

# **Northern Ireland Office**

## **Resource Accounts 2004–05**

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# **Northern Ireland Office**

**For the year ended 31 March 2005**

## **Resource Accounts 2004–05**

*Ordered by the House of Commons to be printed  
7 November 2005*

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**List of Acronyms**

<b>AinA</b>	Appropriations in Aid
<b>AME</b>	Annually Managed Expenditure
<b>ASLC</b>	Accrued Superannuation Liability Charge
<b>C&amp;AG</b>	Comptroller and Auditor General
<b>CBI</b>	Confederation of British Industry
<b>CEO</b>	Chief Electoral Office
<b>CETV</b>	Cash Equivalent Transfer Value
<b>CFERs</b>	Consolidated Fund Extra Receipts
<b>CJINI</b>	Office of the Chief Inspector of Criminal Justice in Northern Ireland
<b>CSO</b>	Crown Solicitors' Office
<b>CSP</b>	Civil Service Pensions
<b>DEL</b>	Departmental Expenditure Limit
<b>DFP</b>	Department of Finance and Personnel
<b>DIS</b>	Departmental Investment Strategy
<b>DUP</b>	Departmental Unallocated Provision
<b>EU</b>	European Union
<b>EYF</b>	End Year Flexibility
<b>FSNI</b>	Forensic Science Northern Ireland
<b>HIA</b>	Head of Internal Audit
<b>HMT</b>	HM Treasury
<b>IIP</b>	Investors in People
<b>MOTO</b>	Memorandum of Terms of Occupancy
<b>NDPB</b>	Non-Departmental Public Body
<b>NLF</b>	National Loans Fund
<b>NIO</b>	Northern Ireland Office
<b>NIPB</b>	Northern Ireland Policing Board
<b>NIPS</b>	Northern Ireland Prison Service
<b>OJEC</b>	Official Journal of European Communities
<b>ONS</b>	Office for National Statistics
<b>PCPF</b>	Parliamentary Contributory Pension Fund

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<b>PCSPS</b>	Principal Civil Service Pension Scheme
<b>PCSPS(NI)</b>	Principal Civil Service Pension Scheme of Northern Ireland
<b>PFI</b>	Private Finance Initiative
<b>PIP</b>	Performance Improvement Programme
<b>PPC</b>	Prisoners' Private Cash
<b>PSA</b>	Public Service Agreement
<b>PSNI</b>	Police Service of Northern Ireland
<b>RAM</b>	Resource Accounting Manual
<b>RICS</b>	Royal Institute of Chartered Surveyors
<b>SIC</b>	Statement on Internal Control
<b>VAT</b>	Value Added Tax
<b>VLA</b>	Valuation Land Agency
<b>VLU</b>	Victims Liaison Unit
<b>YJA</b>	Youth Justice Agency

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## ANNUAL REPORT

### SCOPE

#### 1. Departmental Boundary

The Northern Ireland Office (NIO) presents its accounts for the financial year ended 31 March 2005.

These accounts comprise a consolidation of the income and expenditure, assets and liabilities of those entities falling within the departmental resource accounting boundary as follows:

- NIO Core Department;
- Northern Ireland Prison Service (NIPS);
- Compensation Agency;
- Forensic Science Northern Ireland (FSNI);
- Youth Justice Agency (YJA); and
- Commissions and Judicial Inquiries associated with the Department (see Note 34 for full details).

### Operating and Financial Review

#### 2. Aims and Objectives

The aim of the NIO is to support the Secretary of State in securing a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.

The main objectives of the NIO are to support the Secretary of State in:

- supporting the devolved institutions in Northern Ireland and encouraging further political development through positive and constructive relations with the Assembly and Executive and Irish Government and effective contributions to the British-Irish Council and British-Irish Intergovernmental Conference;
- building and sustaining confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland;
- promoting and building confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement;
- upholding and maintaining the rule of law by developing and maintaining a policy, legislative and strategic framework, that takes account of the need to secure justice and rights of the individual, that provides for a sufficient counter terrorist capability and seeks to minimise the potential for and causes and effects of public order disturbances and community strife;
- lessening the impact of crime by working in partnership with other criminal justice agencies; to maintain and develop policies aimed at preventing or reducing the threat of crime, fear of crime and incidence of crime and to provide support for the victims of crime;
- executing the supervisory and custodial sentences of the courts so as to punish offenders appropriately, protect the people of Northern Ireland and help reduce the risk of re-conviction; and
- achieving value for money.

The Department's Statement of Resources by Departmental Aim and Objectives, Schedule 5, provides an analysis of the utilisation of resources against the Department's aim and objectives.

### **3. Principal Activities**

The Department's principal activities are set out in the Northern Ireland Office 2005 Departmental Report. The main business of the Department is to sustain the political process and to support the law, order and criminal justice systems.

### **4. Important events which have occurred since the financial year-end**

There were no events occurring after the balance sheet date that require disclosure.

### **5. Departmental Report**

The Departmental Report (DR) is compiled in the last month of the reporting year and is available from The Stationery Office (TSO) and on the NIO website [www.nio.gov.uk](http://www.nio.gov.uk). This report provides a detailed explanation of the NIO's policies, priorities, objectives and the spending plans which support them, and the activities and achievements of the Department.

The Department produces an annual Autumn Performance Report (APR) which contains more detailed information on the corporate performance against Public Service Agreement objectives and targets. This is available at TSO and on the NIO website. Every two years the NIO, as a government department, makes bids to the Treasury for funding for the subsequent three year period as part of the spending review exercise. This funding, if approved, is notified by Treasury to the NIO in the Spending Review Settlement, which is available at TSO and on the Treasury website [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk). Every year the NIO is given parliamentary approval for its expenditure when parliament votes the Estimates. The Estimates are published by TSO and contain details of voted monies for all government departments. The Estimates documents are also available on the Treasury website.

### **6. Pensions and Early Departure Costs**

Present and past employees of the Department and its Agencies are covered by either the Principal Civil Service Pension Scheme (PCSPS) or the PCSPS(NI) Scheme, both of which are non-contributory and unfunded. Those entities within the boundary covered by each scheme meet the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges (ASLC). This is charged to the Operating Cost Statement on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal PCSPS and PCSPS(NI) benefits in respect of employees who retire early. The Department provides in full for this cost, charged against the Operating Cost Statement when the early retirement programme has been announced.

Notes 1.16, 1.17 and 2 to the accounts provide greater detail on how the Department's pension liabilities are calculated.

### **7. Financial Objectives**

The NIO is required to operate within the constraints of funds voted to it by parliament. The NIO is also expected to achieve value for money in carrying out its activities in pursuit of its objectives.

### **8. Financial Performance Review**

In order to achieve these financial objectives for 2004-05, the organisation had in place business planning and budgetary monitoring and control systems operating throughout the Core Department and its Agencies. Other organisations within its boundary are subject to financial control and accountability arrangements as set down in the Accounting Officer designations, Management Statements and Financial Memorandums.

The outturn shown in Schedule 1 of these Accounts reflects achievement of these financial objectives and an effective financial management performance for the year.

Schedule 5 illustrates the distribution of expenditure across the Departmental objectives.

## 9. Service Developments and Cost Pressures

The Department continued to implement its Public Service Agreement (PSA) objectives, including ongoing developments in the reform of policing and the criminal justice system. Cost pressures during the year were met by the prudent application of our Departmental Unallocated Provision (DUP) and End-Year Flexibility (EYF) resources along with reprioritisation of budget allocations and effective cost control at directorate level.

## 10. Financial Risk

The Department continues to be financed directly from the Treasury through the supply process.

While the Northern Ireland Assembly remains suspended, the prospect of devolving policing and justice to a local administration remains on hold. However this remains the Government's objective when circumstances are appropriate.

The NIO continues to develop further its risk management approach to business planning, which now incorporates financial and other risks into the planning and performance management. One of the Department's recurring financial risks has been a tendency to over-forecast expenditure. This continues to be addressed to ensure that future estimates are more realistic. The risk management arrangements are described more fully in the Statement on Internal Control (SIC) which forms part of these Accounts.

In planning and managing investment programmes the NIO recognises the need to maintain flexibility in handling the risks inherent in such programmes. Its Departmental Investment Strategy (DIS) was revised in light of the SR2004 settlement. In order to ensure value for money all substantive capital investment is routed through a business case evaluation process that takes account of both affordability and the potential for using a Private Finance Initiative (PFI) approach to procurement. In this latter case our recognition of the risks associated with this approach are informed by the conclusions of "PFI: Meeting the Investment Challenge" published by the Treasury during 2003/04.

## 11. The Future

Further development of risk management and corporate governance systems and processes is continuing throughout 2005-06 to improve the internal control framework in accordance with the Treasury guidance. The Improving Financial Management Initiative is a primary driver of change within the organisation's financial environment and further developments are anticipated in our financial information and monitoring systems so that risks are more regularly reviewed and acted upon and outcomes analysed to identify both progress and improvement in performance.

The Department's efficiency programme was launched as a result of SR2004, in conjunction with the Central Government Efficiency Review initiative, and has identified areas for cost reduction, both in the short term, and over the current spending review period (2005-06 to 2007-08).

# MANAGEMENT

## 12. Ministers and the Departmental Board

The Secretary of State for Northern Ireland has ministerial responsibility for the affairs of the Department. He was supported during the year of account by two Ministers of State and two Parliamentary Under Secretaries of State who together also carried the responsibilities of the devolved administration in Northern Ireland which has been suspended since October 2002.

The Secretary of State was also supported by the Permanent Under Secretary, other senior departmental officials and two Non Executive Directors who comprised the Departmental Board. During the financial year ending 31 March 2005 representation was as follows:

### Secretary of State

The Rt Hon Paul Murphy MP



**Ministers of State**

Ian Pearson MP  
John Spellar MP

**Parliamentary Under Secretaries of State**

Angela Smith MP  
Barry Gardiner MP

**Officials**

Those officials who constitute the Departmental Board held the following positions:

Permanent Under Secretary  
Senior Director of Policing and Security (Belfast)  
Political Director  
Director of Communications  
Director of Criminal Justice  
Director of Resources  
Associate Director, Policing and Security  
Associate Political Director (Belfast)  
Associate Political Director (London)  
British Joint Secretary/British-Irish Secretariat  
Director General, Northern Ireland Prison Service  
Crown Solicitor

The Permanent Under Secretary, as Accounting Officer, is accountable for the overall operation and performance of the Department.

**13. Appointment of Senior Officials**

The appointments of the Permanent Under Secretary and Directors have been made in terms consistent with the Civil Service Management Code. They were appointed by a variety of means namely: inter-departmental transfers, promotion, and direct recruitment.

**14. Remuneration of Ministers and members of the Departmental Board**

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 (as amended by the Ministerial and Other Salaries Order 1996) and the Ministerial and Other Pensions and Salaries Act 1991.

The salaries of the Permanent Under Secretary and other members of the NIO Departmental Board are set by reference to the recommendations of the Government appointed Senior Salaries Review Body. The Permanent Under Secretary's salary is set by the Secretary to the Cabinet. The salaries of the other members of the NIO Departmental Board are determined by the Senior Pay Committee, whose membership is comprised of the Permanent Under Secretary and the two non-executive directors.

Further details on remuneration are set out in Note 2 to these accounts.

**PUBLIC INTEREST AND OTHER****15. Employment of Disabled Persons**

The NIO follows the Civil Service Code of Practice on the Employment of Disabled People which aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement in the NIO is based solely on ability, qualifications and suitability for the post.

**16. Equal Opportunities**

The NIO is an equal opportunities employer. The NIO's Equal Opportunities Policy states that "all eligible persons shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for the work...."

Policies are in place to guard against discrimination on grounds of gender, marital status, colour, race, nationality, ethnic or national origin, disability, religious belief, age, responsibility for children or dependants, sexual orientation or political opinion. These policies aim to ensure that there are no unfair or illegal discriminatory barriers to employment and advancement in the Department.

The NIO has an Equal Opportunities Officer who is responsible for developing and promulgating equal opportunities policies and acting as an inter-departmental liaison officer with the Department of Finance and Personnel for Northern Ireland (DFPNI) and the Cabinet Office.

### **17. Payment of Suppliers**

The NIO is committed to the prompt payment of suppliers in accordance with the Confederation of British Industry (CBI) "Better Payment Practice Code". The most recent prompt payment survey, for 2004-05, showed that 85.3% of invoices were paid in accordance with the terms of this Code.

### **18. Departmental Auditor**

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate and report is produced at pages 11 and 12. The notional audit fee for the work performed by his staff during the reporting period which relates to the audit of these accounts was £140k.

The C&AG may also undertake other statutory activities that are not related to the audit of the department's accounts such as value for money reports. No such activity took place during the year.

### **19. Employees**

The Department is committed to a programme of continual improvement – the Performance Improvement Programme (PIP). This focuses on building on the Department's many strengths by improving communications, developing the leadership and management skills of its senior people, and developing a culture where staff at all grades are enabled to perform to their full potential and contribute to the delivery of the business requirements.

The integrated approach to business planning, which cascaded Departmental and Directorate, plans down through a balanced scorecard approach to branch and individual forward job plans, was commended by Investors in People (IIP) assessors. This approach is being mainstreamed to ensure that IIP principles are embedded into all planning and training policies.

*Sir Joseph Pilling*  
Accounting Officer

27 August 2005

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

1. Under the Government Resources and Accounts Act 2000, the Department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Accounting Officer is required to comply with the *Resource Accounting Manual* prepared by the Treasury, and in particular to:
  - observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards, as set out in the *Resource Accounting Manual*, have been followed, and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going concern basis.
5. 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 the Department's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Government Accounting*.

## 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 the Northern Ireland Office's (NIO's) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Designated Accounting Officer of each agency or other self-accounting unit falling within the departmental boundary is responsible for the maintenance and operation of the system of internal control in that body, and has signed a statement relating to that system which is reproduced in the accounts of the body.

The NIO Core reviews the accountability framework with its NDPBs as required. This includes reviewing Accounting Officer designations and Management Statements. The Department has reviewed the internal control arrangements within NDPBs and other satellite bodies (including self accounting bodies) listed in the Boundary statement of these Accounts and the appropriate action will be taken to make the necessary improvements.

Identification and management of risk forms part of the process of development and review of policy in the Department. Policy decisions are taken by Ministers and the Secretary of State in the full knowledge of the risks involved and the arrangements for managing them. The Secretary of State also approves the Department's Public Service Agreement (PSA) and its Business Plan, and reports on progress to the Chief Secretary to the Treasury, drawing on the delivery plans which include risk identification and management.

### 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 the NIO for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

Corporate governance and risk management in the NIO continued to develop over the past year, led by myself as Accounting Officer and supported by the Board. Corporate governance responsibilities have been delegated to the appropriate level throughout the Department. Risk management is now embedded into the business planning process at both strategic and operational levels. The new Public Service Agreement negotiated as part of the 2004 Spending Review fully incorporated risk management into the delivery, planning and monitoring mechanisms. Departmental staff have been trained in business planning techniques which incorporate risk management as an integral part of the planning and monitoring process. The Departmental Plan incorporates a high-level risk register, endorsed at Board level, and each risk has a risk owner who is a Board Director. Risk is cascaded down from the Departmental register through Directorate and Divisional plans each of which has an associated risk register.

The Department continued to work closely with the Treasury's Risk Support Team to have a programme in place to implement the recommendations contained in the Treasury's Strategy Unit report on risk. The Department continues to maintain or improve upon its scoring rating against all of the seven capabilities in the Treasury Risk Management Assessment Framework. A risk management policy has been developed to complement the Department's risk management toolkit.

#### 4. The risk and control framework

The Departmental Board has developed a systematic approach to monitoring the financial and business performance of the Department and its risk management arrangements. Strategic finance reports are being developed as part of the "Think Finance" Performance Improvement Programme (PIP) for review by the Board. The Board also review progress against PSA targets and objectives throughout the year.

The Department's directorates and agencies identify and evaluate risk as an integral part of constructing their business plans, and they develop strategies to minimise or mitigate identified risks as part of that process. Directors inform the Board about their Directorate-specific risks, and these are considered by the Board as a whole within the overall corporate risk tolerance levels. The Departmental Risk Register identifies the highest level risks which are reviewed quarterly by the Departmental Board. The organisation's risk priorities are in the areas of political development, PSA reporting, and project management. The Board has agreed a Departmental Risk Appetite Framework which sets a Departmental profile for any category of risk within the Department.

Risk is considered as part of policy formulation and implementation from unit level to Board level. This means that factors that might affect delivery are integrated into the Department's operational procedures. There are a number of interlocking mechanisms such as the Criminal Justice Board on which partner bodies sit with the NIO to consider, *inter alia*, the delivery of joint objectives and management of the associated risks.

#### 5. Review of effectiveness

As Accounting Officer, I 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 the executive managers within the NIO who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Departmental Board, led by me, has a corporate role in objective setting, agreeing priorities and implementing ministerial policy. This is conducted within the Public Service Agreement (PSA) framework, and the monitoring and review of progress and management of the key risks associated with the delivery of the Departments objectives and targets is a regular item on the Board agenda.

The Audit Committee which is chaired by a Non-Executive Director has monitored the Department's risk management and internal controls on a regular basis during the financial year. The committee met three times during the 2004/05 financial year to consider internal control and risk arrangements. It endorses Internal Audit plans and reviews reports from both Internal and External Auditors.

An Internal Audit Unit operating to the Government Internal Audit Standards covers the NIO Core and its four agencies (NIPS, Compensation, Forensic Science and Youth Justice). The Head of Internal Audit (HIA) in the NIO acts separately in that capacity for each organisation. Internal Audit submit regular reports to the respective Audit Committees and the Accounting Officers, which include an independent opinion by the Head of Internal Audit on the adequacy and effectiveness of the department's system of internal control, corporate governance and risk management, together with recommendations for improvement. At least annually the HIA provides each Accounting Officer with a report on Internal Audit activity for his/her specific organisation. Each organisation has its own Audit Committee. Internal Audit work programmes, informed by risk assessments, are given direction by the respective Audit Committees which also approve Internal Audit's annual plans. The HIA receives Internal Audit reports from satellite bodies and reports significant internal control issues to the Departmental Audit Committee.

Financial controls have been further developed throughout the Department during 2004/05 to strengthen the control framework and reduce risk. I continue to give priority to the detection and investigation of fraud. In line with our Fraud Policy I have considered correspondence provided to me by the Chief Electoral Officer. That correspondence informed me of the successful outcome of two criminal prosecutions against persons connected with the Omagh Electoral Office. The relevant offences took place prior to 2001, and as a result new controls have been introduced to prevent any similar occurrence.

Work has continued during the year to strengthen the internal controls relating to security matters. Security responsibilities have been delegated to appropriate levels throughout the Department, and all business areas are more actively involved in identifying and managing the security risks within their areas.

Work continues on developing and strengthening the internal control framework and monitoring the development of risk management arrangements as described in this statement. This work will form part of my review of effectiveness in 2005/06.

## **6. Significant Internal Control Problems**

The outcome of an Internal Audit review on the use of overtime in the Youth Justice Agency identified control weaknesses. An action plan has been put in place by the relevant director to address these weaknesses. Implementation will be closely monitored.

Internal Audit have provided limited assurance on the Forensic Science Agency (FSNI) systems based on the reduced coverage of FSNI systems during 2004/05. Coverage is planned to be much more extensive in 2005/06. In addition, the Agency did not achieve two of the ministerial targets it had been set for the year. One further target was not validated by Internal Audit as it was not considered to be sufficiently defined. A recovery plan has been put in place to deal with the operational deficiencies in relation to one of the targets. The second failed target was achieved after the year end. Targets have now been made more specific and measurable for the year 2005/06.

*Sir Joseph Pilling*  
Accounting Officer

27 August 2005

## The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 12 to 53 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 21 to 26.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 6 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

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

I review whether the statement on pages 7 to 9 reflects the Department's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

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

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

**Opinion**

In my opinion:

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

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

28 October 2005

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## Schedule 1

## Summary of Resource Outturn 2004-05 (£000s)

	2004-05 Estimate			2004-05 Outturn			Net total outturn compared with Estimate saving/ (excess)	2003-04 Prior-year Outturn
	Gross Expenditure 1	A in A 2	NET TOTAL 3	Gross expenditure 4	A in A 5	NET TOTAL 6		
Request for Resources 1 (Notes 6 and 10)	1,156,910	(11,315)	1,145,595	1,103,992	(11,315)	1,092,677	52,918	1,039,185
Request for Resources 2 (Notes 6 and 10)	9,814,000	–	9,814,000	8,950,000	–	8,950,000	864,000	8,505,000
<b>Total Resources</b>	<b>10,970,910</b>	<b>(11,315)</b>	<b>10,959,595</b>	<b>10,053,992</b>	<b>(11,315)</b>	<b>10,042,677</b>	<b>916,918</b>	<b>9,544,185</b>
<b>Non Operating-cost A in A</b>			<b>1,500</b>			<b>1,500</b>	<b>–</b>	<b>207</b>
<b>Net cash requirement</b>			<b>11,005,953</b>			<b>10,081,143</b>	<b>924,810</b>	<b>9,590,368</b>

## Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to Consolidated Fund (cash receipts being shown in italics and figures in £000s):

	Note	2004-05 Forecast		2004-05 Outturn	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total	5	–	–	1,634	<i>1,691</i>

## Reconciliation of resources to cash requirement (£000s)

	Note	Estimate	Outturn	Net total: outturn: compared: with: estimate: saving/ (excess)
<b>Net total resources</b>		<b>10,959,595</b>	<b>10,042,677</b>	<b>916,918</b>
Capital:				
Acquisition of fixed assets:				
Cash purchase	11	37,161	24,956	12,205
Finance lease				
On-balance sheet				
PFI				
Investments		–	–	–
Non-operating A in A:				
Proceeds of fixed asset disposals	6	(1,500)	(1,500)	–
Accruals adjustments:				
Non-cash items	3b & 4	(54,408)	(42,421)	(11,987)
Changes in working capital other than cash	15	(618)	(3,223)	2,605
Changes in other creditors falling due after more than one year	19	–	5,004	(5,004)
Use of provision	20	65,723	55,636	10,087
Repayment of CFSS	3c	–	14	(14)
<b>Net cash requirement (Schedule 4)</b>		<b>11,005,953</b>	<b>10,081,143</b>	<b>924,810</b>

The notes on pages 21 to 53 form part of these accounts.

**Explanation of the variation between Estimate and Outturn (net total resources):****(i) Request for Resources 1**

A saving of £52,918k was made on net total outturn as compared to Estimate. Detailed numerical analysis, by function, of net resource outturn as compared to Estimate is included at Note 10.

**Spending in Departmental Expenditure Limits**

Central Administration – The underspend occurred as additional resources held for contingency purposes were not used. These additional resources for police overtime, compensation payments and other security related costs were not required in the current year.

Ministers – This overspend was caused by higher than anticipated salary and travel costs for NIO ministers and support staff.

Political Directorate – A review of the grant to the Northern Ireland Memorial Fund, delays in setting up three new political inquiries and delays in the casework of the Northern Ireland Human Rights Commission have resulted in this underspend.

Bloody Sunday (Saville) Inquiry – This underspend was due to lower than anticipated legal costs in the 2004/05 financial year.

Department of the Director of Public Prosecutions – This underspend was caused by lower than anticipated staffing levels and delays in fitting out accommodation for regional offices for the new Public Prosecution Service.

Criminal Justice – The underspend relates to delays in taking forward Community Safety programmes and underspends in the Causeway Project and Probation Board for Northern Ireland.

Policing Non-Severance – This underspend was caused by delays in the NIO taking forward a number of Patten Non-Severance projects.

Compensation Agency – The underspend is due to additional resources given for unforeseen provisions in the Agency that was not required.

Northern Ireland Prison Service – This underspend was due to the posts considered necessary to implement Steele were not required and due to the release of provisions for on-going and settled litigation cases.

**Non-Budget**

Police Pensions – This underspend was caused by delays in the PSNI taking forward Patten Severance arrangements.

**(ii) Request for Resources 2****Non-Budget**

Grants to the Northern Ireland Consolidated Fund - The underspend of £864,000k was due to reduced funding requirements of the Northern Ireland Consolidated Fund which is used to fund expenditure by the Northern Ireland Departments.

**Explanation of the variation between Estimate net cash requirement and Outturn net cash requirement:**

The underspend in the net cash requirement is largely due to the overall underspend in the net resource requirement, in particular the underspend in RfR 2. Additional explanations arising from the resource to cash reconciliation lines are as follows.

- (i) The underspend in 'acquisition of fixed assets' was a result of underspends and delays in a range of capital projects across the Department.

- (ii) 'Non-cash items' outturn – this underspend was caused by a number of issues including underspends in provisions and lower than anticipated capital charges.
- (iii) 'Changes in working capital other than cash' relate to general movements in debtors and creditors falling due within one year.
- (iv) 'Changes in creditors falling due after more than one year' is due to the annual reduction of the balance owed to the Department of Finance and Personnel against the outstanding liability on the 1995 consolidation of a non-pensionable allowance into pensionable remuneration of prison officers.
- (v) 'Use of provisions' reflects the cash payment of provisions previously recognised in the Balance Sheet. The underspend relates largely to the use of provisions within the Compensation Agency and Northern Ireland Prison Service.

## Schedule 2

**Operating Cost Statement  
for the year ended 31 March 2005 (£000s)**

	Note	2004-05	2003-04
<b>Administration costs</b>			
Staff costs	2	128,141	121,044
Non-staff administration costs	3	<u>51,486</u>	<u>46,007</u>
<b>Gross administration costs</b>		<b>179,627</b>	<b>167,051</b>
Operating income	6	<u>(10,681)</u>	<u>(10,601)</u>
<b>Net administration costs</b>		<b>168,946</b>	<b>156,450</b>
<b>Programme costs</b>			
<b>Request for Resources 1:</b>			
Staff costs	2	10,184	-
Expenditure	4	914,204	882,840
Less: income	6	(1,318)	(1,351)
EU income	6	<u>-</u>	<u>-</u>
		923,070	881,489
<b>Request for Resources 2:</b>			
Staff costs		-	-
Expenditure	4	9,151,905	8,765,184
Less: income	6	(118,132)	(124,269)
EU income	6	<u>(83,773)</u>	<u>(135,915)</u>
		8,950,000	8,505,000
<b>Net programme costs</b>	2 & 4	<b>9,873,070</b>	<b>9,386,489</b>
<b>Net operating cost</b>	8 & 10	<b>10,042,016</b>	<b>9,542,939</b>
<b>Net resource outturn</b>	8	<b>10,042,677</b>	<b>9,544,185</b>

All income and expenditure are derived from continuing operations.

**Statement of Recognised Gains and Losses  
for the year ended 31 March 2005 (£000s)**

	2004-05	2003-04
Prior period adjustment (Note 1.11)	-	213
Net gain on revaluation of tangible fixed assets	22,637	21,638
Net gain on revaluation of intangible fixed assets	12	3
Total recognised gains and losses for the financial year	<u>22,649</u>	<u>21,854</u>

The notes on pages 21 to 53 form part of these accounts.

## Schedule 3

Balance Sheet  
as at 31 March 2005 (£000s)

	Note	31 March 2005	31 March 2004
<b>Fixed assets:</b>			
Tangible assets	12	311,646	283,609
Intangible assets	13	3,234	885
Investments	14	<u>1,340,547</u>	<u>1,272,095</u>
		<b>1,655,427</b>	<b>1,556,589</b>
<b>Debtors falling due after more than one year</b>	17	<b>4,876</b>	<b>5,001</b>
<b>Current assets:</b>			
Stocks	16	1,591	1,595
Debtors	17	109,481	112,505
Cash at bank and in hand	18	<u>3</u>	<u>–</u>
		111,075	114,100
<b>Creditors (amounts falling due within one year)</b>	19	<u>(141,624)</u>	<u>(141,453)</u>
<b>Net current liabilities</b>		<b>(30,549)</b>	<b>(27,353)</b>
<b>Total assets less current liabilities</b>		<b><u>1,629,754</u></b>	<b><u>1,534,237</u></b>
<b>Creditors (amounts falling due after more than one year)</b>	19	(1,355,299)	(1,291,936)
<b>Provisions for liabilities and charges</b>	20	<u>(72,738)</u>	<u>(107,998)</u>
		<b>(1,428,037)</b>	<b>(1,399,934)</b>
		<b><u>201,717</u></b>	<b><u>134,303</u></b>
<b>Taxpayers' equity:</b>			
General fund	21	133,303	54,684
Revaluation reserve	22	68,414	79,619
Donated asset reserve	22	<u>–</u>	<u>–</u>
		<b>201,717</b>	<b>134,303</b>

Sir Joseph Pilling  
Accounting Officer

27 August 2005

## Schedule 4

**Cash Flow Statement  
for year ended 31 March 2005 (£000s)**

	2004-05	2003-04
Net cash outflow from operating activities (Note i)	(10,057,602)	(9,568,743)
Capital expenditure and financial investment (Note ii)	(90,901)	(12,252)
Receipts due to Consolidated Fund which are outside the scope of the Department's activities (Note 5)	550	9
Payments of amounts due to the Consolidated Fund Financing (Note iii)	(1,746)	(1,139)
	<u>10,153,089</u>	<u>9,587,214</u>
Increase in cash in the period (Note 18)	<u>3,390</u>	<u>5,089</u>

## Notes:

- i. See the table below giving a reconciliation of operating cost to operating cash flows.
- ii. See the table below giving an analysis of capital expenditure and financial investment.
- iii. See the table below giving an analysis of financing and reconciliation to the net cash requirement.

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

	2004-05	2003-04
<b>Net operating cost</b>	<b>10,042,016</b>	<b>9,542,939</b>
Adjustments for non-cash transactions (See Notes 3b & 4)	(42,421)	(51,484)
Adjustments for movements in working capital other than cash (See Note 15)	(2,633)	(1,009)
Changes in other creditors falling due after more than one year (See Note 19)	5,004	4,851
Use of provisions (See Note 20)	55,636	73,446
<b>Net cash outflow from operating activities</b>	<b><u>10,057,602</u></b>	<b><u>9,568,743</u></b>

**Analysis of capital expenditure and financial investment**

	2004-05	2003-04
Intangible fixed asset additions (See Note 11)	2,851	303
Tangible fixed asset additions (See Note 11)	21,516	20,584
Proceeds of disposal of fixed assets (See Note 6)	(1,960)	(207)
Loans to other bodies (See Note 14)	168,726	89,435
Repayment of loans to other bodies (See Note 14)	(100,232)	(97,863)
<b>Net cash outflow from investing activities</b>	<b><u>90,901</u></b>	<b><u>12,252</u></b>

## Schedule 4 (cont'd)

## Analysis of financing and reconciliation to the net cash requirement

	2004-05	2003-04
From the Consolidated Fund (Supply) – current year <sup>1</sup> (+)	10,079,981	9,585,760
From the Consolidated Fund (Supply) – prior year <sup>2</sup> (+)	4,608	9,793
From the Consolidated Fund (non-Supply) (+)	6	89
Amounts voted through Statement of Excesses (+)	–	–
Advances from the Contingencies Fund (+)	–	–
Repayments to the Contingencies Fund (–)	–	–
Loans received from the National Loans Fund (+)	168,726	89,435
Repayments of loans from the National Loans Fund (–)	(100,232)	(97,863)
<b>Net financing</b>	<b>10,153,089</b>	<b>9,587,214</b>
<b>(Increase)/decrease in cash</b>	<b>(3,390)</b>	<b>(5,089)</b>
<b>Net cash flows other than financing</b>	<b>10,149,699</b>	<b>9,582,125</b>
<b>Adjustment for payments and receipts not related to Supply:</b>		
Amounts due to the Consolidated Fund – received in a prior year and paid over:-		
Consolidated Fund Extra Receipts (–)	(43)	(333)
Other amounts due to the Consolidated Fund (–)	(1,165)	(633)
Amounts due to the Consolidated Fund – received and not paid over:-		
Consolidated Fund Extra Receipts (+)	11	42
Other amounts due to the Consolidated Fund (+)	1,141	1,165
NLF loans – loans made to other bodies (–)	(168,726)	(89,435)
NLF loans – principal repayments received from other bodies (+)	100,232	97,863
NLF loans – interest received from other bodies (+)	118,132	124,269
NLF loans – interest paid to the NLF (–)	(118,132)	(124,269)
Consolidated Fund standing services – payments (–)	(6)	–
From the Consolidated Fund (non-Supply) (–)	–	(89)
Cash balances transferred from former NDPB now an Executive Agency from 1 April 2003	–	(337)
<b>Net Cash Requirement (Schedule 1)</b>	<b>10,081,143</b>	<b>9,590,368</b>

<sup>1</sup> Amount of grant actually issued to support the net cash requirement = £10,079,981,000.00

<sup>2</sup> Amount of grant actually issued to support the prior-year net cash requirement = £4,608,172.84

## Schedule 5

Resources by Departmental Aims and Objectives  
for the year ended 31 March 2005 (£000s)

	Gross	Income	2004-05 Net	Gross	Income	2003-04 Net
<b>RfR 1</b>						
<b>Aim</b>						
<b>To secure a lasting peace in Northern Ireland based on the Good Friday Agreement in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.</b>						
<b>Objective 1</b>						
To support the devolved institutions in Northern Ireland and encourage further political development through positive and constructive relations with the Assembly and Executive and the Irish Government and effective contributions to the British-Irish Council and British-Irish Intergovernmental Conference.	42,120	2,120	40,000	56,052	981	55,071
<b>Objectives 3 &amp; 5 (Note 1)</b>						
To promote and build confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement. To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.	119,903	9,265	110,638	119,678	10,307	109,371



## Schedule 5 (cont'd)

	Gross	Income	2004-05 Net	Gross	Income	2003-04 Net
Objectives 2 & 4 (Note 1) To build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland. To uphold and maintain the rule of law by developing and maintaining a policy, legislative and strategic framework, that takes account of the need to secure justice and the rights of the individual that provides for a sufficient counter-terrorist capability and seeks to minimise the potential for and causes and effects of public order disturbances and community strife.	826,293	411	825,882	761,513	477	761,036
Objective 6 To execute the supervisory and custodial sentences of the courts so as to punish offenders appropriately, protect the people of Northern Ireland and help reduce the risk of re-conviction.	115,697	201	115,496	112,648	187	112,461
<b>RfR 2</b> <b>Aim</b> <b>Providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the NI Act 1998 &amp; 2000.</b>						
Objective 1 (Note 2) Grant-in-aid to the Northern Ireland Consolidated Fund and other transfers	9,151,904	201,904	8,950,000	8,765,184	260,184	8,505,000
<b>Net Operating Costs</b>	<b>10,255,917</b>	<b>213,901</b>	<b>10,042,016</b>	<b>9,815,075</b>	<b>272,136</b>	<b>9,542,939</b>

See Note 23

Note 1 – Objectives 2,3,4 and 5 cannot be split because separate objectives for both Criminal Justice and Policing Directorates are being taken forward by shared resources and therefore, an accurate split between objectives would not be feasible.

Note 2 –The Northern Ireland Consolidated Fund (RfR2) is a cash grant paid to the Northern Ireland Executive. It is included within the NIO's estimate as a means of gaining parliamentary approval only and therefore, is not included within the NIO's Departmental Plan and does not contribute to the Department's own Aim and Objectives.

In accordance with the NIO's Departmental Plan there is 1 Aim and 7 Objectives. Objective 7, Value for Money, is not included in the Schedule above because as an efficiency target, there were no separate resources allocated against it.

## NORTHERN IRELAND OFFICE – ANNUAL REPORT AND ACCOUNTS 2004-05

### Notes to the Departmental Resource Accounts

#### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2004-05 *Resource Accounting Manual (RAM)* issued by HM Treasury. The accounting policies contained in the *RAM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the *RAM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

##### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, at their value to the business by reference to their current costs.

##### 1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the department [*including its non-executive NDPBs accounted for as supply-financed agency where applicable*] and those entities which fall within the departmental boundary as defined in the *Resource Accounting Manual (RAM)* (section 1.5) issued by HM Treasury. Transactions between entities included in the consolidation are eliminated.

A list of the entities within the departmental boundary is given at Note 34.

##### 1.3 Tangible fixed assets

Tangible fixed assets comprise heritage assets (including antiques), land and buildings, plant and machinery, computer equipment, assets under construction and assets awaiting disposal.

The department's heritage assets comprise Hillsborough Castle and its surrounding Estate. The contents of Hillsborough Castle represent the department's antiques.

The Department for Transport, Local Government and the Regions, in the name of the Secretary of State, holds title to the freehold land and buildings and properties leased by the department.

In addition to the above the NIO occupies a number of properties within the Northern Ireland Government Office Estate. These are managed by the Department of Finance and Personnel (DFP). The costs of occupancy of such properties are recovered in cash from the NIO by DFP. Terms of occupancy of these buildings are outlined in an agreement known as the 'Memorandum of Terms of Occupancy (MOTO)'. Similar arrangements exist for properties occupied by the NIO as part of the Civil Estate in Great Britain. The costs of occupancy are recovered in cash from the NIO by the major occupier of such buildings.

##### 1.4 Valuation of fixed assets

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. All tangible fixed assets are restated to current value each year by reference to indices compiled by the Office for National Statistics (ONS).

Land and buildings are restated to current value using professional valuations, in accordance with FRS 15, every 5 years and in the intervening years by the use of indices provided by the Valuation and Lands Agency (VLA), specific to the Northern Ireland property sector. Properties are valued on the basis of open market value existing use, unless they are deemed to be specialised, in which case they are valued on a depreciated replacement cost basis.

This basis of valuation is also applied to land and buildings occupied by the department under the terms of finance leases, which are also capitalised. Operating leases are not capitalised.

Assets under construction are shown at cost, and relate to assets which are incomplete but for which the department has incurred a liability.

Expenditure on tangible fixed assets of over £1,000 is capitalised. Within the core department the grouping of a range of fixed assets has also been undertaken in respect of some personal computers, printers, office furniture and equipment. The group threshold applied in this case was £25,000 for the existing asset base at 1 April 1999, and £10,000 for expenditure incurred annually.

In compliance with FRS 15, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of fixed assets are charged to the Operating Cost Statement.

### 1.5 Depreciation

Freehold and leasehold land is not depreciated.

Hillsborough Castle is a listed building and is subject to biennial conservation reports. An annual maintenance programme, carried out to maintain the Castle to a defined standard in compliance with its status as a listed building, is in place. The expenditure incurred on this maintenance programme is charged directly to the Operating Cost Statement, in lieu of depreciation.

As the lives of the antiques within Hillsborough Castle can be measured in hundreds of years they have not been depreciated. They are, however, revalued annually using indices provided by Christies International.

All other categories of fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Estimated useful lives\*, which are reviewed regularly, are:

Asset category	Useful Life
Land and Buildings (including temporary buildings)	10 – 55 years
Plant and Machinery	3 – 25 years
Computer Equipment	3 – 16 years
Intangibles (Software Licenses)	3 – 10 years

\*Note that depreciation is not charged on assets awaiting disposal or assets under construction (until brought into use).

### 1.6 Consolidation of asset categories

The core account fixed asset note required the amalgamation of asset categories under the Plant and Machinery heading. The asset categories now represented by the Plant and Machinery heading include:

- Plant and Machinery
- Motor Vehicles
- Furniture and Fittings
- Office Equipment
- Telecommunications Equipment
- Security Equipment

### 1.7 Donated assets and assets on loan

The department does not have any donated assets.

The department does hold a number of “works of art”. These are on loan from the Northern Ireland Civil Service Art Collection, Government Art Collection of Great Britain and local museums. These items are checked regularly, for condition and verification that they are still located in government buildings, by each organisation from which they are on loan.

### 1.8 Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets. Computer software licences do not have a readily ascertainable market value and consequently are not revalued by the core department. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

The Compensation Agency and Forensic Science Northern Ireland revalue software licences annually using indices provided by the ONS.

### 1.9 Research and development

Expenditure on research is not capitalised. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets the criteria specified in SSAP 13. Other development expenditure is capitalised if it meets the criteria specified in the RAM which are adapted from SSAP 13 to take account of the not-for-profit context.

Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work.

### 1.10 Investments (See Note 14)

The NIO administers loans from the National Loan Fund (NLF), as required by the Northern Ireland (Loans) Acts 1975 and 1985, on behalf of the Secretary of State for Northern Ireland. During 2004-05 the NIO on-lent £168,726,000 to DFP for further distribution, and a repayment of £100,231,505 principal and £118,131,602 interest was received. The outstanding principal balance on the NLF as at 31 March 2005 was £1,440,491,381 and has been included within the NIO’s account. A separate account is produced, audited and published in respect of loans under the Northern Ireland (Loans) Act.

The department does not hold any other investments.

Short-term debtors and creditors are not deemed to be financial instruments within the context of FRS 13 and are not disclosed separately in relation to this standard.

### 1.11 Stocks and work in progress

Stocks and work in progress are valued as follows:

- Stocks shown on the balance sheet relate only to essential stocks held at HM Prisons and are valued at the lower of cost or net realisable value. Stocks held by other entities within the boundary are deemed consumable and are written off in the year of purchase; and
- Work in progress relates only to the provision of professional services provided by the Crown Solicitor’s Office (CSO). A number of costs incurred in relation to this work are invoiced on completion of cases, rather than on an on-going basis. Consequently an estimated work in progress figure is included in the resource account to reflect work completed to date. Outstanding balances at the year-end are represented in the debtors figure on the balance sheet.
- A change in accounting policy in respect of consumable stock in 2003-04 resulted in a prior period adjustment in that year – see Schedule 2 and notes 8 and 10.

### 1.12 Operating income

Operating income is income which relates directly to the operating activities of the department. It principally comprises monies received in respect of EU grants (note 1.21 refers) and National Loans Fund interest (note 1.10 refers). This income is netted off gross expenditure in Schedule 1. Operating income also

includes charges for staff attendance at Court and fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, i.e. professional services provided by the CSO.

In addition, the Secretary of State has powers to recover compensation and costs from offenders of crimes in respect of which criminal compensation has been paid (See Note 29). Recovery is not normally sought from earnings or assets of an offender. However, recovery is sought from an offender who subsequently becomes entitled to State compensation and any amounts so recovered are included as programme income.

Operating income includes not only income appropriated in aid of the estimate but also income to the Consolidated Fund which in accordance with the RAM is treated as operating income. Operating income is stated net of VAT.

Operating income is split under the following headings on the operating cost statement depending on its classification:

- Administration costs
- Programme costs

It excludes funding from Parliamentary Vote, loans made from the National Loans Fund and advances from the Contingencies Fund.

### **1.13 Administration and programme expenditure**

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

### **1.14 Capital charge**

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

- (a) cash balances with the Office of the Paymaster General, where the charge is nil;
- (b) liabilities in respect of advances outstanding from Contingencies Fund, where the charge is nil; and
- (c) assets and liabilities in respect of amounts due from, or due to be surrendered to, the Consolidated Fund, where the charge is nil.

### **1.15 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.

### **1.16 Pension costs**

Past and present employees of the Northern Ireland Office are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the PCSPS(NI). Each of these schemes is a defined benefit scheme and is non-contributory and unfunded. The department recognises the expected cost of providing

pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS and the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and the PCSPS(NI).

### **1.17 Early departure costs**

The department is required to meet the additional cost of benefits beyond the normal PCSPS and PCSPS(NI) benefits in respect of employees who retire early, from the date of their retirement until they reach normal pensionable age. The department provides in full for this cost when the early retirement programme has been announced and this is binding on the department.

### **1.18 Leases**

The department leases a number of properties in addition to office equipment and motor vehicles. These leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

Those properties which are occupied under the terms of a MOTO either within the Northern Ireland Government Office Estate or the Civil Estate of Great Britain, are regarded, for accounting purposes, as having the status of an operating lease. Commitments in respect of these properties, for which there is a cash transfer, are included within the disclosure at Note 25.

### **1.19 Private Finance Initiative (PFI) transactions**

PFI transactions have been accounted for in accordance with Technical Note No.1 (Revised), entitled *How to Account for PFI Transaction* as required by RAM. Where the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. Where the department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract.

### **1.20 Grants payable**

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period.

### **1.21 Government grants receivable**

The department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund, in respect of European Union (EU) grants and NI Consolidated Fund grant in aid. The Northern Ireland Consolidated Fund is managed by DFP. DFP has responsibility for distributing such funds to Northern Ireland departments, which account for grants received. The income and expenditure in respect of such EU grants and NI Consolidated Fund grant in aid is shown in the consolidated account under Request for Resources 2.

### **1.22 Provisions**

The department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5 per cent).

### **1.23 Value Added Tax**

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

### **1.24 Insurance**

Only insurance costs in respect of motor vehicles are charged to the Operating Cost Statement.

Departments do not generally insure. No insurance is effected against the following: fire, explosion, common law, third party and similar risks. Notional insurance premiums are not charged to the Operating Cost Statement. Instead, expenditure in connection with uninsured risks is charged as incurred.

Entities which are expected to recover full costs, in accordance with the Treasury fees and charges policy, are required however to disclose the effect of charging a notional insurance premium on the Operating Cost Statement. This reporting requirement has been disclosed separately in the accounts of FSNI, which is expected to recover full costs on an accruals basis.

### 1.25 Notional charges

Notional charges, in respect of services received from other government departments/agencies, are included to reflect the full economic cost of services.

### 1.26 Third-party assets (See Note 33)

The Northern Ireland Prison Service holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since neither the Agency nor the Government more generally has a direct beneficial interest in them.

The Crown Solicitor's Office holds restitution monies, which have been received for subsequent payover to other departments. These are not regarded as a departmental asset.

The department manages a bank account in respect of District Council Elections. This is not regarded as a departmental asset.

## 2. Staff numbers and related costs

### 2.1 Staff costs

Staff costs consist of:

	2004-05				2003-04
	Total £000	Officials £000	Ministers £000	Special Advisors £000	Total £000
<b>Administration staff costs</b>					
Wages and salaries	104,648	104,448	200	–	98,212
Social security costs	8,634	8,614	20	–	8,134
Other pension costs	14,464	14,464	–	–	14,355
<b>Sub Total</b>	<b>127,746</b>	<b>127,526</b>	<b>220</b>	<b>–</b>	<b>120,701</b>
Inward Secondments	395	395	–	–	343
<b>Total</b>	<b>128,141</b>	<b>127,921</b>	<b>220</b>	<b>–</b>	<b>121,044</b>
Less recoveries in respect of outward secondments	–	–	–	–	–
<b>Total</b>	<b>128,141</b>	<b>127,921</b>	<b>220</b>	<b>–</b>	<b>121,044</b>
<b>Programme staff costs</b>					
Wages and salaries	9,104	9,104	–	–	–
Social security costs	826	826	–	–	–
Other pension costs	254	254	–	–	–
<b>Sub Total</b>	<b>10,184</b>	<b>10,184</b>	<b>–</b>	<b>–</b>	<b>–</b>
Inward Secondments	–	–	–	–	–
<b>Total</b>	<b>10,184</b>	<b>10,184</b>	<b>–</b>	<b>–</b>	<b>–</b>
Less recoveries in respect of outward secondments	–	–	–	–	–
<b>Total</b>	<b>10,184</b>	<b>10,184</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total net costs</b>	<b>138,325</b>	<b>138,105</b>	<b>220</b>	<b>–</b>	<b>121,044</b>

The PCSPS and PCSPS(NI) are unfunded multi-employer defined benefit schemes but the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the PCSPS was carried out at 31 March 2003. The most up to date actuarial valuation of the PCSPS(NI) was

carried out as at 31 March 2004 and an interim valuation of the scheme liability was carried out at 31 March 2005. Details of the PCSPS can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). Details of the PCSPS(NI) can be found in the resource accounts of the Department of Finance and Personnel; Superannuation and Other Allowances (Principal Civil Service Pension Scheme (Northern Ireland)).

For 2004-05, normal employers' contributions of £14,505,963.29 were payable to the PCSPS(NI) and PCSPS (2003-04: £14,380,411.67) at rates in the range 12-18.5 per cent of pensionable pay for PCSPS and 12-18 per cent of pensionable pay for PCSPS(NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff. The PCSPS scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Employer contribution rates are to be reviewed every four years for PCSPS(NI) following full scheme valuations by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account; a stakeholder pension with an employer contribution. Employers' contributions of £1235.51 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8% of the individuals pensionable earnings were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £Nil, as the contributions are paid over to the pension providers on a monthly basis. Contributions prepaid at that date were £nil.

As 6 persons retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £11,740.32.

## 2.2 Average number of persons employed

The average number of whole-time equivalent persons employed (including senior management, ministers, special advisors, staff on secondment or loan into the department and agency/temporary staff, but excluding staff on secondment to other organisations) during the year was as follows:

	2004-05 Number						2003-04 Number	
	Total	Ministers	Special Advisers	Senior Management	Officials	Staff on inward second- ment	Agency, temporary and contract staff	Total
<b>RfR1</b>								
Objective 1	201	4	-	8	187	1	1	233
Objectives 3 & 5	1,359	-	-	1	1,331	7	20	1,174
Objectives 2 & 4	155	1	-	1	152	-	1	161
Objective 6	2,141	-	-	1	2,014	-	126	2,046
Staff engaged on capital projects	8	-	-	-	8	-	-	-
<b>RfR2</b>								
Objective 1	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,864</b>	<b>5</b>	<b>-</b>	<b>11</b>	<b>3,692</b>	<b>8</b>	<b>148</b>	<b>3,614</b>



## 2.3 Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior officials of the Department.

### A Remuneration:

Ministers	2004–05		2003–04	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
The Rt Hon Paul Murphy MP – <i>Secretary Of State</i>	70–75	–	70–75	–
The Rt Hon John Spellar MP – <i>Minister Of State</i>	35–40	–	25–30 (35–40 full year equivalent)	–
Ian Pearson Esq MP – <i>Minister Of State</i>	25–30	–	20–25 (25–30 full year equivalent)	–
Angela Smith MP – <i>Parliamentary Under Secretary</i>	25–30	–	20–25 (25–30 full year equivalent)	–
Barry Gardiner MP – <i>Parliamentary Under Secretary</i> (appointed 1 April 2004)	25–30	–	N/A	N/A

As part of the arrangements for introducing disclosure for Ministers, only those Ministers who were in post on 31 March 2004 need be included in the 2003–04 comparative figures.

Angela Smith and Ian Pearson were both appointed as Parliamentary Under Secretaries on 15 October 2002. They were unpaid in this role by the NIO until 1 July 2003, prior to this date they were paid by their former Department (Government Whips paid via HM Treasury).

Officials	2004–05		2003–04	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Permanent Under Secretary	155–160	–	150–155	–
Senior Director, Political Directorate	120–125	–	115–120	–
Associate Director, Political Directorate (up to August 2004)	35–40 (85–90 full year equivalent)	–	80–85	–
Associate Director, Political Directorate (appointed August 2004)	45–50 (80–85 full year equivalent)	–	N/A	N/A
Director of Criminal Justice	90–95	–	85–90	–
Director of Communications (up to August 2004)	30–35 (80–85 full year equivalent)	–	75–80	–
Director of Communications (appointed August 2004)	45–50 (75–80 full year equivalent)	–	N/A	N/A
Senior Director, Policing and Security Directorate (up to October 2004)	65–70 (110–115 full year equivalent)	–	110–115	N/A

Officials	Salary £000	2004–05		2003–04	
		Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)	Salary £000
Senior Director, Policing and Security Directorate (appointed October 2004)	35–40 (90–95 full year equivalent)	–	N/A	–	N/A
Associate Director, Policing and Security Directorate (up to October 2004)	50–55 (90–95 full year equivalent)	–	40–45 (70–75 full year equivalent)	–	–
Associate Director, Policing and Security Directorate (appointed October 2004)	30–35 (80–85 full year equivalent)	–	N/A	–	N/A
Director of Resources	70–75	–	15–20 (70–75 full year equivalent)	–	–
Director General of the Northern Ireland Prison Service (up to November 2004)	60–65 (85–90 full year equivalent)	–	80–85	–	–
Director General of the Northern Ireland Prison Service (appointed November 2004)	20–25 (85–90 full year equivalent)	–	N/A	–	N/A
Joint Secretary, British/Irish Secretariat	80–85	–	80–85	–	–
Crown Solicitor	80–85	–	75–80	–	–

The Department Board have not been identified by name for security purposes. This has been agreed with HMT.

### Salary

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

This presentation is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the costs of the additional ministerial remuneration; the salary for their services as an MP (2004–05 £57,485; 2003–04 £55,358) and various allowances to which they are entitled are borne centrally. However the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. The net benefits in kind shown above are in respect of detached duty allowances and expenses, on which the tax payable is met by the Department.

**B Pension Benefits:****Ministers**

	Real increase in pension at age 60	Accrued pension at age 65 as at 31/3/05 and related lump sum	CETV at 31/3/05	CETV at 31/3/04	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon Paul Murphy MP – <i>Secretary Of State</i>	0–2.5	10–15	111	91	9
The Rt Hon John Spellar MP – <i>Minister Of State</i>	0–2.5	5–10	65	55	8
Ian Pearson Esq MP – <i>Minister Of State</i>	0–2.5	0–5	23	17	3
Angela Smith MP – <i>Parliamentary Under Secretary</i>	0–2.5	0–5	22	15	3
Barry Gardiner MP – <i>Parliamentary Under Secretary</i>	0–2.5	0–5	7	0	4

**Ministerial pensions**

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office on or after age of 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate, and 9% if they have opted for the 1/40th accrual rate.

There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the Ministerial salary.

**The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**The real increase in the value of the CETV**

This takes account of the increase in accrued pension due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

This takes account of the increase in accrued pension due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

Officials	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31/03/05 and related lump sum	CETV at 31/3/05	CETV at 31/3/04	Real increase in CETV funded by employer	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Permanent Under Secretary	0–2.5, plus 5–10 lump sum	75–80, plus 230–235 lump sum	1455	1353	36	–
Senior Director, Political Directorate	2.5–5, plus 5–10 lump sum	45–50, plus 140–145 lump sum	793	705	42	–
Associate Director, Political Directorate (up to August 2004)	0–2.5, plus 0–5 lump sum	25–30, plus 85–90 lump sum	421	399	7	–
Associate Director, Political Directorate (appointed August 2004)	0–2.5, plus 0–5 lump sum	5–10, plus 15–20 lump sum	58	48	6	–
Director of Criminal Justice	0–2.5, plus 0–5 lump sum	30–35, plus 100–105 lump sum	591	545	19	–
Director of Communications (up to August 2004)	0–2.5, plus 0–5 lump sum	0–5, plus 10–15 lump sum				
Director of Communications (appointed August 2004)	0–2.5, plus 0–5 lump sum	25–30, plus 80–85 lump sum	463	443	5	–
Senior Director, Policing and Security Directorate (up to October 2004)	0–2.5, plus 5–10 lump sum	45–50, plus 135–140 lump sum	801	759	35	–
Senior Director, Policing and Security Directorate (appointed October 2004)	0–2.5, plus 5–10 lump sum	20–25, plus 70–75 lump sum	316	274	30	–
Associate Director, Policing and Security Directorate (up to October 2004)	0–2.5, plus 0–5 lump sum	20–25, plus 60–65 lump sum	282	249	20	–
Associate Director, Policing and Security Directorate (appointed October 2004)	0–2.5, plus 0–5 lump sum	30–35, plus 95–100 lump sum	561	553	8	–
Director of Resources	0–2.5, plus 5–10 lump sum	15–20, plus 50–55 lump sum	256	207	36	–
Director General of the Northern Ireland Prison Service (up to November 2004)	0–2.5	0–5	39	26	11	–
Director General of the Northern Ireland Prison Service (appointed November 2004)	0–2.5, plus 5–10 lump sum	30–35, plus 95–100 lump sum	542	485	27	–
Joint Secretary, British/Irish Secretariat	0–2.5, plus 0–5 lump sum	35–40, plus 110–115 lump sum	683	629	25	–
Crown Solicitor	0–2.5	0–5	9	0	5	–

All the senior managers of the department are members of the Classic Scheme.

Two non-executive directors were appointed to the Departmental Board of the Northern Ireland Office in March 2001. Each director's remuneration currently amounts to £12,500 per annum. No pension benefits are provided.

The information given above relates to the ministers and senior managers of the Northern Ireland Office. Equivalent information relating to the Department's on-vote Agencies consolidated into the departmental resource account, which are the Compensation Agency, Northern Ireland Prison Service, Forensic Science Northern Ireland and Youth Justice Agency, is given in their separate accounts.

### **Civil Service Pensions**

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

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

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

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

### **Cash Equivalent Transfer Values**

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

### **Real Increase in CETV**

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

**3. Non-staff administration costs**

	<u>2004–05</u>	<u>2003–04</u>
£000	£000	£000
<b>Rentals under operating leases:</b>		
Hire of plant and machinery	185	190
Other operating leases	<u>4,156</u>	<u>4,868</u>
	4,341	5,058
<b>Interest charges:</b>		
Finance leases	–	–
On-balance sheet PFI contracts	–	–
NLF loans	–	–
	<u>–</u>	<u>–</u>
<b>PFI service charges:</b>		
Off-balance sheet contracts	2,640	1,460
Service element of on-balance sheet contracts	<u>–</u>	<u>–</u>
	2,640	1,460
<b>Non-cash items (Notes a &amp; b):</b>		
Depreciation and amortisation of fixed assets:		
Civil Estate	–	–
Other tangible fixed assets	2,487	2,060
Intangible fixed assets	392	357
Loss/(profit) on disposal of fixed assets	212	(12)
Increase in provision for doubtful debts	–	–
Permanent diminution	6	967
Write off of fixed assets	16	–
Cost of capital charge	3,492	3,281
Auditor's remuneration and expenses	123	153
Provisions:		
Provided in year	949	389
Unwinding of discount on provisions	–	158
Written back in year	(183)	(3)
Consolidated Fund Standing Services (Note c)	20	96
Other notionals	<u>695</u>	<u>413</u>
	8,209	7,859
<b>Other expenditure</b>	<u>36,296</u>	<u>31,630</u>
	<b><u>51,486</u></b>	<b><u>46,007</u></b>

Note:

- a. The total of non-cash transactions included in the Reconciliation of Resources to Net Cash Requirement in Schedule 1 and in the Reconciliation of Operating Costs to Operating Cashflows in Schedule 4 comprises:

	<u>2004–05</u>
	£000
Other administration costs – non-cash items (as above)	8,209
Other non-cash amounts charged to operating expenditure	–
Less non-cash income	–
Deferred donation income released from the Donated Asset Reserve	–
Profit on sale of fixed assets	–
<b>Total non-cash transactions</b>	<b><u>8,209</u></b>

Note:

- b. The total of non-cash transactions included in the Reconciliation of Resources to Net Cash Requirement comprises:

	<u>2004–05</u>
	£000
Total non-cash transactions as above	8,209
Adjustment for profits and losses on disposal of fixed assets	–
losses on disposal of tangible fixed assets	–
profits on disposal of tangible fixed assets	–
Less non-cash charges in respect of Consolidated Fund Standing Services	(20)
<b>Non-cash items per reconciliation of resources to net cash requirement</b>	<b><u>8,189</u></b>

Note:

- c. By statute the remuneration and associated employers earnings-related National Insurance Contributions of the Chief Electoral Officer are met directly from the Consolidated Fund, rather than Parliamentary Supply. For the year ended 31 March 2005 the amount paid for the CEO's remuneration was £69,886 (2003–04: £67,523) and the employer's national insurance contributions were £7,372. These costs are included under Other Administration Costs and are referred to as Consolidated Fund Standing Services. As the cash does not pass through the department's accounts, the expenditure is accounted for as a non-cash item.

Pension benefits for the CEO for Northern Ireland are on a broadly by-analogy to the Principal Civil Service Pension Scheme (PCSPS) basis. This provides for benefits on a final salary basis accruing at 1/80th of pensionable salary for each year of service and an automatic lump sum of 3 times the pension. The CEO for NI pays contributions of 1.5% of pensionable earnings. Death benefits include a lump sum of two times pensionable pay to a nominated beneficiary. In addition a widow's/widower's pension is payable to the spouse. Medical retirement is possible in the event of ill-health with enhancement based on length of service. Once in payment the pension increases in line with the movement in the All Items Retail Price Index (RPI). The actual payments come from the Consolidated Fund under section 14(8) of the Electoral Law Act (NI) 1962.

Of the £20k relating to Consolidated Fund Standing Services £6k relates to current year and has been correctly taken to reserves (Note 21). The remaining £14k relates to the use of prior year monies which were not taken to reserves but utilised through the Operating Cost Statement.

#### 4. Net programme costs

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Current grants and other current expenditure	10,029,505	9,598,815
<b>Rentals under operating leases:</b>		
Hire of plant and machines	35	25
Other operating leases	2,337	5,559
<b>Non-cash items:</b>		
Cost of capital charge	2,453	76
Depreciation	10,488	8,966
Permanent Diminution	223	817
Impairment of fixed assets	908	847
Write-off of fixed assets	529	244
Profit on disposal of fixed assets	(2)	(12)
Provisions:		
Provided in year	30,932	32,222
Unwinding of discounts on provision	17	385
Written back in year	(11,339)	(939)
Auditor's remuneration and expenses	17	17
Other programme notional costs excluding auditor's remuneration	6	1,002
	<u>10,066,109</u>	<u>9,648,024</u>
Less: programme income (Note 6)	(203,223)	(261,535)
	<u>9,862,886</u>	<u>9,386,489</u>

## 5. Analysis of income payable to the Consolidated Fund

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

	Forecast 2004–05		Outturn 2004–05	
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income and receipts – excess A in A	–	–	681	<i>681</i>
Non-operating income and receipts – excess A in A	–	–	460	<i>460</i>
Subtotal	–	–	1,141	<i>1,141</i>
Other operating income and receipts not classified as A in A	–	–	–	–
Other non-operating income and receipts not classified as A in A	–	–	493	<i>550</i>
Other amounts collectable on behalf of the Consolidated Fund	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,634</b>	<b><i>1,691</i></b>

Consolidated Fund Extra Receipts which do not fall to be treated as operating income are payable directly to the Consolidated Fund. These amounts comprise sundry receipts, which have not been incorporated into the Estimate due to their irregular nature and/or uncertainty of receipt.

The following table provides a summary analysis of these sundry receipts:

	2004–05 Outturn	
	Income	Receipts
	£000	£000
Miscellaneous	493	<i>550</i>
<b>Total</b>	<b>493</b>	<b><i>550</i></b>

## 6. Income and appropriations in aid

### 6.1 Operating income

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

	Resource Outturn	2004–05			Operating Cost Statement
		Reconciliation to Operating Cost Statement			
	A in A	Netted off gross Expendi- ture in sub head	National Loans Fund Interest	Payable to Consolidated Fund	Income
	£000	£000	£000	£000	£000
<b>Administration income:</b>					
Fees and charges to external customers	101	–	–	–	101
Fees and charges to other departments	8,445	–	–	–	8,445
Estimate cover A in A	1,791	–	–	268	2,059
Other	73	–	–	–	73
<b>Programme income:</b>					
Income from EU for NI programmes	–	83,773	–	–	83,773
National Loans Fund interest	–	–	118,132	–	118,132
EU Peace and Reconciliation Matching Funding	–	–	–	–	–
Recovery of Compensation	486	–	–	–	486
Recovery of court and conference costs	111	–	–	–	111
Other	308	–	–	413	721
<b>Total</b>	<b>11,315</b>	<b>83,773</b>	<b>118,132</b>	<b>681</b>	<b>213,901</b>



	Resource Outturn	2003–04			Operating Cost Statement
		Reconciliation to Operating Cost Statement			
		Netted off gross Expendi- ture in sub head	National Loans Fund Interest	Payable to Consolidated Fund	
A in A £000	£000	£000	£000	£000	
<b>Administration income:</b>					
Fees and charges to external customers	122	–	–	–	122
Fees and charges to other departments	7,780	–	–	–	7,780
Estimate cover A in A	1,981	–	–	258	2,239
Other	24	–	–	436	460
<b>Programme income:</b>					
Income from EU for NI programmes	–	135,915	–	–	135,915
National Loans Fund interest	–	–	124,269	–	124,269
EU Peace and Reconciliation Matching Funding	–	–	–	–	–
Recovery of compensation	289	–	–	377	666
Recovery of court and conference costs	205	–	–	38	243
Other	386	–	–	56	442
<b>Total</b>	<b>10,787</b>	<b>135,915</b>	<b>124,269</b>	<b>1,165</b>	<b>272,136</b>

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

	2004–05				2003–04		
	Income	Full Cost	Surplus/ (deficit)		Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000		£000	£000	£000
FSNI	7,369	8,107	(738)	FSNI	6,484	6,868	(384)
Crown Solicitors' Office	3,722	3,722	–	Crown Solicitors' Office	3,068	3,068	–
<b>Total</b>	<b>11,091</b>	<b>11,829</b>	<b>(738)</b>		<b>9,552</b>	<b>9,936</b>	<b>(384)</b>

The Crown Solicitor's Office generates income through the issue of hard charges to other departments for work carried out on their behalf. The balance required to facilitate full cost recovery is met by the Northern Ireland Office, within which the CSO is a core directorate. The majority of this recovery relates to work carried out by the CSO on behalf of the NIO, and for which no charges are raised. However, costing and charging procedures within the CSO do not facilitate an exact calculation to be made. In 2004-05 income generated from work carried out on behalf of other departments amounted to £2,794k resulting in a balance funded by the NIO of £928k.

#### 6.2 Non-operating income not classified as A in A

	Income	Receipts
	£000	£000
Consolidated Fund Extra Receipts	493	550
	<b>493</b>	<b>550</b>

Consolidated Fund Extra Receipts which do not fall to be treated as operating income are payable to the Consolidated Fund. These amounts comprise sundry receipts which have not been incorporated into the Estimate due to their irregular nature and uncertainty of receipt.

**Non-operating appropriations-in-aid**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Proceeds of disposal of fixed assets	1,960	207
Less: amounts classified as excess A-in-A	460	–
	<u>1,500</u>	<u>207</u>

**7. Administration cost limits**

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	<u>Outturn</u>	<u>2004–05</u>	<u>Outturn</u>	<u>2003–04</u>
	£000	Limits	£000	Limits
	£000	£000	£000	£000
Request for Resources 1 (Gross Limit)	168,469	179,218	156,760	166,815
Request for Resources 1 (Net Limit)	748	1,061	384	1,106
Total within administration and cost control	<u>169,217</u>	<u>180,279</u>	<u>157,144</u>	<u>167,921</u>
Administration expenditure excluded from administration cost limit:	–			
Administration income allowable within the administration cost limit:	10,410			
<b>Total administration outturn</b>	<u>179,627</u>			

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

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Net Operating Cost (Note a)	<u>10,042,016</u>	<u>9,542,939</u>
<i>Remove</i> non-supply expenditure (-) and income (+), including income scored as Consolidated Fund Extra Receipts (CFERs):		
Operating income not classified as A in A	681	1,165
Consolidated Fund standing services	(20)	(96)
Expenditure from non-supply funding	–	(36)
<i>Adjust</i> for the effects of prior period adjustment (Note 1.11)	–	213
<b>Net resource outturn (Note a)</b>	<u>10,042,677</u>	<u>9,544,185</u>

Note:

- a. Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

## 9. Analysis of net operating cost by spending body

	Budget	2004-05 Outturn	2003-04 Outturn
	£000	£000	£000
<b>Spending body:</b>			
Core department	9,964,562	9,064,221	8,635,859
Northern Ireland Prison Service	119,043	114,089	112,170
Compensation Agency	31,547	26,265	28,485
Forensic Science Northern Ireland	1,061	748	384
Youth Justice Agency	14,602	14,864	12,834
Non-departmental public bodies:			
Probation Board for Northern Ireland	13,578	13,252	12,687
Northern Ireland Policing Board	8,020	7,294	5,774
Police Service of Northern Ireland	791,432	786,706	720,384
Northern Ireland Human Rights Commission	1,361	1,000	1,370
Office of the Police Ombudsman for Northern Ireland	8,066	7,150	6,930
Voluntary Bodies:			
Extern	399	399	315
NIACRO	485	490	450
Victim Support	2,078	2,042	1,749
Nexus Institute	66	66	81
NSPCC	248	239	241
Police Rehabilitation and Retraining Trust	1,943	1,943	1,750
Widows Association	25	15	24
Northern Ireland Police Fund	1,079	1,104	1,426
Northern Ireland Womens Aid Federation	–	129	26
<b>Net operating cost (Schedule 2)</b>	<b>10,959,595</b>	<b>10,042,016</b>	<b>9,542,939</b>

## 10. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement

	2004–05						2003–04		
	Admin	Other current	Grants	Gross resource expenditure	A in A	NET TOTAL	Estimate	Net total outturn compared with estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1:</b>									
Spending in Departmental Expenditure Limits (DEL)									
<i>Central governments spending</i>									
Central Administration	29,729	2,313	–	32,042	(3,262)	28,780	49,928	21,148	25,876
Ministers	3,707	–	–	3,707	–	3,707	3,561	(146)	3,670
Political Directive	7,353	2,476	1,000	10,829	(355)	10,474	15,860	5,386	15,578
Bloody Sunday (Saville) Inquiry	1,180	11,232	–	12,412	–	12,412	16,337	3,925	30,411
Department of the Director of Public Prosecutions	14,542	8,139	–	22,681	(62)	22,619	23,346	727	19,336
Forensic Science Northern Ireland	7,588	101	–	7,689	(6,941)	748	1,061	313	561
Criminal Justice	10,421	8,314	16,987	35,722	–	35,722	40,731	5,009	31,773
Compensation Agency	4,162	(2,720)	25,263	26,705	(440)	26,265	31,547	5,282	28,485
Policing and Security	4,598	12,453	9,104	26,155	(53)	26,102	26,248	146	28,776
Policing – Non severance	36	1,683	1,078	2,797	–	2,797	3,879	1,082	1,629
Northern Ireland Prison Service	96,289	17,863	237	114,389	(202)	114,187	119,043	4,856	112,170
Youth Justice Agency	–	14,864	–	14,864	–	14,864	14,602	(262)	12,834
Spending in Annually Managed Expenditure									
<i>Central governments spending</i>									
Police Pensions	–	–	38,880	38,880	–	38,880	38,000	(880)	14,020
Police	–	–	755,120	755,120	–	755,120	761,452	6,332	714,066
<b>Total</b>	<b>179,605</b>	<b>76,718</b>	<b>847,669</b>	<b>1,103,992</b>	<b>(11,315)</b>	<b>1,092,677</b>	<b>1,145,595</b>	<b>52,918</b>	<b>1,039,185</b>

	2004–05					2003–04			
	Admin	Other current	Grants	Gross resource expenditure	A in A	NET TOTAL	Estimate	Net total outturn compared with estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 2:</b>									
Non-budget									
Grants to the Northern Ireland Consolidated Fund	–	–	8,950,000	8,950,000	–	8,950,000	9,814,005	864,005	8,505,000
European Institutions (net)	–	–	–	–	–	–	(5)	(5)	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>8,950,000</b>	<b>8,950,000</b>	<b>–</b>	<b>8,950,000</b>	<b>9,814,000</b>	<b>864,000</b>	<b>8,505,000</b>
<b>Resource Outturn</b>	<b>179,605</b>	<b>76,718</b>	<b>9,797,669</b>	<b>10,053,992</b>	<b>(11,315)</b>	<b>10,042,677</b>	<b>10,959,595</b>	<b>916,918</b>	<b>9,544,185</b>
<i>Reconciliation to Operating Cost Statement</i>									
Non-Supply expenditure (Note a)	–	–	–	20	–	20	–	–	132
Non A in A operating income	–	–	–	–	–	–	–	–	–
Income payable to the Consolidated Fund (Note b)	–	–	–	–	(681)	(681)	–	–	(1,165)
Transactions between Request for Resources netted off in Operating Cost Statement	–	–	–	–	–	–	–	–	–
Income netted off in gross sub-head grossed up in Operating Cost Statement	–	–	–	–	–	–	–	–	–
Transfer of estimate cover	–	–	–	–	–	–	–	–	–
Prior period adjustment (Note 1.11)	–	–	–	–	–	–	–	–	(213)
<b>Gross operating expenditure</b>				<b>10,054,012</b>					
<b>Operating income</b>					<b>(11,996)</b>				
<b>Net Operating Cost</b>						<b>10,042,016</b>			<b>9,542,939</b>

## Note:

- Non-supply expenditure comprises costs in respect of the Chief Electoral Officer and election expenses, funded directly by the Consolidated Fund and expenditure from non-supply funding.
- Income payable to the Consolidated Fund comprises excess A in A which is included as income in the operating cost statement.

*Key to Request for Resources*

Request for Resources 1 To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.

Request for Resources 2 Providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the NI Act 1998 & 2000.

## 11. Analysis of capital expenditure, financial investment and associated A in A

	Capital expenditure £000	Loans £000	A in A £000	2004–05 Net total £000
Request for Resources 1				
Tangible Fixed Asset Additions	22,105	–	(1,500)	20,605
Intangible Fixed Asset Additions	2,851	–	–	2,851
<b>Schedule 1</b>	<b>24,956</b>	<b>–</b>	<b>(1,500)</b>	<b>23,456</b>
Movement in Fixed Asset Accrual	(589)	–	–	(589)
<b>Schedule 4</b>	<b>24,367</b>	<b>–</b>	<b>(1,500)</b>	<b>22,867</b>
Request for Resources 2	–	–	–	–
<b>Total 2004–05</b>	<b>24,367</b>	<b>–</b>	<b>(1,500)</b>	<b>22,867</b>
<b>Total 2003–04</b>	<b>20,834</b>	<b>–</b>	<b>(207)</b>	<b>20,627</b>

## 12. Tangible fixed assets

	2004–05								
	Heritage Assets & Antiques £000	Freehold Land & Buildings £000	Long Leasehold Land & Buildings £000	Temporary Buildings £000	Vehicles Plant & Machinery £000	Computer Equipment £000	Assets Under Construc- tion £000	Assets Awaiting Disposal £000	Total £000
<b>Cost or valuation</b>									
At 1 April 2004	80,085	165,770	13,719	682	33,511	14,608	15,400	8	323,783
Additions (Note c)	4	400	–	52	1,494	7,804	12,752	–	22,106
Disposals	–	(576)	(1,855)	–	(711)	(1,023)	–	–	(3,765)
Transfer to AAD	–	(3,588)	–	–	–	–	–	3,588	–
Completed Assets Under Construction	–	14,030	–	–	3,741	2,473	(17,988)	(2,256)	–
Impairment	–	(1,053)	–	–	–	(397)	–	–	(1,450)
Write-off of fixed assets	–	–	–	–	–	(29)	(529)	–	(558)
Revaluation (Note a)	7,305	15,077	1,743	67	559	33	–	–	24,784
<b>At 31 March 2005</b>	<b>87,394</b>	<b>190,060</b>	<b>13,607</b>	<b>801</b>	<b>38,594</b>	<b>23,469</b>	<b>9,635</b>	<b>1,340</b>	<b>364,900</b>
<b>Depreciation:</b>									
At 1 April 2004	–	14,719	731	–	17,783	6,941	–	–	40,174
Charged in year	–	7,642	241	49	2,269	2,680	–	–	12,881
Disposals	–	–	(96)	–	(680)	(844)	–	–	(1,620)
Transfer to AAD	–	(176)	–	–	–	–	–	176	–
Impairment	–	(141)	–	–	–	(171)	–	–	(312)
Write-offs	–	–	–	–	–	(13)	–	–	(13)
Revaluations	–	1,720	116	–	294	14	–	–	2,144
<b>At 31 March 2005</b>	<b>–</b>	<b>23,764</b>	<b>992</b>	<b>49</b>	<b>19,666</b>	<b>8,607</b>	<b>–</b>	<b>176</b>	<b>53,254</b>
<b>Net Book Value at 31 March 2005</b>	<b>87,394</b>	<b>166,296</b>	<b>12,615</b>	<b>752</b>	<b>18,928</b>	<b>14,862</b>	<b>9,635</b>	<b>1,164</b>	<b>311,646</b>
<b>Net Book Value at 31 March 2004</b>	<b>80,085</b>	<b>151,051</b>	<b>12,988</b>	<b>682</b>	<b>15,728</b>	<b>7,667</b>	<b>15,400</b>	<b>8</b>	<b>283,609</b>
<b>Asset Financing:</b>									
Owned	87,394	166,296	12,615	752	18,928	14,862	9,635	1,164	311,646
Finance leased	–	–	–	–	–	–	–	–	–
On-balance sheet PFI contracts	–	–	–	–	–	–	–	–	–
PFI residual interests	–	–	–	–	–	–	–	–	–
<b>Net Book Value at 31 March 2005</b>	<b>87,394</b>	<b>166,296</b>	<b>12,615</b>	<b>752</b>	<b>18,928</b>	<b>14,862</b>	<b>9,635</b>	<b>1,164</b>	<b>311,646</b>

Note:

- a. The Core Department's land and buildings were valued on 1 April 2001 on the basis of existing use value by the Valuation and Lands Agency. All assets, including land and buildings, were revalued on the basis of the latest available indices as at 31 March 2005.

- b. The Northern Ireland Prison Service value properties regarded as operational on the basis of existing use, or where this could not be assessed because there is no market value for the property, its depreciated replacement cost. Properties regarded as non-operational are valued on the basis of open market value. A full valuation of land and buildings was last carried out by the VLA at 30 September 2001, in accordance with the RICS Appraisal and Valuation Manual. The next full valuation of land and buildings will be 30 September 2006.
- c. During the year assets to the value of £2,481k were funded from the Core Department to its agencies and NDPBs.
- d. The value of non-depreciable land at 31 March 2005 is £4,675k.

### 13. Intangible fixed assets

The Department's intangible assets comprise purchased software licences.

	Purchased software licences
	£000
<b>Cost or valuation</b>	
At 1 April 2004	2,367
Additions	2,851
Disposals	(21)
Transfers	–
Impairment	(12)
Revaluation (Note a)	10
<b>At 31 March 2005</b>	<b>5,195</b>
<b>Amortisation</b>	
At 1 April 2004	1,482
Charged in year	486
Disposals	(1)
Transfers	–
Impairment	(8)
Revaluation (Note a)	2
<b>At 31 March 2005</b>	<b>1,961</b>
<b>Net book value at 31 March 2005</b>	<b>3,234</b>
<b>Net book value at 31 March 2004</b>	<b>885</b>

Note:

- a. Intangible fixed assets are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics.

### 14. Investments

	2004-05 NLF received to on-lend to DFP	2003-04 NLF received to on-lend to DFP
	£000	£000
Balance at 1 April	1,371,997	1,380,425
Additions	168,726	89,435
Disposals	–	–
Repayment of principal	(100,232)	(97,863)
Revaluations	–	–
	<b>1,440,491</b>	<b>1,371,997</b>
Loans repayable within 12 months transferred to debtors	(99,944)	(99,902)
<b>Balance at 31 March</b>	<b>1,340,547</b>	<b>1,272,095</b>

The investment movements for the year included in Schedule 1 excludes on-lent National Loans Fund loans.

The above balance includes only the principal element of NLF advances, whereas the schedule of repayments also includes interest. Interest has been excluded from the disclosure due to the disproportionate amount of work required to calculate an accurate figure, which has an overall nil net impact on the balance sheet.

### 15. Movements in working capital other than cash

The movements in working capital used in the reconciliation of resources to cash requirement comprise:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Decrease in stocks/work in progress	(4)	–
(Decrease)/increase in debtors	268	1,209
Increase in creditors	(2,954)	(10,792)
	<u>(2,690)</u>	<u>(9,583)</u>
Adjustments:		
Amounts due to the Consolidated Fund	–	201
Movement in working capital related to the acquisition/disposal of tangible fixed assets	(589)	3,141
Amounts receivable that will be due to the Consolidated Fund when received	56	5,225
<b>Net increase in working capital other than cash</b>	<u>(3,223)</u>	<u>(1,016)</u>

The movements in working capital other than cash used in the Cash Flow Statement comprise:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Decrease in stocks/work in progress	(4)	–
(Decrease)/increase in debtors	268	1,209
Increase in creditors	(2,954)	(10,792)
	<u>(2,690)</u>	<u>(9,583)</u>
Adjustments:		
Amounts due to the Consolidated Fund	–	201
Movement in working capital related to the acquisition/disposal of tangible fixed assets	–	3,141
Amounts receivable that will be due to the Consolidated Fund when received	57	5,232
<b>Net increase in working capital other than cash</b>	<u>(2,633)</u>	<u>(1,009)</u>

### 16. Stocks and work in progress

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Stocks	1,591	1,595
	<u>1,591</u>	<u>1,595</u>

**17. Debtors**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade debtors	462	3,062
Work in progress	775	821
Other debtors	3,166	1,456
Prepayment and accrued income	2,485	1,574
Current part of NLF loan	99,944	99,902
Amounts due from Consolidated Fund in respect of supply VAT	1,149	4,608
	<u>1,500</u>	<u>1,082</u>
	<b>109,481</b>	<b>112,505</b>
<b>Amounts falling due after more than one year:</b>		
Other debtors	4,876	5,001
	<u>4,876</u>	<u>5,001</u>
Total	<b>114,357</b>	<b>117,506</b>

Included within other debtors is £110,290.70 (2003–04: £166,580.56) that will be due to the Consolidated Fund once the debts are collected. Of this amount £105,505.91 (2003–04: £136,970.21) is in relation to the recovery of Northern Ireland Prison Service Home Loans.

**18. Cash at bank and in hand**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Balance at 1 April	(3,387)	(8,813)
Opening balance adjustment (Note 21)	–	337
Net change in cash balance	3,390	5,089
<b>Balance at 31 March</b>	<b>3</b>	<b>(3,387)</b>
The following balances at 31 March are held at:		
Office of HM Paymaster General	2,976	265
Commercial banks and cash in hand	(2,973)	(4,451)
Cash in transit	–	799
<b>Balance at 31 March</b>	<b>3</b>	<b>(3,387)</b>
The balance at 31 March comprises:		
Issues due from the Consolidated Fund	(1,149)	(4,608)
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund	11	42
Other payments due to be paid to the Consolidated Fund	1,141	1,165
Cash in respect of Consolidated Fund standing services	–	14
	<u>3</u>	<u>(3,387)</u>



**19. Creditors**

	2004–05	2003–04
	£000	£000
<b>Amounts falling due within one year:</b>		
VAT	155	186
Other taxation and social security	1,716	2
Trade creditors	1,445	1,709
Other creditors	7,863	5,831
Accruals and deferred income	25,559	26,058
Tangible fixed asset accruals	3,731	3,141
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
Received	11	42
Receivable	59	30
Repayment of National Loans Fund	99,944	99,902
Excess Appropriations in Aid	1,141	1,165
Bank overdraft (see Note 18)	–	3,387
	<b>141,624</b>	<b>141,453</b>
<b>Amounts falling due after more than one year:</b>		
Other Creditors	14,700	19,704
Consolidated Fund Extra Receipts received and receivable and due to be paid to the Consolidated Fund	52	137
Repayment of National Loans Fund	1,340,547	1,272,095
	<b>1,355,299</b>	<b>1,291,936</b>
<b>Total</b>	<b>1,496,923</b>	<b>1,433,389</b>

**20. Provisions for liabilities and charges**

						2004-05	2003-04
	Early Departure Costs	Compensation Payments	Staff Reduction Programme	Provision for Litigation Claims	Others	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	2,556	87,632	1,949	4,692	11,169	107,998	146,822
Opening balance adjustment (Note 21)	–	–	–	–	–	–	2,410
Provided in the year	877	28,480	47	2,000	477	31,881	32,611
Provisions not required written back	(344)	(4,144)	–	(948)	(6,086)	(11,522)	(942)
Provisions utilised in the year	(620)	(49,867)	(1,248)	(1,608)	(2,293)	(55,636)	(73,446)
Unwinding of discount	17	–	–	–	–	17	543
<b>Balance at 31 March</b>	<b>2,486</b>	<b>62,101</b>	<b>748</b>	<b>4,136</b>	<b>3,267</b>	<b>72,738</b>	<b>107,998</b>

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements. Where the effect of the time value of money is significant, the cash flows have been discounted using the Treasury discount rate of 3.5% (2003-04: 3.5%).

*Early Departure Costs*

The Department meets the additional costs of benefits beyond the normal PCSPS and PCSPS(NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS and PCSPS(NI) over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments.

*Compensation Payments*

The Compensation Agency provides for future obligations arising from all claims for compensation held at the Balance Sheet date. All such claims will either be allowed or denied (including abandoned/withdrawn claims). The Agency estimates the likely ratio of allowances to denials and also estimates the potential average value of each allowed claim. It then calculates the total expected future liability for each of the compensation schemes that it operates.

*Staff Reduction Programme*

The provision for the Staff Reduction Programme arises from the downsizing of the Prison Service following the Good Friday Agreement and the closure of the Maze Prison. The provision primarily consists of additional pension costs due to the Department of Finance and Personnel, payable through to 2010-11.

*Provision for Litigation Claims*

The Litigation provision relates to claims against the Prison Service by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. The timing of the settlement of claims depends on the circumstances of each case.

*Others*

Security Breach Provision totalling £2m.

This arises from the discovery of the disclosure of prison officers' personal details in October 2002. Remaining costs are largely payable during the 2005-06 financial year.

Miscarriages of Justice Provision totalling £1.3m.

When a person has been convicted of a criminal offence and when subsequently their conviction has been reversed or they have been pardoned on the ground that a new or newly discovered fact shows beyond reasonable doubt that there has been a miscarriage of justice, the Secretary of State shall pay compensation for the miscarriage of justice under section 133 of the Criminal Justice Act 1988, to the person who has suffered punishment as a result of such conviction or, if that person is dead, to their personal representatives, unless the non-disclosure of the unknown fact was wholly or partly attributable to the person convicted. If the Secretary of State determines that there is a right to such compensation, the amount shall be assessed by an assessor appointed by the Secretary of State.

Other provisions include alleged industrial injury, an Inland Revenue assessment on the tax liability arising from additional housing cost payments to certain prison officers and other miscellaneous tribunals. The amounts of the settlements are likely to be known in the 2005-06 financial year.

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

	2004-05		2003-04	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)	(10,042,016)		(9,542,939)	
Income not appropriated in aid payable to the Consolidated Fund	(1,141)		(1,165)	
		(10,043,157)		(9,544,104)
Net parliamentary funding	10,079,981		9,585,760	
Other non-supply funding	–		89	
		10,079,981		9,585,849
Transfer to general fund of realised element of revaluation reserve (Note 22)		2,409		84
Transfer from Consolidated Fund for standing services		6		96
Amounts due from Consolidated Fund in respect of supply		1,149		4,608
Non-cash charges:				
Cost of capital	5,945		3,357	
Auditors' remuneration	140		170	
Other Notionals	701	6,786	1,418	4,945
<b>Net increase in general fund</b>		<b>47,174</b>		<b>51,478</b>
General fund at 1 April		54,684		(6,594)
Adjustments to opening balance (Note a)		–		9,800
In-year transfer between reserves (Note 22)		31,445		–
<b>General fund at 31 March (Schedule 3)</b>		<b>133,303</b>		<b>54,684</b>

Note:

- a. Opening balance adjustments relate to the opening balances of the Youth Justice Agency, a newly formed Executive Agency as from 1 April 2003 consolidated for the first time in 2003-04.

## 22. Reserves

	2004-05	2003-04
	Revaluation Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April	79,619	58,062
Arising on revaluation during the year (net)	22,649	21,641
Transfer to general fund in respect of realised element of revaluation reserve	(2,409)	(84)
In-year transfer between reserves	(31,445)	–
<b>Balance at 31 March</b>	<b>68,414</b>	<b>79,619</b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

The Department has no donated assets.

In-year transfer between reserves relates to the Northern Ireland Prison Service.

## 23. Notes to Schedule 5

Programme grants and other current expenditure have been allocated as follows:

	2004-05	2003-04
	£000	£000
<b>RfR1</b>		
Objective 1	16,277	38,152
Objectives 3 & 5	60,766	67,968
Objectives 2 & 4	818,318	753,567
Objective 6	18,843	23,153
<b>RfR2</b>		
Objective 1	9,151,905	8,765,184
	<b>10,066,109</b>	<b>9,648,024</b>

The Northern Ireland Office's capital is employed for both administration and programme purposes. Its distribution amongst objectives is not markedly different from the proportion of the related gross operating costs and for the Core Department capital employed has been allocated to objectives in proportion to gross operating costs. Capital employed for the Northern Ireland Prison Service has been allocated to Objective 6 and for the Forensic Science Agency, the Compensation Agency and the Youth Justice Agency has been allocated to Objectives 3 and 5. No capital is employed in respect of RfR 2.

**Capital Employed by Departmental Aims and Objectives**

	<b>2004-05</b>	<b>2003-04</b>
	<b>Capital Employed</b>	<b>Capital Employed</b>
	£000	£000
<b>RfR1</b>		
Objective 1	4,838	10,852
Objectives 3 & 5	(43,339)	(70,931)
Objectives 2 & 4	89,210	71,129
Objective 6	151,008	123,253
<b>RfR2</b>		
Objective 1	–	–
	<b>201,717</b>	<b>134,303</b>

**24. Capital commitments**

	<b>2004-05</b>	<b>2003-04</b>
	£000	£000
Contracted capital commitments at 31 March for which no provision has been made	987	23,371
Authorised capital commitments at 31 March for which no provision has been made	24,233	1,116

**25. Commitments under leases***25.1 Operating leases*

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	<b>2004-05</b>		<b>2003-04</b>	
	Land & buildings	Photocopiers & vehicles	Land & Buildings	Photocopiers & vehicles
	£000	£000	£000	£000
<b>Obligations under operating leases comprise:</b>				
Expiry within 1 year	2,809	231	2,899	281
Expiry after 1 year but not more than 5 years	1,240	139	938	201
Expiry thereafter	1,147	–	1,290	–
	<b>5,196</b>	<b>370</b>	<b>5,127</b>	<b>482</b>

*25.2 Finance leases*

The Department has no obligations under finance leases.

**26. Commitments under PFI contracts***26.1 Off-balance sheet*

The Causeway Programme was established to deliver significant improvements to the effectiveness and efficiency of criminal justice in Northern Ireland through improved integration of information systems. Following a tendering process advertised in the Official Journal of European Communities (OJEC), a PFI contract was let with Fujitsu Services in August 2003 to deliver a managed service for information exchange and storage over a 10 year period with an option to extend for a further 5 years. This contract has an estimated value of approximately £27.5m of which £9.3m is estimated to be the capital value.

### 26.2 Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £2,640,414 (2003-04: £1,460,135); and the payments to which the department is committed during 2005-06, analysed by the period during which the commitment expires, is as follows:

	2004-05	2003-04
	£000	£000
Expiry within 1 year	–	–
Expiry within 2 to 5 years	–	–
Expiry within 6 to 10 years	3,059	3,001
	<u>3,059</u>	<u>3,001</u>

### 27. Other financial commitments

The Department has no non-cancellable contracts as at 31 March 2005.

### 28. Contingent liabilities disclosed under FRS 12

Listed below are the Department's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Department's control.

- (i)
- |                                      |   |
|--------------------------------------|---|
| Description of liability:            | Miscarriage of Justice cases – Solicitors' and Assessors' Fees and Interest Payments.   |
| Expected date of Settlement:         | 2005-06.  |
| Uncertainties and major assumptions: | Due to the nature of compensation claims it is not possible to assess potential settlement amounts for either type of legal costs, as both solicitors and assessors costs will vary depending on the complexity and time spent on individual cases and this is not known until each case is completed. A number of variables have also to be confirmed before interest payments can be calculated with any degree of certainty. |
- (ii)
- |                                      |   |
|--------------------------------------|---|
| Description of liability:            | Litigation claims against the Northern Ireland Prison Service that are expected to be unsuccessful.   |
| Expected date of Settlement:         | 2005 onwards (considerable number of individual cases).   |
| Uncertainties and major assumptions: | At year-end the NI Prison Service has estimated contingent liabilities of £944,000 (2003-04, £981,000) in respect of litigation claims against the Agency. These claims have not been provided for in the financial statements and the Prison Service believes it unlikely that they will be successful. Where the effect of the time value of money is material, the cash-flows have been discounted using the Treasury discount rate of 3.5%. |
- (iii)
- |                                      |   |
|--------------------------------------|---|
| Description of liability:            | At 31 March 2005 there are two claims against the Agency in respect of industrial injuries. |
| Expected date of Settlement:         | Settlement date unknown.  |
| Uncertainties and major assumptions: | These cases are being defended by the Compensation Agency.                                  |

**29. Losses and special payments**

## Losses Statement

	£000
<b>Total (609 cases)</b>	<b>8,545</b>
2 cases amounting to £42,879 in relation to sundry write-offs	43
607 cases amounting to £8,501,778 for Compensation Payments	8,502

The Secretary of State has powers to recover compensation and costs from offenders of crimes in respect of which criminal compensation has been paid. Amounts not received are treated as a loss. There were 607 cases amounting to £8,501,778 where final compensation payments were made in 2004-05 and offenders identified but it was not considered economic to pursue recovery.

During 2004-05, final compensation payments were made in 5,147 cases (this includes the 607 cases mentioned above). The total amount of compensation paid in these cases was £44,485,511. This figure incorporates interim payments made in previous years.

**30. Related party transactions**

The Northern Ireland Office is the parent Department of a number of entities. During the year the NIO has had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include:

## Executive Agencies:

- Northern Ireland Prison Service
- Compensation Agency
- Forensic Science Northern Ireland
- Youth Justice Agency

## Non-departmental public bodies:

- Probation Board for Northern Ireland
- Northern Ireland Policing Board
- Police Service of Northern Ireland
- Northern Ireland Human Rights Commission
- Office of the Police Ombudsman for Northern Ireland
- Criminal Injuries Compensation Appeals Panel Northern Ireland

The Department financed the Office of the Chief Inspector of Criminal Justice in Northern Ireland (CJINI) in shadow mode from 26 May 2003 by making payments on their behalf directly through the core department. The CJINI became an executive NDPB on 1 October 2004.

In addition, the Northern Ireland Office has had a number of material transactions with other Government Departments and other central government bodies. Most of these transactions have been with the Department of Finance and Personnel.

The Department of the Director of Public Prosecutions (DPP) paid professional fees of £154,867.99 (including VAT) to a barrister who is related to an assistant director in the DPP.

The Crown Solicitors' Office (CSO) paid consultancy fees of £13,233.29 (excluding VAT) to a consultant engineer who is related to a senior manager in the CSO.

With the exception of the above, none of the board members, key managerial staff or other related parties has undertaken any other material transactions with the NIO during the year.

### 31. Financial instruments

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

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

#### 31.1 Liquidity risk

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

#### 31.2 Interest-rate risk

All of the Department's financial assets and liabilities carry nil rates of interest, or are at floating rates of interest. The largest of the Department's financial liabilities consists of a number of loans from the National Loans Fund (NLF), which have been on-lent to the Department of Finance and Personnel (DFP). As these loans are repayable to the NIO by DFP, they also appear in the Department's account as a financial asset. The interest repayments on these loans are met by DFP, and therefore the Department is not exposed to any interest rate risks on these loans. The Department also has an overdraft facility with a commercial bank, upon which no interest is chargeable to the Department. The balance on any overdraft tends to be small and promptly cleared.

Consequently, the Department does not consider itself to be exposed to any significant interest rate risks.

#### 31.3 Interest rate profile

The following two tables show the interest rate profiles of the department's financial liabilities and assets.

##### Financial Liabilities

<b>Loan advances</b>	Balance 31 March 2005 £000	Interest rate	Period until maturity
NLF loans on-lent to DFP	<u>£1,340,547</u>	<u>Set by NLF</u>	<u>9–25 years</u>

All loans are repayable bi-annually over a period of 25 years, interest being charged at the NLF floating rate. Note 14 discloses only the principal element of NLF advances due to the disproportionate amount of work required to calculate an interest figure which has nil net impact on the account.

<b>Overdraft Facilities</b>	Balance 31 March 2005 £000	Interest rate	Period until maturity
Commercial Banks	£2,973	Nil	Repayable on demand

  

<b>Non-Pension Provisions</b>	Balance 31 March 2005 £000	Interest rate	Period until maturity
Miscarriages of Justice	£1,323	Nil	Dependent on proceedings
Compensation Payments	£62,101	Nil	Dependent on proceedings
Staff Reduction Programme	£748	Nil	2010
Litigation Claims	£4,136	Nil	Dependent on proceedings
Others	<u>£1,944</u>	<u>Nil</u>	<u>Dependent on proceedings</u>

**Financial Assets**

Excluding the Department's loan from the NLF (which is on-lent to the DFP and is therefore also a financial asset of the Department), the Department's primary financial asset as at 31 March 2005 is:

<b>Bank and Cash</b>	Balance 31 March 2005 £000	Interest rate	Period until maturity
Office of HM Paymaster General	£2,976	Nil	Available on demand

The Department draws down vote money from the Consolidated Fund into the account of the Office of HM Paymaster General in order to cover running costs.

**31.4 Foreign currency risk**

All the material assets and liabilities of the Department are denominated in sterling, therefore the Department has no exposure to foreign currency risks.

**31.5 Fair values**

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

	Book value £000	Fair Value £000	Basis of fair valuation
<b>Primary financial instruments:</b>			
<b>Financial assets:</b>			
NLF loans on-lent to DFP	1,340,547	1,340,547	Note a
Long-term debtors	4,876	4,876	Note b
<b>Financial liabilities:</b>			
Bank overdraft	–	–	Note b
NLF loans received for on-lending	(1,340,547)	(1,340,547)	Note a
Long-term creditors – consolidated fund	(52)	(52)	Note b
Long-term creditors – other creditors	(14,700)	–	Note c
<b>Provisions</b>	<b>(72,738)</b>	<b>(72,738)</b>	Note b

Note:

- a. Loan is at NLF floating rate so fair value is not significantly different from book value.
- b. Fair value is not significantly different from book value.
- c. It is not applicable to state a fair value as this balance is repayable in instalments governed by a contractual agreement that cannot be altered.

**32. Post balance sheet events**

There were no events occurring after the balance sheet date that require disclosure.

**33. Third-party assets**

Crown Solicitor's Office restitution monies, received for subsequent payover to other departments, are not regarded as a departmental asset. The balance held by the Department as at 31 March 2005 amounted to £147,713.41 (31 March 2004: £76,240.61). Although this balance is held within the Department's bank account, it is not included in the primary statements.

All prisoners have a private (Prisoners' Private Cash – PPC) account into which prison earnings and cash received from visits or through the post are lodged. These accounts are also used by prisoners to fund all purchases from the prison tuckshop. When prisoners are finally discharged they are paid the full balance of their PPC account.



Young people in custody have a private cash facility for the lodgement of their pocket money and funding of tuckshop purchases. When the young people are discharged they are paid in full the balance on their account.

Bank balances for minors under the Criminal Injuries Compensation (Northern Ireland) Order 2002 are held and attract compound interest until the minors reach the age of 18.

The combined movement of the above third party assets is summarised in the table below:

	31 March 2004	Gross Inflows	Gross Outflows	31 March 2005
	£000	£000	£000	£000
Monetary assets such as bank balances and monies on deposit	257	4,670	(4,055)	872

### 34. Entities within the departmental boundary

The entities within the boundary during 2004-05 were as follows:

**Executive Agencies:** Northern Ireland Prison Service  
Compensation Agency  
Forensic Science Northern Ireland  
Youth Justice Agency

The annual reports and accounts of these Executive Agencies are published separately.

**Non-Executive NDPBs:** Criminal Injuries Compensation Appeals Panel for Northern Ireland\*  
Parades Commission\*  
Office of the Oversight Commissioner\*  
Office of the Justice Oversight Commissioner  
Prisoner Ombudsman  
Boundary Commission for Northern Ireland  
Independent Assessor for PSNI Recruitment Applications  
Independent Assessor of Military Complaints Procedures

#### Other entities:

##### *Commissions*

Independent Commissioner for Detained Terrorist Suspects  
Independent International Commission for Decommissioning\*  
Office of the Intrusive Surveillance Commissioner  
Sentence Review Commissioner  
Life Sentence Review Commissioners  
Civil Service Commissioners  
Remission of Sentences Commissioners  
Independent Monitoring Commission\*  
International Independent Commission for the Location of Victims' Remains  
Commissioner for Hearings under Prison Rule 109B

##### *Other Judicial Bodies/Reviews*

Bloody Sunday Inquiry  
Billy Wright Inquiry  
Robert Hamill Inquiry  
Rosemary Nelson Inquiry

##### *Boards of Visitors and Visiting Committee*

Boards of Visitors, HMPs Maghaberry and Magilligan  
Visiting Committee, Young Offenders Centre, Hydebank

\*Separate accruals accounts are produced for these entities.

**35. Actual outturn – resources and cash***35.1 Actual outturn – resources:*

Request for resources 1: Actual amount net resource outturn £1,092,677,343.98. Actual amount of savings in resources over Estimate £52,917,656.02.

Request for resources 2: Actual amount net resource outturn £8,950,000,000.00. Actual amount of savings in resources over Estimate £864,000,000.

*35.2 Actual outturn – cash:*

Net cash requirement: Outturn net requirement £10,081,142,638.11 which is £924,810,361.89 less than the Estimate.

Of this amount £Nil has been applied to the Excess Vote, leaving a balance of £1,141,088.11 surrenderable to the Consolidated Fund.

The actual receipts surrenderable to the Consolidated Fund were £1,690,592.07. Of this amount, £Nil has been applied to the Excess Vote, leaving a balance of £1,690,592.07 surrenderable to the Consolidated Fund.

Amounts due from the Consolidated Fund in respect of payments made less than cash withdrawn 1,148,775.52.

**36. Intra-government balances**

	Debtors: Amounts falling due within one year	Debtors: Amounts falling due after more than one year	Creditors: Amounts falling due within one year	Creditors: Amounts falling due after more than one year
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balances with other central government bodies	107,011	–	117,214	1,355,299
Balances with local authorities	–	–	4	–
Balances with NHS Trusts	85	–	21	–
Balances with public corporations and trading funds	–	–	–	–
Balances with bodies external to government	2,385	4,876	24,385	–
<b>At 31 March 2005</b>	<b><u>109,481</u></b>	<b><u>4,876</u></b>	<b><u>141,624</u></b>	<b><u>1,355,299</u></b>
Balances with other central government bodies	110,946	–	113,490	1,291,936
Balances with local authorities	–	–	–	–
Balances with NHS Trusts	109	–	24	–
Balances with public corporations and trading funds	8	–	–	–
Balances with bodies external to government	1,442	5,001	27,939	–
<b>At 31 March 2005</b>	<b><u>112,505</u></b>	<b><u>5,001</u></b>	<b><u>141,453</u></b>	<b><u>1,291,936</u></b>







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