Central Office of Information
Annual Report and Accounts
for the period ended 30 December 2011

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Chief Executives’ foreword

COI was born out of the wartime Ministry of Information and came into being on 1 April 1946. It closed on 30 December 2011.

For 66 years it has performed a key function as an efficient and effective centre for government communications, supporting and delivering results on behalf of a diverse range of clients in Whitehall and right across the wider public sector.

Ever since it was formed, COI has driven best practice, value for money and has championed accountability standards and robust evaluation. These principles must now lie at the heart of all government marketing and communications activity.

On behalf of the taxpayer, COI has worked tirelessly to play its part in saving lives, saving money and enabling the government of the day to engage the public more effectively with its polices.

Supported by a wealth of evidence, COI's impressive legacy is one of which its clients, its suppliers and, most importantly, its staff can look back on with immense pride.

Emma Lochhead and
Graham Hooper

29 March 2012

Our year in summary

Financial review

COI turnover for the period ended 30 December 2011, excluding property income, was £93 million, a decrease of £75 million (45 per cent) on the previous year.

Paid-for advertising space and digital marketing (including search) accounted for £28.5 million (31 per cent of turnover), up from £35.9 million (21 per cent of turnover) in the previous year.

£000	**2005/06**	**2006/07**	**2007/08**	**2008-09**	**2009-10**	**2010-11**	**(9 months) 2011**	**Year on year decrease/ increase**
Advertising: Media	154,680	135,909	156,859	211,292	193,020	28,588	21,771	-24%
Non Media	13,262	18,825	10,785	14,058	19,987	14,370	7,659	-47%
Total	167,942	154,734	167,644	225,350	213,007	42,958	29,430	-31%
Digital Marketing	7,710	12,374	21,755	39,943	44,094	7,265	6,764	-7%
Direct and Relationship Marketing	27,167	29,926	33,471	45,620	60,353	27,736	15,642	-44%
Content (Publications, Moving Image & Audio)	48,536	45,784	49,064	54,613	49,240	19,379	7,792	-60%
Interactive services	4,403	10,078	13,619	23,864	23,353	10,490	5,095	-51%
Research	17,703	17,376	22,668	29,437	27,389	9,550	4,943	-48%
PR	15,987	14,147	17,238	23,129	19,462	7,805	2,221	-72%
Live Events	7,494	10,918	12,994	34,326	21,120	6,386	4,794	-25%
Regional Marketing				7,078	11,547	5,798	2,359	-59%
News	9,681	9,344	9,670	17,823	22,844	7,053	4,313	-39%
Strategy and Planning	7,207	9,724	11,936	18,488	14,530	4,068	852	-79%
Sponsorship	7,715	8,590	11,981	9,588	10,337	2,857	988	-65%
Other	779	1,075	1,185	788	275	7,205	3,697	-49%
Subtotal	**322,324**	**324,070**	**373,225**	**530,047**	**517,551**	**158,550**	**88,890**	**-44%**
GovGap			3,981	9,702	13,968	9,440	3,965	-58%
Total	**322,324**	**324,070**	**377,206**	**539,749**	**531,519**	**167,990**	**92,855**	**-45%**
Paid for Media (Advertising Media + Digital Marketing)	162,390	148,283	178,614	251,235	237,114	35,853	28,535	-20%
As a % of total COI activity	50%	46%	47%	47%	45%	21%	31%	

Total operating expenditure over the year was £103.8 million, a reduction of £70.6 million.

Our operating expenditure falls into two distinct categories:

- costs we have incurred on behalf of our clients through central procurement of marketing, advertising and communications-related services, which totalled £76.5 million (£103.4 million in the previous year); and
- our own running costs, which totalled £27.2 million (£54.0 million in the previous year)

The result in year was a deficit of £9.2 million which has been reduced to £3.2 million with a subsidy from Cabinet Office of £6.0 million. This was offset against retained reserves, leaving a balance of retained earnings of £0 million.

Financial and treasury management

COI's total net assets are £0 million (£3.5 million last year).

Our current assets decreased from £50.4 million last financial year to £39.3 million this year. This was primarily a result of the reduction in business volume this year. As the status of COI has changed from going concern to other than going concern, non-current assets (primarily IT equipment and associated software licences) have been reclassified as current assets.

Investment of surplus cash balances in UK government deposits generated £21k of bank interest. 97 per cent of suppliers were paid within terms.

Although there were no borrowings in the period, the Trading Fund received financial assistance in the form of a subsidy of £10 million from the Cabinet Office in December 2011of which £6.0 million was utilised and £4.0 million returned to the Cabinet Office following the closure of COI.

Ministerial targets

There were no Ministerial targets set due to the announcement of the closure of COI.

Results 2011

Director’s report

History

COI was established in 1946, when responsibility for information policy was taken up again by departmental ministers after the closure of the wartime Ministry of Information. COI became a common service agency, concentrating expertise to avoid a wasteful duplication of specialists throughout Whitehall and taking advantage of centralised purchasing. In 1981, the then Prime Minister approved the move to a repayment service, which was introduced on 1 April 1984. On 5 April 1990 COI became a vote-funded executive agency, and on 1 April 1991 it became a trading fund under the Central Office of Information Trading Fund Order 1991.

Statutory background

On 22 June 1992 ministerial responsibility for COI was transferred to the Minister for the Cabinet Office from the Chancellor of the Exchequer. COI continued to be a department of the Minister, who is accountable to Parliament and its select committees for all COI’s activities. Taking into account the advice of the Chief Executive, the Minister determines the overall policy and financial framework within which COI operates but does not normally become involved in day-to-day management.

As a government department, COI continued to receive a small provision in respect of central advisory services. This is included as income to the Trading Fund Account. In the previous year this was also accounted for separately through COI’s Resource Account. In 2011 this provision was transferred to the Cabinet Office by Machinery of Government on 30th December 2011 and will be accounted for by the Cabinet Office.

On 30th December 2011, the Central Office of Information Trading Fund (Revocation) Order 2011 came into force, revoking the Central Office of Information Trading Fund Order 1991. All staff and assets were transferred to the Cabinet Office on 30 December 2011. The Cabinet Office is managing the winding down of operations.

Aims and objectives

The aim of COI is to enable central government to secure its policy objectives through achieving maximum communications effectiveness and best value for money. COI’s objectives are to improve the effectiveness of, and add value to, its clients’ communications and marketing programmes through its consultancy, procurement and project management services across all communications channels.

Review of activities

COI’s principal activities throughout the year continued to be:

- providing strategic advice to departments and agencies on achieving their communications objectives;
- providing purchasing and project management services implementing those strategies; and
- supplying directly those services that, for propriety or other reasons, can only be provided by a government organisation.

Results

The original deficit of £9,884,000 was reduced to £3,241,000 by a grant from the Cabinet Office of £5,981,000.

Events after the reporting period date

Following the closure of the Trading Fund the responsibility for winding down the work and reducing and redeploying staff was transferred to the Cabinet Office. All costs for this will be borne by the Cabinet Office.

Supervisory Board members during the 9 months to 30 December 2011

G. Hooper, Director, Client Service and Strategy

E. Lochhead, Director, Human Resources

M. Lund, Chief Executive

(until April 2011)

S. Marquis, Non-Executive Director

C. Wood, Non-Executive Director

Directors' statement with respect to conflict of interest

All Supervisory Board members have confirmed that they have no significant outside interests that conflict with their management responsibilities.

Supplier payment performance

COI's policy is to pay all suppliers within 30 days of receipt of goods or services or of a correctly documented invoice (whichever is received later), or according to contract where a different payment period is agreed. COI observes the principles of the CBI Better Payment Practice Code.

Using the Civil Service standard measure, during 2011 COI paid 97 per cent of supplier bills within 30 days (95 per cent in 2010/11).

Recruitment

COI recruits staff on the basis of fair and open competition and selection on merit, in accordance with the recruitment code laid down by the Civil Service Commissioners. Systems are subject to internal and external checks. There was no recruitment in 2011

11 per cent of COI's staff are recorded as being from ethnic minority groups and 0.5 per cent have a disability as defined under the Disability Discrimination Act 1995.

The permitted exceptions to the principles of fair and open competition and selection on merit were not used on any occasion for appointments over 12 months.

Sickness absence

During the year, 1.1 per cent of available working days were recorded as sickness absence (1.1 per cent in 2010-11).

Employee involvement

COI encourages the involvement of its staff in the daily running of its affairs through normal line management contacts. Information is disseminated through office circulars, e-mail, the intranet, an electronic staff newspaper and distribution of the Annual Report and Accounts. Regular workplace meetings are also used to pass on information to staff and to answer questions. Since 2005/06, a Representative Council, superseded by a Staff Engagement Committee, has been in operation, which allows staff to have a say on important issues that affect the organisation, and to provide the COI Management Board with an insight into popular thinking that can be considered as part of the decision-making process. The Staff Engagement Committee fulfils the requirements of the EU Information and Consultation Directive, which gives employees rights to be informed and consulted about the business they work for.

COI has formal contact with its trade unions through the departmental Whitley Council and more frequent and less formal discussions through several sub-committees.

People with disabilities

In relation to employees with disabilities, COI complies with the equal opportunities legislation and provides special facilities where necessary.

Personal data security incidents

During the year there were no incidents that resulted in the loss of personal data by COI employees.

Pension liabilities

These are covered in notes 1(f) and 6 to the accounts.

HM Treasury Accounts Direction

These accounts have been prepared in accordance with the Accounts Direction given by HM Treasury, in accordance with section 4(6)(a) of the Government Trading Funds Act 1973.

Disclosure of relevant audit information

As far as the Accounting Officer is aware, there is no relevant audit information of which COI's auditors are unaware, and the Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that COI's auditors are aware of that information. 'Relevant audit information' means information needed by the entities auditor in connection with preparing the audit report.

Audit services and costs

The Comptroller and Auditor General (C&AG) is head of the National Audit Office and is appointed as the auditor of the COI Trading Fund under section 4(6) of the Government Trading Funds Act 1973. The auditor's remuneration payable is £65,000 for the period ended 30 December 2011. As the resource account was transferred to the Cabinet Office under Machinery of Government, the notional audit fee payable is £nil for the period ended 30 December 2011.

Remuneration report

COI remuneration policies for senior staff

Supervisory Board directors

All COI Supervisory Board directors are members of the Senior Civil Service (SCS), and the independent Review Body on Senior Salaries (SSRB) advises the Government on appropriate remuneration for SCS members. In setting the remuneration of Supervisory Board directors, it is COI policy to adopt the recommendations of the SSRB. COI's Remuneration Committee for setting directors' salaries comprises the Accounting Officer and the Deputy Director of Human Resources (HR). Decisions are subject to ratification by the Employment and Reward Group of the Cabinet Office.

The principal objectives of the pay system for directors adopted by COI, based on SSRB recommendations, are:

- aligning directors' pay with the market, to enable COI to recruit and retain high-calibre people; and
- reinforcing policies to raise the performance of individual directors by relating pay to performance within a formal performance management system.

Details on the remit and work of the SSRB can be found on the Office of Manpower Economics website (**www.ome.uk.com**).

Accounting Officer

The Accounting Officer's remuneration is determined by the Cabinet Office Remuneration Committee.

Non-executive directors

COI has two non-executive directors who attend all Supervisory Board meetings. Remuneration of the non-executive directors is set by the Accounting Officer and the HR Director, and is reviewed annually. For the period ended 30 December 2011, the non-executive directors' remuneration was £45,000. COI does not contribute to the pension of the non-executive directors.

The Non-Executive Director C. Wood is appointed on an open-ended contract. The Non-Executive Director S. Marquis is appointed on a fee-paid contract which commenced in August 2010. There was no compensation payable for loss of office.

Performance assessment of senior COI staff

In line with COI's policy of linking individual performance to pay, COI's Supervisory Board directors are appraised under the standard SCS appraisal system against agreed targets and objectives. The objectives of Supervisory Board directors are linked to the corporate objectives identified by the Supervisory Board as part of its annual corporate planning and budget-setting process, in line with ministerial targets. The performance and targets of the Accounting Officer are determined by the Cabinet Office.

The Accounting Officer formally assesses each Supervisory Board director's performance against his/her objectives at a six-monthly interim stage and annually at the end of the business year, to ensure that progress is being made against targets.

Duration of directors' contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit, on the basis of fair and open competition.

The appointments of all COI's Supervisory Board directors and the Chief Executive are open ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

Directors' remuneration for the period 1 April 2011 to 30 December 2011

Remuneration of directors and the Chief Executive comprises a base salary, non-consolidated performance pay, a corporate bonus scheme and a pension. No benefits in kind are paid to directors. The remuneration of the Chief Executive, directors and non-executive directors for the period ended 30 December 2011 is set out in the table overleaf. The following information has been subject to audit. Information about named individuals in the Remuneration Report is consistent with identifiable information of those individuals in the financial statements. In exceptional circumstances non-disclosure is acceptable and has been granted in this publication.

Directors' remuneration for the period 1 April 2011 to 30 December 2011

Director's name and position	Salary as at 30.12.11	Additional payments† as at 30.12.11	Real increase (or decrease) in pension and related lump sum at age 60	Total accrued pension at age 60 at 30.12.11
	£000	£000	£000	£000
M. Lund*** Chief Executive (until 08.04.11)	0–5 (150–155 full year equivalent)	0-5	0–2.5	5.0–7.5
E. Lochhead** Director	70–74 (95–100 full year equivalent)	10–15	0–2.5 plus 0-2.5 lump sum	10–15 plus 35–40 lump sum
G. Hooper* Director	70–74 (90–95 full year equivalent)	5–10	0–2.5	30–35
S. Marquis Non-Executive Director (from 06.08.10)	10–15 (15–20 full year equivalent)	–	–	–
C. Wood Non-Executive Director	30–35 (45–50 full year equivalent)	–	–	–

* Has opted to join the premium pension scheme. ***Has opted to join the nuvos pension scheme.
** Has opted to join the classic pension scheme.
† Includes corporate and performance bonus and sale of annual leave

Cash equivalent transfer value (CETV) at 30.12.11	**Salary as at 31.3.11**	**Additional payments† as at 31.3.11**	**Cash equivalent transfer value (CETV) at 31.3.11**	**Real increase (or decrease) after adjustment to market investment factors**
£000	£000	£000	£000	£000
58	150–155	–	56	2
197	90–95	15–20	170	27
457	85–90	10–15	413	44
–	10–15 (15–20 full year equivalent)	–	–	–
–	15–20	–	–	–

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (the **partnership** pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. The classic plus scheme is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website **www.civilservice.gov.uk/my-civil-service/pensions/index.aspx**

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 an arrangement to secure pension benefits in another pension scheme or when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown in the table on pages 16 and 17 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It is worked out using common market valuation factors for the start and end of the period.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation’s workforce.

The banded remuneration of the highest-paid director in COI in the financial year 2011 was £150,000-155,000 (2010-11, £150,000-155,000). This was 3.4 times (2010-11, 3.4) the median remuneration of the workforce, which was £43,976 (2010-11, £43,920).

In 2011, 0 (2010-11, 0) employees received remuneration in excess of the highest-paid director.

Non-adjusting post-reporting period events

The Cabinet Office is dealing with the wind down of work and reduction and redeployment of staff.

Ian Watmore
Accounting Officer
19 June 2012

Statement of Trading Fund's and Accounting Officer's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973, HM Treasury has directed the Central Office of Information Trading Fund to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Trading Fund's state of affairs at the year-end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trading Fund will continue in operation or that current functions will continue to be performed.

HM Treasury has appointed Ian Watmore as the Accounting Officer for the Central Office of Information and for the Central Office of Information Trading Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping of proper records and for safeguarding the Central Office of Information's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*.

Governance Statement

1st April 2011 to 30th December 2011

The Accounting Officer is responsible to the Minister and accountable to Parliament for the Central Office of Information's use of resources in carrying out its functions as set out in the Trading Fund Framework Document and Managing Public Money.

Throughout 2011 ministerial responsibility for the Central Office of Information was held by the Minister for the Cabinet Office, Francis Maude MP. I was appointed as the Accounting Officer for the COI on 9th April 2011 following the resignation of the then Chief Executive Mark Lund. I appointed Emma Lochhead and Graham Hooper as Joint Chief Executives with responsibility for the management of operations in addition to their specific duties as HR and Client Service and Strategy Director respectively,

On 23rd June 2011 the Minister announced the Coalition Government's decision that the COI would close. In July 2011 I asked William Jordan from the Efficiency and Reform Group at the Cabinet Office to be the Senior Responsible Officer for the COI and the Government Communications Change Programme Board (GCCPB). COI's Joint Chief Executives were appointed to that board. They reported directly to William Jordan who in turn reported to me. The GCCPB was tasked with implementing the 6 recommendations in the Government's Response to the "Review of Government direct communication and the role of COI".

These were:

1. Strengthen central co-ordination to improve our ability to work efficiently and effectively
2. Put in place robust governance structure to increase transparency and accountability and drive collective responsibility
3. Create and operate specialist a procurement unit under the leadership of Government Procurement Service.
4. Undertake a series of capability reviews in Departments
5. Work with Departments to ascertain
    a) the service components and potential delivery models of a shared communications delivery pool
    b) develop a small number of specialist marketing hubs
6. Lead a transition team to close the COI

As Accounting Officer I was supported by and received assurance during 2011 from the following Boards, Groups and Committees

The Government Communications Change Programme Board

Chaired by William Jordan – COI's SRO and attended by COI's Joint CEOs.
The Board met 6 times during the period.

The Supervisory Board

This Board was originally formed to manage the strategic direction of COI. It was chaired by the Permanent Secretary Government Communication and comprised the CEO, 4 senior directors and 2 non-exec directors. Following the departure of the PSGC Matt Tee, the CEO Mark Lund and 2 of the senior directors; coupled with the decision to close COI, following members continued to meet informally on a weekly basis to monitor progress towards closure.

Emma Lochhead	- Joint CEO
Graham Hooper	- Joint CEO
Simon Marquis	- Non Exec
Chris Wood	- Non Exec

Management Board

The Management Board's role is to manage and govern the day to day operations of COI and to handle risk mitigation and consideration.

Board meetings were held regularly throughout 2011. In addition to regular agenda items, including finance, risk management, and staffing the board paid particular attention to the progress and impact of the Change Programme.

There were 9 Management Board meetings to 30th December 2011.

Audit and Risk Committee
The Accounting Officer was supported during 2011 by the Audit and Risk Committee on matters relating to risk, internal control and governance and whose members during 2011 were:

Graham Cassell (Independent Chair)
Andrew Wade (Management Board Director)
Andrew Prince (Management Board Director)
Chris Wood (non exec Director COI)
Simon Marquis (non exec Director COI)

Audit Committee meetings are also typically attended by either or both of the Joint CEO's, the Finance Director and the Head of Internal Audit.
The Audit Committee's overall objective is to give assurance to the Accounting Officer that:

- High quality processes are in place to manage and control risk for the COI's financial and non-financial activities;
- Overall governance arrangements are appropriate and operating effectively;
- The financial control framework is effective and supported by an appropriate compliance culture;
- External financial reporting is prudent, accurate, timely, appropriate and consistent with relevant guidance;
- Internal financial and management reporting is timely, prudent, appropriate and consistent with external financial reports;
- Whistle-blowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of the COI's business are adequate;
- Internal Audit assurance provides an appropriate level of comfort to the Accounting Officer;

And that

- Relationships with the National Audit Office (NAO) are effective.

During the period under review the Audit Committee paid particular attention to the following areas:

- Transition to closure
- Staff resourcing risks
- Risk management and financial control in a difficult environment
- External financial reporting in a complex technical situation.

The Audit Committee met 3 times in 2011 in May, July and October and once in Feb 2012.

Business Improvement and Investment Group
This was created to manage internal change project and high cost expenditure. In the circumstances the group ceased in August 2011 and a Transition Team was formed to replace it.

The Transition team
An internal group was formed to pull all the key areas together that would be affected by a transition to a new government communication model and closure of COI. This team met with William Jordan and members of the ERG Change Programme Team on a weekly basis. They presented to Management Board meetings throughout the period.

Security and Information Committee
This group met once in 2011.
There have been no significant issues to report and only one minor incident: - There was one theft of a laptop from the Bristol office which was reported to CESG but full security encryption was in place on the device.

Staff Engagement Committee
This group was formed in 2010 in response to the headcount reduction that took place in that year. It has met 11 times since April 2011 (to date) with staff representatives from all areas across the organisation meeting the Joint CEO's and William Jordan. Meetings take the format of a Q & A so that staff questions can be directly answered by the management and SRO. As the organisation moves to closure the majority of staff questions have been around HR matters.

Risk Governance
Prior to 2010-11 specialist areas of COI maintained their own risk registers based on their local processes and specific area risks. With the introduction of the One COI programme in 2010-11 which saw the Specialist by Delivery structure replaced with Theme Groups by Client structure, COI operated one set of common published policies and procedures. The local risk registers were replaced with one central COI Risk Register under the responsibility of Andrew Wade – MB director. In 2011 the focus of this risk register was around the business as usual operations. The Change Programme Board managed a separate risk register for the effects of transition to a new delivery model and closure of COI. Both these registers were updated periodically by engaging with relevant Boards and teams and circulated.
The key risks for 2011 were:

- Retaining key talent to complete COI work and populate the new government communication landscape
- The path to closure and full engagement with the unions within the timescale
- The projected losses for COI in 2011and the associated costs of closure

Risk Management and Internal Control
The Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of the COI's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible, in accordance with the responsibilities assigned to him in Managing Public Money.
The system of internal control is based upon what the Accounting Officer, with the support of the board, considers to be appropriate taking account of the COI's activities, the materiality of risks inherent in those activities and the relative costs and benefits of implementing specific controls to mitigate those risks. The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve aims and objectives, and can only provide a reasonable and not absolute assurance against material misstatement or loss.
In light of the difficult environment surrounding a closure with multiple compulsory redundancies an enhanced system of control checking for fraud and error was implemented.
All managers are required to complete a Confirmation of Internal Control form every 6 months. There were no issues to report although it was noted that the BCP plan was no longer required and that local risk registers had been superseded by a central register.
All the formal processes and controls were fully in place around client work and risk management undertaken by COI in 2011. It operated a "business as usual "policy until COI ceased to take on new work in most areas on 14th December 2011.

Internal Audit
This function has been met through the use of a shared resource with the HM Treasury. The function is independent of the COI's trading activities and operations and has a direct reporting line to the Accounting Officer

Review of effectiveness
I have reviewed the effectiveness of the system of internal control and confirm that a process designed to identify, evaluate and prioritise risks to the achievement of the COI's aims and objectives has been in place throughout 2011. This review included an assessment of any material risk and control issues identified and reported during the relevant period.

My review has been informed by the advice of the Boards and committees noted above and by the work of the internal auditor and the executive managers within the COI, who have been delegated responsibility for the maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

In my role as Accounting Officer 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.

No significant internal control issues, including data related incidents, have been identified in 2011, and no ministerial directions were given. The COI deficit and costs of closure are still within the forecast range. Key talent has been retained in government communications such that an external recruitment process is not required and compulsory redundancies have been minimised. The revocation of the Trading Fund status progressed without delay through Parliament on 30th December 2011.

In my opinion; on the assurance I have received; the COI's system of internal control was effective throughout the financial year and the COI has complied with the relevant provisions set out in the corporate governance code.

Ian Watmore
Accounting Officer
19 June 2012

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Central Office of Information Trading Fund for the period ended 30 December 2011 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trading Fund, Accounting Officer and auditor
As explained more fully in the Statement of Trading Fund and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Central Office of Information Trading Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Central Office of Information Trading Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity
In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements
In my opinion:

- the financial statements give a true and fair view of the state of the Central Office of Information Trading Fund's affairs as at 30 December 2011 and of its deficit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Emphasis of Matter – Going concern

Without qualifying my opinion, I draw attention to Note 1(b) of the financial statements. On 30th December 2011, the Central Office of Information Trading Fund (Revocation) Order 2011 came into force, revoking the Central Office of Information Trading Fund Order 1991 and closing the Trading Fund. As a consequence the accounts have been prepared on basis other than going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in Our year in Summary and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse **5 July 2012**
Comptroller and Auditor General

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

Statement of comprehensive income

for the period 1 April 2011 to 30 December 2011

	Notes	2011 £000	2010-11 £000
Revenue	**1c, 2**	92,855	167,990
Subsidy from the Cabinet Office		5,981	-
Other income	**3**	1,685	1,754
		100,521	169,744
Operating costs	**4**	(103,771)	(174,411)
Gross operating deficit		(3,250)	(4,667)
Loss on disposal of current assets	9	(12)	-
Finance income	**7**	21	58
Finance costs	**7**	-	-
(Deficit) for the period	**14**	(3,241)	(4,609)

All operations were transferred to the Cabinet Office on 30 December 2011.

There were no recognised gains or losses in either year other than those recognised in the statement of comprehensive income.

The notes on pages 29 to 42 form part of these accounts.

Statement of financial position

as at 30 December 2011

	Notes	2011 £000	2011 £000	2010-11 £000
Assets				
Non- current assets				
Property, plant and equipment	**9**	-		1,149
Intangible assets	**8**	-		79
Total non-current assets			-	1,228
Current assets				
Inventories	**10**	17,723		4,015
Trade receivables and other current assets	**11**	15,168		18,117
Cash and cash equivalents	**12**	5,553		28,224
Property, plant and equipment	**9**	807		-
Intangible assets	**8**	42		-
Total current assets			39,293	50,356
Total assets			39,293	51,584
Current liabilities				
Trade payables and other current liabilities	**13**	(36,932)		(45,193)
Provisions for liabilities and charges	**6 (b)**	(2,361)		(705)
Total current liabilities			(39,293)	(45,898)
Non-current assets plus net current assets			0	5,686
Non-current liabilities				
Provisions for liabilities and charges	**6 (b)**		-	(2,180)
Assets less liabilities			-	3,506
Taxpayers Equity				
Public dividend capital	**15**	-		265
Reserves				
Revaluation reserve		-		-
Retained earnings		-		3,241
Total equity			-	3,506

These balances were transferred to the Cabinet Office on 30 December 2011.

Ian Watmore
Accounting Officer
19 June 2012

The notes on pages 29 to 42 form part of these accounts.

Statement of cash flows

for the period 1 April 2011 to 30 December 2011

	Notes	2011 £000	2011 £000	2010-11 £000	2010-11 £000
Cash flows from operating activities					
Deficit for the period		(3,241)		(4,609)	
Adjustments for:					
Net interest	7	(21)		(58)	
Loss on disposal		12		-	
Depreciation	8,9	367		589	
(Decrease)/Increase in provision	6 (b)	(524)		2,680	
Operating deficit before working capital charges		(3,407)		(1,398)	
(Increase)/Decrease in inventories	10	(13,708)		463	
Decrease in trade and other receivables	11	2,949		84,911	
(Decrease) in trade and other payables	13	(8,261)		(63,132)	
Cash (outflow)/inflow from operations		(22,427)		20,844	
Interest paid	7	-		(4)	
Net cash (outflow)/ inflow from operating activities			(22,427)		20,840
Cash flows from investing activities					
Purchase of property, plant and equipment	9	-		(375)	
Interest received	7	21		62	
(Repayments) to other bodies	15	(265)		-	
Net cash outflow from investing activities			(244)		(313)
Net (decrease)/increase in cash and cash equivalents in the period	12		(22,671)		20,527
Cash and cash equivalents at beginning of period	12		28,224		7,697
Cash and cash equivalents at end of period	12		5,553		28,224

The notes on pages 29 to 42 form part of these accounts.

Statement of changes in taxpayers' equity

	Public Dividend Capital £000	Revaluation Reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2010	265	326	7,850	8,441
Deficit for the year			(4,609)	(4,609)
Net loss on revaluation of property, plant and equipment		(326)		(326)
Balance at 31 March 2011	265	-	3,241	3,506
Deficit for the year			(3,241)	(3,241)
Repayment of PDC	(265)			(265)
Balance at 30 December 2011	-	-	-	-

Notes to the accounts

1 Accounting policies

(a) General

(i) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM comply with IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of COI for the purpose of giving a true and fair view has been selected. The particular policies adopted by COI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

(b) Going concern

The closure of COI was announced on 23 June 2011 by the Minister for the Cabinet Office, Francis Maude. The Cabinet Office agreed to underwrite all loans and liabilities.

On 30th December 2011, the Central Office of Information Trading Fund (Revocation) Order 2011 came into force, revoking the Central Office of Information Trading Fund Order 1991. Therefore it is appropriate that these accounts have been prepared on a basis other than going concern as COI is no longer a going concern. The effect of preparing the accounts on this basis is shown in note 1e and 1f. All staff and assets were transferred to the Cabinet Office on 30 December 2011, and the Cabinet Office is responsible for winding down the work and reducing and redeploying staff. The costs of this would be borne by the Cabinet Office.

(c) Revenue

Revenue represents the invoiced amounts and accrued amounts to be invoiced of goods sold and services provided (net of value added tax) from the ordinary activities of the business. It also includes money received from Parliament in respect of central advisory services. Clients are charged the actual cost of external goods and services purchased in respect of their work, together with a fee for the time of COI staff, set at a level to recover all COI staff and overhead costs.

This also includes financial assistance from the Cabinet Office in the form of a subsidy of £5,981k and £301k from Parliamentary Supply.

Other income consists of rentals from sub-tenants.

Interest income is recognised in the statement of comprehensive income and represents interest earned.

(d) Inventory

The principle governing COI work-in-progress contracts is that they are performed on a break-even basis and therefore, for jobs open at the year-end, it is assumed that income and costs will match, with an accrual made to either income or cost as necessary on a job-by-job basis to bring them into balance.

(e) Non-current assets

Intangible assets
The costs of purchase of software, where they are separable from an item of hardware, are capitalised separately and amortised over a period not exceeding 10 years. Intangible assets are reviewed annually for impairment and an impairment is recognised when its carrying amount exceeds its recoverable amount. The intangible assets are stated at amortised historic cost in the accounts. Non-current items costing less than £2,000 are expensed in the year of acquisition.

Property, plant and equipment
Fixed assets are valued at modified historic cost, except where current cost adjustments are immaterial. Depreciation is charged using the straight-line method at a rate chosen to recover the cost of the asset over its anticipated useful life, as follows:

- new technology equipment: over 1 to 10 years; and
- equipment, fixtures and fittings: over 1 to 26 years.

As a result of the closure announcement, and the transfer of assets to the Cabinet Office non-current assets have been reclassified as current assets for 2011.

(f) Provisions for liabilities and charges

Full provision is made in the accounts for all future liabilities in respect of payments to employees who have retired early. Payments are due from COI from the date of early retirement until age 60, when the Principal Civil Service Pension Scheme (PCSPS) assumes the liability. Provisions are recognised where COI considers that there is a present obligation arising from a past event and that there is a probable outflow of economic benefit to settle the provision. Provisions have not been discounted to reflect present value as the effect is not deemed material.

As a result of the closure announcement, and the transfer of liabilities to the Cabinet Office non-current liabilities have been reclassified as current liabilities for 2011.

(g) Pensions

Past and present employees are covered by the provisions of the PCSPS, which is described at note 6(a). The defined benefit scheme is unfunded and non-contributory except in respect of dependants' benefits. COI recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, COI recognises the contributions payable for the year.

(h) Leasing

Rentals under operating leases are charged on a straight-line basis over the lease term.

(i) Staff on secondment to GovGap

GovGap was established in April 2007 to provide skilled professional interim staff to COI clients. Staff are provided either from an external pool of interim staff or by placing COI staff on interim assignments. The cost and number of COI staff on secondment are shown separately in note 4 and note 5(b) to the accounts.

(j) Financial assets and liabilities

COI does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (notes 11 and 13). Trade and other receivables are recognised at fair value. A provision for impairment is made when there is evidence that COI will be unable to collect an amount due in accordance with agreed terms.

Trade and other payables are measured at fair value.

(k) Current and deferred tax

As a trading fund, COI is not liable for Corporation Tax or Deferred Tax.

(l) Financial risk management

Credit risk
Credit risk arises from cash and cash equivalents and accounts receivables. COI's exposure to credit risk arising from its operations is minimal given that the customer base is central government departments.

Liquidity risk
COI's objective is to ensure continuity of funding and flexibility. COI's operational cash flow is largely stable and predictable, reflecting the low risk profile of the customer base. Cash flow forecasts are produced daily to assist management in identifying future liquidity requirements. The Cabinet Office has agreed to underwrite all loans and liabilities to closure at March 2012.

Market risk
The nature of COI's customer base means that COI's exposure to market risk is minimal. However, on 23 June 2011, the Minister for the Cabinet Office, Francis Maude, announced a range of reforms to the organisation of government communications. These reforms led to the closure of COI.

Currency risk
COI has no exposure to currency risk.

Interest rate risk
COI's exposure to interest rate risk is negligible. COI seeks to minimise interest expense by minimising borrowings.

Capital risk management
COI's policy is to maintain a strong capital structure consistent with its size. COI's objective when managing capital is to safeguard its ability to continue as a going concern.

(m) Accounting estimates and judgements

Other than the assumption that income and costs on work in progress will match, no material accounting estimates or judgements were made by COI in preparing these accounts.

(n) Standards issued but not yet effective

The following standards have been issued but have not been adopted in these financial statements as they are not yet effective.

Interpretations that are not predicted to have an impact on the company:

- IFRIC 9 'Reassessment of embedded derivatives' – Amendment
- IFRIC 13 'Customer loyalty programmes'
- IFRIC 14 'Prepayments of a minimum funding requirement'
- IFRIC 15 'Agreements for the construction of real estate'
- IFRIC 16 'Hedges of a net investment in a foreign operation'
- IFRIC 17 'Distribution of non-cash assets to owners'
- IFRIC 18 'Transfer of assets from customers'
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'

Amendments that are not predicted to have an impact on the company:

- IFRS 2 'Share based payment' – Amendments
- IFRS 3 'Business combinations' – Revision
- IFRS 7 'Financial instruments: Disclosures' – Amendments
- IAS 1 'Presentation of financial statements' – Amendment
- IAS 23 'Borrowing costs' – Revision
- IAS 27 'Consolidated and separate financial statements' – Amendments
- IAS 28 'Investments in associates' – Amendment
- IAS 31 'Investments in joint ventures' – Amendment
- IAS 32 'Financial instruments: Presentation' – Amendment
- IAS 39 'Financial instruments: Recognition and measurement' – Amendment

We do not believe the adoption of these amendments will have any impact on COI.

2 Segment information

	2011 £000	2010-11 £000
Revenue		
Health	27,179	56,680
Business, Benefits and Revenue	16,476	27,170
Defence and International Affairs	17,516	22,437
Environment and Transport	9,088	17,750
Education, Skills and Culture	5,358	17,189
Security and Justice	9,319	14,048
Other	2,850	1,295
Theme Total	87,786	156,569
Media Monitoring Unit/News Distribution Service	1,104	1,981
GovGap	3,965	9,440
Total	92,855	167,990

COI has identified reportable revenue segments that reflect its client base, and are clusters of government departments, arm's-length bodies and non-departmental public bodies. Grouping clients into themes allows COI to join up policy themes, media channels and audiences to drive cost-effective government communications and marketing. Segmental revenue reports are reviewed regularly by the Management Board and are used for internal management purposes only.

3 Other Income

	2011 £000	2010-11 £000
Income for central advisory services (included as Revenue)	301	656
Rent received under operating lease	1,685	1,754

4 Operating costs

(a) Staff costs	2011 Permanent £000	2011 Other £000	2011 Total £000	2010-11 Permanent £000	2010-11 Other £000	2010-11 Total £000
Wages & salaries	13,164	1,320	14,484	26,292	1,974	28,266
Social security costs	1,048	113	1,161	2,417	167	2,584
Other pension costs	2,774	139	2,913	5,491	179	5,670
Agency staff	-	156	156	-	707	707
Staff on secondment	3,426	-	3,426	6,898	-	6,898
Restructuring costs	-	-	-	17,039	9	17,048
Total staff costs	**20,412**	**1,728**	**22,140**	**58,137**	**3,036**	**61,173**
(b) Other external charges						
External supplier costs	-	-	76,475	-	-	103,405
Operating leases in respect of office accommodation	-	-	1,866	-	-	2,462
Operating leases in respect of hire of plant & machinery	-	-	49	-	-	58
Facilities management and office costs	-	-	1,535	-	-	2,564
IT costs	-	-	973	-	-	1,618
Finance, legal and insurance	-	-	81	-	-	176
Staff training and development	-	-	57	-	-	490
Auditor's remuneration	-	-	65	-	-	65
Other external charges	-	-	530	-	-	2,399
Total other external charges -		**-**	**81,631**	**-**	**-**	**113,237**
Total operating costs	**20,412**	**1,728**	**103,771**	**58,137**	**3,036**	**174,410**

(c) External supplier costs are net of:	2011 £000	2010-11 £000
Advertising discounts	522	4580
Total	**522**	**4,580**

*Relates to lease on Hercules House, which expires in 2033, with a minimum annual rental of £2 million, and regional news offices.

5 Staff

(a) The average number of employees during the year is made up as follows:

	2011 Permanent	2011 Other	2011 Total	2010-11 Permanent	2010-11 Other	2010-11 Total
Total permanent staff	385.9	40.1	426.0	525.4	48.8	574.2
Staff on GovGap secondment	20.8	31.7	52.5	19.6	33.9	53.5
Totals	406.7	71.8	478.5	545.0	82.7	627.7

(b) Reporting of the Civil Service and other compensation schemes – exit packages:

Exit Package Cost band	Number of Compulsory Redundancies	Number of other departures	Total number of exit packages by cost band
2011			
Total number of exit	-	-	-
Total resource cost	£nil	£nil	£nil
2010-11			
Total number of exit	56	174	230
Total resource cost	£3,392,000	£13,656,000	£17,048,000

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. Exit costs are accounted for in full in the year of departure. Where COI has agreed early retirements, the additional costs are met by COI and not by the PCSPS. Ill-health retirement costs are met by the PCSPS and are not included in the table.

6 Pensions

(a) The PCSPS is an unfunded multi-employer defined benefit scheme, but COI is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (**www.civilservice-pensions.gov.uk**).

The employees of COI are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Employees are eligible to join the PCSPS.

For 2011, employers' contributions for COI employees of £2,774,000 with a further £138,000 in respect of staff on secondment were payable to the PCSPS (£3,211,000 in 2010/11 and a further £498,000 in respect of staff on secondment) at one of four rates in the range 17.1 per cent to 25.5 per cent of pensionable pay (17.1 per cent to 25.5 per cent in 2010/11), based on salary bands. The scheme's actuary reviews employer contributions every four years, following a full scheme valuation.

The salary bands and contribution rates were revised for 2005/06 and remained unchanged until 2008/09. In 2009/10 the contributions rates reduced and they are now in the range 16.7 per cent to 24.3 per cent. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £30,000 (£68,000 in 2010/11) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 per cent to 12.5 per cent of pensionable pay (3 per cent to 12.5 per cent in 2009/10). Employers can also match employee contributions up to a limit of 3 per cent of pensionable pay. In addition, employer contributions of £2,000 (£5,000 in 2010/11), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £3,000. No contributions were prepaid at that date.

There were no cases of retirement on ill-health grounds during 2011.

(b) Provisions for liabilities and charges are in respect of early retirement costs (see note 1(f)).

6 Pensions (continued)

The provision is made up as follows:

	2011 £000	2010-11 £000
Balance at 1 April	2,885	205
Provisions utilised in the year	(524)	(75)
Provided in the year	-	2,755
Balance at 30 December	2,361	2,885

Liability falls due in the following timescales:

	2011 £000	2010-11 £000
Within one year	2,361	705
Within two to five years	-	1,642
After five years	-	538
Total	2,361	2,885

7 Finance income and costs

	2011 £000	2010-11 £000
Finance income		
Interest received from the National Loans Fund	10	25
Interest received from the Paymaster General	-	2
Interest received from the Government Banking Service	11	35
Interest receivable	21	62
Finance costs		
Interest on short term borrowing	-	(4)
Net cash inflow from returns on investments and servicing of finance	21	58

8 Current Assets: Software Licences

The movement between the opening and closing balances is accounted for as follows:

Using the current cost accounting convention (in accordance with note 1(d)):

	Software Licences 2011 £000	Software Licences 2010-11 £000
Opening balance at 1 April	982	982
Acquisitions	-	-
Disposals	(44)	-
Closing Balance at 30 December 2011/31 March 2011	938	982
Amortisation		
Opening balance at 1 April	(903)	(615)
Charged in the year	(37)	(74)
Disposals	44	-
Revaluation	-	(214)
Closing balance at 30 December 2011/31 March 2011	(896)	(903)
Net Book Value		
Closing balance at 30 December 2011/31 March 2011	42	79
Opening balance at 1 April	79	367

9 Current Assets: Property, plant and equipment

The movement between the opening and closing balances is accounted for as follows:

Using the current cost accounting convention (in accordance with note 1(d)):

	Information technology equipment	Equipment fixtures and fittings	Total	Information technology equipment	Equipment fixtures and fittings	Total
	2011	**2011**	**2011**	**2010-11**	**2010-11**	**2010-11**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Opening balance at 1 April	1,906	1,434	3,340	1,594	1,387	2,981
Acquisitions	-	-	-	328	47	375
Disposals	(64)	(459)	(523)	(16)	-	(16)
Closing Balance at 30 December 2011/ 31 March 2011	1,842	975	2,817	1,906	1,434	3,340
Amortisation						
Opening balance at 1 April	(1,245)	(946)	(2,191)	(835)	(745)	(1,580)
Charged in the year	(245)	(85)	(330)	(381)	(135)	(516)
Disposals	52	459	511	16	-	16
Revaluation	-	-	-	(45)	(66)	(111)
Closing balance at 30 December 2011/ 31 March 2011	(1,438)	(572)	(2,010)	(1,245)	(946)	(2,191)
Net Book Value						
Closing balance at 30 December 2011/ 31 March 2011	404	403	807	661	488	1,149
Opening balance at 1 April	661	488	1,149	759	642	1,401

All assets were in use as at 30 December 2011 prior to the transfer to the Cabinet Office

10 Inventories

	2011 £000	2010-11 £000
Work in Progress	17,723	4,015
	17,723	4,015

11 Trade receivables and other current assets

	2011 £000	2010-11 £000
Trade receivables	13,687	16,992
Prepayments and accrued income	1,382	948
Other receivables	99	177
	15,168*	18,117*

*Intra-government balances are disclosed in note 22.

12 Cash and cash equivalents

	2011 £000	2010-11 £000
Balance at 1 April	28,224	7,697
Net change in cash and cash equivalent balances	(22,671)	20,527
Balance at 30 December 2011/31 March 2011	5,553	28,224

The following balances at 31 March were held at:

	2011 £000	2010-11 £000
Commercial banks and cash in hand	5,553	28,224
Balance at 30 December 2011/31 March 2011	5,553	28,224

There are no cash and cash equivalent balances held by the entity not available for use by the Trading Fund.

13 Trade payables and other current liabilities

	2011 £000	2010-11 £000
Trade payables	11,286	16,421
Other taxes and social security	1,540	4,819
Accruals for jobs	18,018	10,494
Deferred income	5,113	12,579
Accrued Expenses	975	880
Total	36,932*	45,193*

*Intra-government balances are disclosed in note 22.

14 Financial target

As COI was closing no target were set. The result for 2011 was a deficit of £3,241,000 (£4,609,000 deficit in 2010/11).

15 Capital

The COI Trading Fund was established on 1 April 1991 under the Government Trading Funds Act 1973 with an originating debt of £1,792,000. The debt comprised:

- public dividend capital of £265,000 repaid in December 2011; and
- a deemed loan from the National Loans Fund of £1,527,000 bearing interest at 10.5 per cent and repayable, in equal instalments of capital, over six years. Repayment of the loan was completed during 1996/97.

16 Commitments under leases

At 30 December 2011, the Cabinet Office has taken responsibility for the commitment to making the following payments in respect of operating leases expiring:

	Land and buildings £'000	Plant and machinery £'000
Within one year	2,409	15
Within two to five years	1,513	5
Over five years	-	-
	3,922	20

17 Capital commitment

At 30 December 2011, no orders had been placed for capital expenditure (£nil at 31 March 2011).

18 Related party transactions

COI is a trading fund of the Central Office of Information Department.

None of the Management Board members, key management staff or other related parties has undertaken any material transactions other than payment of salaries and expenses with COI during the period.

COI has a significant number of material transactions with government departments and other central government bodies. Balances at year end are disclosed in note 22.

19 Special payments

As at 30 December 2011, there were no special payments (£118,000 in 2010/11).

20 Contingent liabilities

There were no contingent liabilities.

21 Financial instruments

COI has no long-term borrowings and relies for its cash requirements primarily on receipts from clients. Due to timing differences between income and expenditure, there are cash surpluses or forecast cash deficits. In the former case surplus cash is deposited short term with the National Loans Fund (NLF). In the latter case COI borrows short term from the NLF, but all such borrowings are normally repaid before the end of the year. There were no short-term borrowings at the end of 2011 (2010/11 £nil). Interest rates on both borrowings and deposits are fixed at the date at which the transaction takes place.

All material assets and liabilities are denominated in sterling so COI is not exposed to currency risks. IFRS 7, 32 and 39 and FReM disclosures exclude short-term debtors and creditors. All of COI's financial instruments are short term and no numerical disclosures have been made.

22 Intra-government balances

	Trade receivables: Amounts falling due within one year £000	Trade receivables: Amounts falling due after more than one year £000	Trade and other payables: Amounts falling due within one year £000	Trade and other payables: Amounts falling due after more than one year £000
Balances With Other Central Government Bodies	12,167	-	10,088	-
Balances With Local Authorities	192	-	0	-
Balances with NHS Trusts	895	-	98	-
Balances with Public Corporations and Trading Funds	634	-	248	-
Subtotal	13,888	-	10,434	-
Balances with Bodies External to Government	1,280	-	26,498	-
As at 30 December 2011	**15,168**	**-**	**36,932**	**-**
Balances With Other Central Government Bodies	9,943	-	21,929	
Balances With Local Authorities	629	-	233	-
Balances with NHS Trusts	2,304	-	2,670	-
Balances with Public Corporations and Trading Funds	648	-	905	-
Subtotal	13,524	-	25,737	-
Balances with Bodies External to Government	4,593	-	19,456	-
As at 31 March 2011	**18,117**	**-**	**45,193**	**-**

23 Events after the reporting period date

All staff and assets were transferred to the Cabinet Office on 30 December 2011, and the Cabinet Office is responsible for the winding down of operations and reducing and redeploying staff

COI's Trading Fund accounts are laid before the Houses of Parliament by the National Audit Office. IAS 10 requires COI to disclose the date on which the accounts are authorised for issue. This is the date on which the accounts are certified by the Comptroller and Auditor General.

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