Security Policy Framework which embraces the requirements of the Data Handling Review. This

framework superseded the Manual of Protective Security and set out mandatory requirements for government departments on protective security, covering physical, personnel and information security.

NS&I has followed the Cabinet Office's recommendations on information security and is complying with the HMG Security Policy Framework. NS&I undertook a gap analysis of practice against the Cabinet Office data-handling guidance and the Security Policy Framework, and developed an action plan to implement the recommendations from its review of data handling and any disparities identified by the gap analysis.

NS&I's risk register includes a number of sub-risks on data handling and information assurance. NS&I has zero tolerance for information asset losses and will continue to reinforce this through policies and procedures and staff acceptance of them.

Roles and responsibilities for information assurance within NS&I have been clearly defined.

NS&I has produced clear guidance for NS&I staff and those of delivery partners for the management of personal data and has introduced procedures to ensure that any information shared with third parties is properly authorised, protected at all times and securely delivered.

In 2008–09, all NS&I staff received training in data protection and information security through e-learning packages, and in 2009–10 this will be augmented by more focused security awareness training and will be expanded to include Siemens staff working for NS&I.

NS&I has also encrypted the hard drives of all laptops, in line with Cabinet Office guidance. For data that cannot be transmitted electronically, it has implemented bulk data transfer via disk using approved encryption and defined procedures.

An information charter is available on the NS&I website.

NS&I will shortly establish a network of Information Asset Owners whose role will be to understand what information is held, what is added and what is removed, how information is moved, and who has access, so as to understand and address risks to the information they use. The Information Asset Owners will provide additional overall assurance quarterly on the use and security of the data for which they are responsible.

The existing programme of staff vetting will be extended during 2009–10 to include increased levels of identity and financial checks for all NS&I staff and those in Siemens handling NS&I customer information.

NS&I's policies will continue to be reviewed to ensure that they provide a secure environment for information handling and to ensure that they continue to meet the requirements set out in the HMG Security Policy Framework. All staff will be required to provide written confirmation that they are aware of the policies and the responsibilities that the policies place on them.

6. Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and those Executive Directors and managers within the department and Siemens who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The board, via the Audit Committee, satisfies itself as to the adequacy of the risk management process and reviews the management of each key residually red risk at least annually

by examining evidence of performance against objectives and targets, the timely identification and assessment of significant risks, the prioritisation of risks and the allocation of resources to address areas of exposure, the ability of NS&I to learn from its experiences and the commitment and speed with which corrective actions are implemented. The board, via the Audit Committee, also reviews the internal and external risk profile for the coming year and considers if current internal control arrangements are likely to be effective.

The Executive Directors conduct regular reviews of the risk register, with the top risks being reported monthly to the EMT for review. These are reviewed at least annually by the Audit Committee. The Audit Committee also reviews annually assurance on the overall system of internal control provided by the Head of Internal Audit, and advises the board of its assessment of the internal control system.

The Head of Internal Audit provides the Audit Committee with regular reports on internal audit activity, including an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The overall internal audit plan and internal audit process for the NS&I business, led by Deloitte, is based on management's assessment of risk throughout the business. In my opinion, and that of the Audit Committee, this appreciably enhances the internal audit process, and hence the value of the internal audit assurance. We will continue our ongoing process for assessing internal controls against best practice across all systems and products. The approach to reviewing effectiveness and plans to ensure the continuous improvement of the systems in place will be further refined in 2009–10.

Jane Platt
Chief Executive
National Savings and Investments
 23 June 2009

The certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of National Savings and Investments' Product Accounts for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, and the financial statements, in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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 to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the Foreword is consistent with the financial statements. I also report 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.

In addition, I report to you if National Savings and Investments has not kept proper accounting records, if I have not received all the information and explanations I require for my audit.

I review whether the Statement on Internal Control reflects National Savings and Investments' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of National Savings and Investments' corporate governance procedures or its risk and control procedures.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My 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 judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to National Savings and Investments' 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 fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the Foreword.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of affairs of the National Savings and Investments Product Accounts as at 31 March 2009, and of the income and expenditure and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information within the Foreword is consistent with the financial statements.

The maintenance and integrity of National Savings and Investments' 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.

Opinion on Regularity

In my opinion, 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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

10 July 2009

Income and expenditure (I&E) statement

for the year ended 31 March 2009

	Notes	2008-09 £000	2007-08 ⁽¹⁾ £000
Interest and prizes financed by the NLF (excluding revaluation of embedded derivatives)		2,785,027	3,494,659
Loss on revaluation of embedded derivatives		(230,738)	(169,934)
Interest and prizes financed by the NLF	4	2,554,289	3,324,725
Interest and prizes financed by the CRND	5	732	5,665
		<u>2,555,021</u>	<u>3,330,390</u>
Interest and prizes payable to investors (excluding revaluation of embedded derivatives)		(2,785,759)	(3,500,324)
Gain on revaluation of embedded derivatives		230,738	169,934
Interest and prizes payable to investors	3	<u>(2,555,021)</u>	<u>(3,330,390)</u>
Net cost		-	-

The notes on pages 94 to 103 form part of these accounts.

An analysis of the income and expenditure by product is disclosed in note 2.

⁽¹⁾ The presentation above has been amended to place income above expenditure, to reflect the requirement of the Accounts Direction for the Executive Agency to prepare an Income and Expenditure statement rather than an Operating Cost Statement, in which expenditure would precede income.

Balance sheet

as at 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
Assets			
Held by the NLF	4	96,551,545	83,707,804
Held by the CRND	5	45,894	336,186
		<u>96,597,439</u>	<u>84,043,990</u>
Current assets			
Cash and cash equivalents		436,892	527,591
Debtors	6	207,887	215,946
		<u>644,779</u>	<u>743,537</u>
Creditors: amounts falling due within one year	7	(11,385)	(7,275)
Net current assets		<u>633,394</u>	<u>736,262</u>
		<u>97,230,833</u>	<u>84,780,252</u>
Liabilities			
Liability to investors			
Principal	8	(96,503,049)	(83,483,638)
Accrued interest and prizes	8	(691,922)	(1,254,012)
		<u>(97,194,971)</u>	<u>(84,737,650)</u>
Unclaimed funds	9	(35,862)	(42,602)
		<u>(97,230,833)</u>	<u>(84,780,252)</u>

The notes on pages 94 to 103 form part of these accounts.

Jane Platt
Chief Executive
National Savings and Investments
 23 June 2009

Cash flow statement

for the year ended 31 March 2009

	Notes	2008-09 £000	2007-08 £000
Cash flow from operating activities			
Net increase in total funds invested		12,450,581	5,879,388
Decrease / (increase) in debtors		8,059	(44,406)
Increase / (decrease) in creditors		4,110	(548)
Net cash transfer to the NLF and the CRND	10	(12,551,122)	(5,719,367)
Non-cash adjustment for the amortisation of GEB		(2,327)	(18,438)
Net cash flow from operating activities		(90,699)	96,629
Net (decrease) / increase in cash and cash equivalents		(90,699)	96,629
Cash and cash equivalents, beginning of the year		527,591	430,962
Cash and cash equivalents, end of the year		436,892	527,591

The notes on pages 94 to 103 form part of these accounts.

Notes to the accounts

1 Accounting policies

1.1 Presentation of accounts

The accounts are prepared in accordance with an *Accounts Direction* given by HM Treasury under the Government Resources and Accounts Act 2000 to the extent specified therein and with HM Treasury's *Government Financial Reporting Manual*. The principal accounting policies applied in the preparation of the accounts are set out below.

1.2 Interest and prizes recognition

Interest and prizes earned by investors are recognised in accordance with the terms and conditions applicable to each product. Capitalised interest is accrued and included in interest and prizes earned in the Income and Expenditure (I&E) statement and liabilities to investors principal in the Balance Sheet. Interest and index linking, where applicable, are accrued from the date of receipt or most recent capitalisation to the end of the accounting period.

The monthly Premium Bond prizes are drawn on the first day of the following month. The prizes are accrued for Premium Bonds which are eligible and still held at the end of each month.

1.3 Financed by the CRND / NLF

The interest and prizes earned by investors are funded by the NLF except for the Ordinary Account, which was funded by the CRND until June 2008 when the product was transferred to the NLF under the Residual Account. The accounting policy for the CRND / NLF interest is as outlined under 'interest and prizes recognition' and is therefore equal and opposite in total, resulting in a net cost of zero.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

1.5 Financial assets

On initial recognition, financial assets are classified into loans and receivables. Loans and receivables are assets with fixed or determinable repayments that are not quoted in an active market. Loans and receivables are initially recognised at fair value. They are subsequently measured at amortised cost

using the effective interest method, with the exception of Guaranteed Equity Bonds (GEB), which have an embedded derivative. This is measured at fair value, with the movements recognised through the I&E statement. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Derecognition of financial assets only occurs when NS&I transfers both its contractual right to receive cash flows from the financial assets and substantially all the risks and rewards of ownership.

1.6 Relationships with the CRND and the NLF

NS&I is the Government's retail savings agency. All funds from investors are payable to either the NLF or the CRND, and all liabilities to investors are discharged from funds payable by the NLF and the CRND, on a statutory basis. Risks relating to liabilities to investors are met wholly by the NLF and the CRND. Further, the Product Accounts present only a part of the Government's overall financing requirement managed by HM Treasury through the NLF and the CRND (with recourse to the Consolidated Fund), and is financed ultimately from the Government's tax revenues or borrowings. Due to the nature of these arrangements, the risk management and capital disclosure requirements of *Financial Reporting Standard 29 – Financial Instruments: Disclosure* are not applicable for these accounts.

The analysis by principal liability and accrued interest of the total funds held / financed by the NLF (note 4) and the CRND (note 5) does not equal the total funds invested by product (note 8), i.e. liability to investors. This is due to timing differences in the flow of funding and defunding movements between NS&I and its agents and the NLF / CRND via HM Treasury's bank account at the Bank of England. This difference is represented by the net of cash plus debtors minus other creditors.

1.7 Financial liabilities

All financial liabilities are measured at amortised cost using the effective interest method unless stated otherwise. The treatment of GEB is an exception, as noted under the 'financial assets' policy above. Financial liabilities are derecognised when the obligation is discharged.

A receipt from an investor is recognised as a liability when NS&I or one of its agents receives a payment instrument for a valid investment. Investments are considered valid when investors satisfy evidence of identity requirements. Payments are recognised as a reduction in the liability to the investor on the date of the payment instrument. Where payment instruments are not cashed by the investor within their stipulated time limit, the liability to the investor is reinstated under 'Out of Date Warrants', then transferred to the CRND as unclaimed money after an appropriate period.

If an investor decides to reinvest funds in the same or another product, this is termed a reinvestment and is recognised as a payment and new receipt. An automatic or default rollover of funds within the same product, which requires no action by the investor, is not recognised as a payment or receipt.

1.8 Derivative financial instruments

A derivative embedded in a product is accounted for as a stand-alone derivative if it is not evidently closely related to the product. It is recognised initially, and subsequently measured, at fair value. Gains and losses arising from changes in the fair value of a derivative are recognised in the I&E statement.

In March 2002, NS&I began to issue GEBs in partnership with the DMO. GEBs include an embedded equity derivative, which is exposed to equity index risk and interest rate risk over the life of each of the GEB issues. These risks were transferred to the DMO to manage and mitigate for each of the GEB issues as NS&I does not hold any underlying position in this product.

Financial Reporting Standard 26 – Financial Instruments: Recognition and Measurement requires all embedded derivatives that are not closely related to the host contract to be separately accounted for from the host contract. The separated embedded derivative must be measured at fair value through the I&E statement.

The fair value of the GEB embedded derivative is calculated by an independent specialist and provided to NS&I by the DMO. The embedded derivative is an Asian option on the FTSE 100. The value is determined by the use of a local volatility model, which includes the following standard factors for options: FTSE 100 strike; FTSE dividend yield; time to maturity; implied FTSE volatility; and the risk-free yield.

The fair value of the embedded derivative is set at an equal and opposite value to the hedging derivative, with both values being reflected on the liability and the asset sides of the Balance Sheet respectively.

2 Transactions with investors by product

	Received from investors £000	Interest and prizes earned £000	Paid to investors including tax deducted at source £000	Transfer to Residual Account £000	Increase/(decrease) in investors funds £000	Invested 31 March 2009 £000	Invested 31 March 2008 £000
British Savings Bonds	–	–	(4)	(2,652)	(2,656)	–	2,656
Capital Bonds	(2)	40,353	(230,172)	–	(189,821)	827,265	1,017,086
Children's Bonus Bonds	46,232	51,333	(106,102)	–	(8,537)	1,297,765	1,306,302
Deposit Bonds	–	–	(332)	(5,206)	(5,538)	–	5,538
Easy Access Savings Account	3,739,764	70,999	(1,502,204)	–	2,308,559	3,839,033	1,530,474
First Option Bonds	–	7,378	(25,068)	–	(17,690)	162,494	180,184
Gift Tokens	–	–	(1)	(1,530)	(1,531)	–	1,531
Guaranteed Equity Bonds	95,401	(132,487)	(368,007)	–	(405,093)	604,211	1,009,304
Guaranteed Income Bonds and Guaranteed Growth Bonds	4,354,965	89,439	(270,138)	–	4,174,266	5,037,764	863,498
Income Bonds	3,133,280	330,053	(2,493,442)	–	969,891	9,195,023	8,225,132
Individual Savings Account	1,013,443	161,617	(1,021,893)	–	153,167	4,146,575	3,993,408
Investment Account	1,065,705	136,949	(1,049,549)	–	153,105	5,587,369	5,434,264
Ordinary Account	751	732	(4,982)	(303,793)	(307,292)	–	307,292
Pensioners' Guaranteed Income Bonds	(60)	99,248	(1,434,609)	–	(1,335,421)	1,560,648	2,896,069
Premium Bonds	8,579,086	978,631	(5,688,331)	–	3,869,386	40,792,842	36,923,456
Residual Account	14	3,339	(11,929)	353,194	344,618	344,618	–
Save As You Earn	–	104	(233)	(9,933)	(10,062)	–	10,062
Savings Certificates	4,001,463	717,252	(1,912,719)	–	2,805,996	23,835,226	21,029,230
Savings Stamps	–	–	(1)	(5,772)	(5,773)	–	5,773
Treasurers' Account	–	80	(14,311)	(5,234)	(19,465)	–	19,465
Yearly Plan	–	1	(455)	(19,074)	(19,528)	–	19,528
Total	26,030,042	2,555,021	(16,134,482)	–	12,450,581	97,230,833	84,780,252

First Option Bonds, Guaranteed Income Bonds and Guaranteed Growth Bonds are the only products that have tax deducted at source. The total tax deducted during 2008–09 was £13,801,000 (2007–08: £7,906,000).

Guaranteed Equity Bonds (GEB) interest earned figure includes revaluation loss from the embedded derivative at 31 March 2009 of £230,738,000 (31 March 2008: £169,934,000).

The total liabilities to investors transferred to the newly created Residual Account for dormant products was £353,194,000.

3 Interest and prizes payable to investors

	2008–09 £000	2007–08 £000
National Loans Fund	2,554,289	3,324,725
Commissioners for the Reduction of the National Debt	732	5,665
Total	2,555,021	3,330,390

4 Amounts held by the NLF

	2008-09 £000	2007-08 £000
As at 1 April	83,707,804	77,965,989
Interest and prizes earned by investors	2,554,289	3,324,725
Received from the NLF	(15,277,391)	(11,928,171)
Paid to the NLF	25,564,516	14,326,823
Amortisation of GEB principal liabilities due to fair value accounting	2,327	18,438
As at 31 March	96,551,545	83,707,804

The amounts held by the NLF as at 31 March 2009 relate to the following products:

	Principal liability £000	Accrued interest £000	Total £000
Capital Bonds	800,838	24,558	825,396
Children's Bonus Bonds	1,241,911	52,507	1,294,418
Easy Access Savings Account	3,788,484	–	3,788,484
First Option Bonds	157,520	3,745	161,265
Guaranteed Equity Bonds	581,720	16,667	598,387
Guaranteed Income Bonds and Guaranteed Growth Bonds	4,964,716	43,509	5,008,225
Income Bonds	9,135,780	7,607	9,143,387
Individual Savings Account	3,985,847	141,137	4,126,984
Investment Account	5,546,750	8,833	5,555,583
Pensioners' Guaranteed Income Bonds	1,548,089	2,436	1,550,525
Premium Bonds	40,332,400	33,114	40,365,514
Residual Account	331,578	132	331,710
Savings Certificates	23,470,020	331,647	23,801,667
Total	95,885,653	665,892	96,551,545

The GEB accrued interest figure at 31 March 2009 of £16,667,000 (31 March 2008: £247,405,000) represents the fair value on the hedging derivative contained within the GEB products. Accordingly, the GEB principal liability is amortised using the effective interest rate method as described in note 1.5.

The amount paid to the NLF included money transferred from the CRND in relation to the transfer of the Ordinary Account into the Residual Account during June 2008.

5 Amounts held by the CRND

	2008-09 £000	2007-08 £000
As at 1 April	336,186	340,196
Interest and prizes earned by investors	732	5,665
Received from the CRND	(1,529)	(14,312)
Paid to the CRND	5,955	4,637
Transferred to the NLF in respect of Residual Account	(295,465)	–
Loss recoveries paid to the CRND	15	–
As at 31 March	45,894	336,186

The amounts held by the CRND as at 31 March 2009 relate to the following products:

	Principal liability £000	Accrued interest £000	Unclaimed monies £000	Total £000
British Savings Bonds	–	–	2,623	2,623
Gift Tokens	–	–	1,525	1,525
Income Bonds	–	–	3,329	3,329
Ordinary Account	–	–	–	–
Pensioners' Guaranteed Income Bonds	–	–	586	586
Premium Bonds	–	–	32,064	32,064
Saving Stamps	–	–	5,767	5,767
Total	–	–	45,894	45,894

In June 2008, liabilities to investors for British Savings Bonds, Gift Tokens and Saving Stamps were transferred to the Residual Account, held by the NLF, however the physical transfer of funds to the NLF took place on 15 June 2009.

6 Debtors

	31 March 2009 £000	31 March 2008 £000
Agents	203,011	208,749
Other debtors	4,876	7,197
	207,887	215,946

NS&I products are distributed by the Post Office® and, on a limited product range, by WHSmith. Both are NS&I agents, providing brochure pick-up services and NS&I website references to the customer. The Post Office® also provides a face-to-face counter service for customers who want to make repayments or purchases of NS&I products.

7 Creditors: amounts falling due within one year

	31 March 2009 £000	31 March 2008 £000
NLF	100	48
HM Revenue and Customs	2	–
Agents	–	173
Sales accruals and evidence of identity refunds	11,283	7,054
	11,385	7,275

8 Liability to investors

	Principal liability £000	Accrued interest £000	Liability 31 March 2009 £000	Liability 31 March 2008 £000
Capital Bonds	802,707	24,558	827,265	1,017,086
Children's Bonus Bonds	1,245,258	52,507	1,297,765	1,306,302
Deposit Bonds	–	–	–	5,538
Easy Access Savings Account	3,839,033	–	3,839,033	1,530,474
First Option Bonds	158,749	3,745	162,494	180,184
Guaranteed Equity Bonds	587,544	16,667	604,211	1,009,304
Guaranteed Income Bonds and Guaranteed Growth Bonds	4,994,255	43,509	5,037,764	863,498
Income Bonds	9,174,579	17,077	9,191,656	8,222,185
Individual Savings Account	4,005,438	141,137	4,146,575	3,993,408
Investment Account	5,578,536	8,833	5,587,369	5,434,264
Ordinary Account	–	–	–	307,292
Pensioners' Guaranteed Income Bonds	1,554,679	5,367	1,560,046	2,895,638
Premium Bonds	40,714,206	46,743	40,760,949	36,894,192
Residual Account	344,486	132	344,618	–
Save As You Earn	–	–	–	10,062
Savings Certificates	23,503,579	331,647	23,835,226	21,029,230
Treasurers' Account	–	–	–	19,465
Yearly Plan	–	–	–	19,528
Total	96,503,049	691,922	97,194,971	84,737,650

9 Unclaimed funds

	31 March 2009 £000	31 March 2008 £000
British Savings Bonds	–	2,656
Gift Tokens	–	1,531
Income Bonds	3,367	2,947
Pensioners' Guaranteed Income Bonds	602	431
Premium Bonds	31,893	29,264
Saving Stamps	–	5,773
	35,862	42,602
Aged one year or less	–	–
Aged more than one year but not more than two years	–	–
Aged more than two years but not more than five years	8,672	7,133
Aged more than five years	27,190	35,469
	35,862	42,602

Unclaimed funds represent old un-cleared payments to investors. Unclaimed funds are repayable to investors on demand. All unclaimed funds were transferred to the Residual Account in April 2008 with the exception of Income Bonds, Pensioners' Guaranteed Income Bonds and Premium Bonds, which will be transferred once the relevant legislation has been passed.

10 Net cash transfer to the NLF and the CRND

	2008-09 £000	2007-08 £000
NLF		
Received from the NLF	15,277,391	11,928,171
Paid to the NLF	(25,564,516)	(14,326,823)
	(10,287,125)	(2,398,652)
CRND		
Received from the CRND	1,529	14,312
Paid to the CRND	(5,955)	(4,637)
Transferred to the NLF in respect of Residual Account	295,465	–
Loss recoveries paid to the CRND	(15)	–
	291,024	9,675
Interest/prizes earned	(2,555,021)	(3,330,390)
Net cash outflow	(12,551,122)	(5,719,367)

Cash received from investors is not invested by NS&I but is passed daily to the NLF for all products apart from the Ordinary Account and unclaimed monies in note 9, which were passed to the CRND. From June 2008, Ordinary Account cash is held by the NLF as part of the Residual Account. Cash is drawn from the NLF or the CRND for payments to investors as and when required.

11 Categorisation of financial assets and liabilities

	31 March 2009 £000	31 March 2008 £000
Assets		
Financial assets measured at fair value through I&E statement	16,667	247,405
Loans and receivables	96,788,659	84,012,531
Cash and cash equivalents	436,892	527,591
	97,242,218	84,787,527
Liabilities		
Financial liabilities measured at fair value through I&E statement	(16,667)	(247,405)
Financial liabilities measured at amortised cost	(97,225,551)	(84,540,122)
	(97,242,218)	(84,787,527)

12 Product maturity profile

All products are repayable on demand, except for GEB products, which are repayable in accordance with their terms. As required by FRS 29, the undiscounted maturity profile for the total liability for all products is as follows:

	Variable rate and index-linked products 31 March 2009 £000	Fixed rate products 31 March 2009 £000	Non-interest bearing products 31 March 2009 £000	Total 31 March 2009 £000
Maturing in one year or less or repayable on demand	81,366,538	15,428,838	159,236	96,954,612
Maturing in more than one year but not more than two years	84,671	–	–	84,671
Maturing in more than two years but not more than five years	223,104	–	–	223,104
Maturing in more than five years	–	–	–	–
	81,674,313	15,428,838	159,236	97,262,387

	Variable rate and index-linked products 31 March 2008 £000	Fixed rate products 31 March 2008 £000	Non-interest bearing products 31 March 2008 £000	Total 31 March 2008 £000
Maturing in one year or less or repayable on demand	70,748,212	13,354,147	48,866	84,151,225
Maturing in more than one year but not more than two years	421,858	–	–	421,858
Maturing in more than two years but not more than five years	235,927	–	–	235,927
Maturing in more than five years	4,223	–	–	4,223
	71,410,220	13,354,147	48,866	84,813,233

13 Fair values of assets and liabilities

	Total per accounts 31 March 2009 £000	Fair value 31 March 2009 £000
Assets		
Held by the NLF – all products apart from GEB	95,953,158	96,141,783
Held by the NLF – GEB	598,387	607,668
Held by the CRND	45,894	45,894
Cash and cash equivalents	436,892	436,892
Debtors	207,887	207,887
	97,242,218	97,440,124
Liabilities		
Fixed rate products	(15,428,837)	(15,617,462)
GEB	(604,211)	(613,492)
Floating rate products	(81,038,549)	(81,038,549)
Non-interest bearing products	(159,236)	(159,236)
Creditors: amounts falling due within one year	(11,385)	(11,385)
	(97,242,218)	(97,440,124)
Assets		
Held by the NLF – all products apart from GEB	82,708,934	81,605,502
Held by the NLF – GEB	998,870	988,803
Held by the CRND	336,186	336,186
Cash and cash equivalents	527,591	527,591
Debtors	215,946	215,946
	84,787,527	83,674,028
Liabilities		
Fixed rate products	(13,292,806)	(12,189,376)
GEB	(1,009,304)	(999,235)
Floating rate products	(70,429,276)	(70,429,276)
Non-interest bearing products	(48,866)	(48,866)
Creditors: amounts falling due within one year	(7,275)	(7,275)
	(84,787,527)	(83,674,028)

There is no material difference between the carrying value and the fair value of the floating rate products (except GEB), non-interest bearing products, other creditors and debtors. Therefore all of these balances are deemed to be at fair value. The fair value of the fixed rate products is derived by discounting future expected cash flows using the relevant gilt rates obtained from the DMO. Any impact of early repayments is ignored, as the impact of these is immaterial. The fair value of the assets held by the NLF is a mirror of the related liabilities which it guarantees subject to timing differences.

The fair value of the GEB product is the total of the fair value of the embedded derivative and the fair value of the related host contract. The fair value of the embedded derivative is calculated by an independent specialist company and provided to NS&I by the DMO. The fair value of the host contract is derived by discounting future expected cash flows at an appropriate zero coupon bond rate. The impact of early repayments on the GEB product has proven not to be material, and therefore does not impact upon the fair values shown. For each GEB issue a matched hedge is in place with the DMO.

14 Market and credit risk

NS&I is a Government agency. NS&I's principal activity is to finance a part of the Government's borrowing by selling savings and investments products to retail savers and investors. Monies received by NS&I are passed to the NLF or the CRND, who guarantee to honour the product terms and conditions in the form of 100% HM Treasury guarantee. Therefore NS&I does not face any material market or credit risk. Credit risk relating to the agency and other debtors is mitigated by the short settlement period.

NS&I has no liquidity risk in respect of customer sales and repayments, as liquidity risk is managed through bank accounts held at the Bank of England and linked to the Ways and Means accounts at the NLF to ensure a smooth flow of funds between the NLF, NS&I and our customers. Interest rate risk belongs to the UK Government and is managed by the NLF in conjunction with the DMO. Liquidity is also managed by giving customers a fair deal in a highly competitive market. NS&I offers products that suit customers' needs, backed by excellent customer service and consistent product pricing. There is no currency exposure, as all assets and liabilities are denominated in sterling.

15 Post balance sheet events

There are no other reportable post balance sheet events between the balance sheet date and 10 July 2009, the date of authorisation of the accounts. The financial statements do not reflect events after that date.

Annex – Accounts Direction

Accounts Direction given by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000

1. The Department of National Savings and Investments shall prepare accounts for its Product Accounts for the year ending 31 March 2009 (and each subsequent financial year) that give a true and fair view of the state of affairs of the Product Accounts at the balance sheet date and of their income and expenditure and cash flows for the year then ended. The accounts shall be prepared under the historical cost convention modified to include certain financial instruments at valuation and in accordance with applicable accounting standards.
2. The accounts shall be consistent with relevant requirements of the *Government Financial Reporting Manual*, except to the extent set out below:
 - a. an income and expenditure account shall be prepared instead of an Operating Cost Statement.
 - b. the Statement of Parliamentary Supply and the Statement of Operating Costs by Departmental Aim and Objectives are not relevant to the Product Accounts.
 - c. the accounts shall follow the requirements of FRS 23 (IAS 21) The Effects of Changes in Foreign Exchange Rates (instead of SSAP 13, Foreign Currency Translation), FRS 25 (IAS 32) Financial Instruments: Presentation, FRS 26 (IAS 39) Financial Instruments: Recognition and Measurement, and FRS 29 (IFRS 7) Financial Instruments: Disclosures (instead of FRS 13 Derivatives and other financial instruments: disclosures) other than Appendix E, Capital disclosures.
3. This Accounts Direction shall be reproduced as an Appendix to the Product Accounts.
4. This Accounts Direction supersedes that issued on 22 May 2002.



David Watkins
Head, Financial Reporting Policy
HM Treasury
23 May 2007