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# **Central Office of Information**

## **Annual Report and Accounts (Supply financed activities) 2010-11**

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# Central Office of Information

## Annual Report and Accounts (Supply financed activities) 2010-11

(For the year ended 31 March 2011)

Presented to the House of Commons pursuant to Section 6 (4) of the Government Resources and Accounts Act 2000.

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## Annual Report

### Introduction

These Resource Accounts have been prepared by the Central Office of Information (COI) under a direction issued by HM Treasury in accordance with section 5(2) of Government Resources and Accounts Act 2000. The Accounts demonstrate the resources that have been used to deliver the COI's objectives. The Resource Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual issued by HM Treasury.

### Entities within the Departmental Accounting Boundary

The Central Office of Information (COI) is the Department and there are no other entities within its boundary.

### The Aim and Objective of the Department

The aim of the department is to enable central government to secure its policy objectives through achieving maximum communication effectiveness and best value for money. The department's objective is to meet the needs of government centrally for advice on publicity matters.

### Principal Activities

In order to meet its objective the department employs the expertise of the COI trading fund to provide advice on publicity matters to central government. The department uses this resource account as a vehicle for providing funding to the trading fund to meet the cost of providing these services. The trading fund otherwise provides a full range of communication services to government departments and agencies, incurs the full costs of providing these services (including staffing costs) and generates income to cover these costs by charging clients individually for these services.

### Bodies Outside of the Departmental Accounting Boundary

There are no bodies outside the Departmental Accounting Boundary.

### Important Events which have occurred since the financial year end

The closure of COI was announced on 23 June 2011 by Cabinet Office Minister, Francis Maude. COI remains a Department until its closure on 31 March 2012.

### Pension Liabilities

The Department has no pension liabilities.

### Management Commentary

The activities of the COI Department are funded by Parliamentary Vote. In 2010-11 the COI had a gross budget allocation of £656k for programme expenditure. During the year the COI Department incurred gross expenditure of £656k on programme expenditure in pursuit of its objectives as detailed in the "Operating Cost Statement".

As stated above, this account shows only those payments made to the trading fund to cover the cost of advice provided to government centrally that is not recoverable from individual clients. These payments amounted to £656,000 for the financial year 2010-11.

Total assets amounted to £265k as at 31 March 2011 (£265k as at 31 March 2010).

The activities of the COI trading fund are detailed in its own Annual Report and Accounts. For the 2010-11 financial year this document was published in November 2011 (HC1209).

**Reconciliation between resource outturn to the resource budget outturn**

	<b>2010-11</b>	<b>Restated</b>
	<b>£000</b>	<b>2009-10</b>
		<b>£000</b>
<b>Net Resource Outturn (Estimates)</b>	656	682
Net Operating Cost (Accounts)	656	673
<b>Resource Budget Outturn (Budget)</b>	656	682
<b>Of which:</b>		
Departmental Expenditure Limits (DEL)	656	682
Annually Managed Expenditure (AME)	-	-

**Ministers**

The Ministers who had responsibility for the Department during the year were:

Ms Tessa Jowell	Minister for the Cabinet Office	Apr 2010 to May 2010
Mr Francis Maude	Minister for the Cabinet Office	May 2010 to Mar 2011

**Permanent Head of the Department and Management Board**

The position of Accounting Officer of the Department is Ian Watmore. The Accounting Officer of the Department is additionally Accounting Officer of the COI trading fund.

The Accounting Officer has confirmed that he has no significant outside interests which conflict with his management responsibilities.

**Appointment of the Permanent Head of the Department and the Management Board**

The Accounting Officer was appointed under the *Civil Service Management Code*. The Accounting Officer's remuneration is accounted for by the COI trading fund.

**Ministers' and Board Members' Remuneration**

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2010-11 (HC1209).

**Employment of disabled persons**

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2010-11 (HC1209).

**Equal Opportunities Policy**

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2010-11 (HC1209).

**Payment of Suppliers**

The department's policy is to pay all suppliers within 30 days of receipt of goods or services or 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 Better Payment Practice Code.

Using the Civil Service standard measure, during 2010-11 COI paid 95% of supplier bills within 30 days (92% in 2009-10).

**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.

**Auditor**

COI's auditor is the Comptroller and Auditor General. The notional audit fee for the statutory audit of the 2010-11 Departmental Resource Accounts was £3,500.

Ian Watmore  
Accounting Officer  
28 October 2011

## **Statement of Accounting Officer's Responsibilities**

Under Section 5 the Government Resources and Accounts Act 2000, HM Treasury has directed the Central Office of Information to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Central Office of Information, and of its net resource outturn, changes in taxpayer 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, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Chief Operating Officer of the Cabinet Office as Accounting Officer of the Central Office of Information. 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 proper records and safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum published by HM Treasury.

## Statement on internal control

### Scope of responsibility

Following the resignation and departure of Mark Lund who held the position up to that point, HM Treasury appointed me as Accounting Officer on 9 April 2011.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of COI policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with *Managing Public Money* and the COI Framework Document, issued by the Minister for the Cabinet Office.

In previous years, the Minister for the Cabinet Office received an annual business plan with an assessment of the key corporate risks facing COI in achieving its objectives. Following the 2010 general election, the incoming Government announced a marketing and advertising freeze. This led to COI submitting alternative plans to the Minister for the Cabinet Office.

Mark Lund reported to the Permanent Secretary for Government Communication on cross-government co-ordination of research, marketing and campaigns. The Permanent Secretary was also Chair of the COI Supervisory Board during the year under review. The Permanent Secretary left his role on 31 March 2011.

### 1 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 in delivering policies, achieving aims and meeting objectives; it can therefore provide only 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;*
- *evaluate the likelihood of those risks being realised and the impact should this happen; and*
- *manage these risks efficiently, effectively and economically.*

The system of internal control has been in place in COI for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. More exceptionally, the freeze on marketing and advertising and the resulting redundancy programme have had a significant impact on COI's operations. This is reflected in reduced income, an annual deficit mitigated by retained reserves, staff reductions and associated redundancy costs. Inevitably, this had an impact on the operation of some controls and required modification to others; the more significant are recorded in this statement.

### 2 Capacity to handle risk

#### ***The Boards***

In April 2010, a two-tier Board structure was introduced to further enhance governance arrangements within COI. The two Boards – a Supervisory Board and a Management Board – were established with clear terms of reference, to be reviewed annually.

The Boards have distinct responsibilities for risk and control. More specifically, the Supervisory Board supports the Accounting Officer in discharging his responsibilities by exercising oversight of the Management Board with regard to the performance of COI against ministerial targets and monitoring the application of good governance. The Supervisory Board sets the strategic goals of COI and ensures that these are implemented through the Management Board. It is also responsible for building and monitoring stakeholder relationships at ministerial, Permanent Secretary and industry levels.

The Management Board is responsible for advising the Accounting Officer on the management of COI's business. It supports the Accounting Officer in the discharge of his responsibility for the overall organisation, performance and management of COI within the policy and resource framework set by ministers and in line with the strategic goals which the Supervisory Board has set. The Management Board achieves this by developing plans, policies, standards, systems and procedures in line with the strategy, business plan and policy goals set by the Supervisory Board.

The Management Board also has responsibility for:

- *allocating and managing COI's financial and human resources;*
- *monitoring organisational performance;*
- *maintaining an effective system of corporate governance; and*
- *establishing and maintaining a transparent system of prudent and effective controls, including those relating to operational and strategic risk management, supported by clearly documented and understood management systems, processes and procedures.*

The Boards have primary responsibility for identifying and monitoring key risks facing COI. The terms of reference for the Boards set out their roles and responsibilities for the management of risk. Responsibility for the continuous improvement of COI's risk management framework is delegated to a nominated member of the Management Board.

In view of the extraordinary circumstances facing COI following the 2010 general election, the Corporate Risk Register was suspended and in its place a set of critical risks was determined and monitored by the Board on a regular basis.

In addition, COI did not have an agreed business plan for 2010/11 and corporate objectives for the year were not finalised as they were no longer relevant to the new environment in which COI was operating. Alternative plans were submitted to the Minister for the Cabinet Office and subsequently the Minister commissioned a review of the future of government direct communication and the role of COI from the then Permanent Secretary for Government Communication. This report was submitted in March 2011 for consideration. In June 2011 the Minister for the Cabinet Office announced on behalf of the Government that COI will close at the end of March 2012.

### **Sub-committees**

The Boards have a number of established subcommittees. These include the Audit and Risk Committee (A&RC), chaired by a non-executive member, and the Business Investment and Improvement Group and the Security Committee, chaired by a nominated Management Board member. The committees report to the relevant Board and have clear terms of reference that are reviewed annually.

The A&RC examines and reviews the adequacy of arrangements for accounting, risk management, internal control and governance in liaison with internal and external audit.

The A&RC obtains its assurance on risk, governance and controls from reports and updates provided at each meeting. The non-executive directors, who are also members of the A&RC, report formally to the Boards after each meeting. Since April 2010, the A&RC has been operating as a sub-committee of the Supervisory Board. This has ensured that due consideration has been given to the accounting arrangements throughout the year and that a clear understanding of the significant risks exists within the organisation.

The Security Committee is responsible for directing and monitoring COI's compliance with the Security Policy Framework document. It is chaired by the Senior Information Risk Owner (SIRO), who is also a member of the Management Board. The SIRO is supported in their role by the Departmental Security Officer, the IT Security Manager and Information Asset Owners. Risks to personnel, and physical and information security are monitored by the Committee, which also oversees the work of the Information Security Forum, responsible for IT security risks and compliance with IT standards, including ISO 27001 certification. The Committee reported

no significant issues during the year and the ISO 27001 was certified. In addition, online security awareness training was undertaken by all members of staff during the year.

All proposals for improvement and investment in internal systems and business processes must follow established project management standards. These require thorough risk assessments as part of the business proposals, which are scrutinised by the Business Investment and Improvement Group. There was very little investment activity during the year given the uncertainty, but several projects begun in the previous year were successfully concluded under the oversight of the Business Investment and Improvement Group.

The Representative Council was replaced by the Staff Engagement Committee which, together with the unions, was engaged in the redundancy exercise and the Permanent Secretary's review of the future of government direct communication and the role of COI. The Staff Engagement Committee allows staff to have a say on important issues that affect COI and provide the Boards with an insight into grassroots thinking, and to form part of the decision-making process. This enabled a difficult process to run smoothly with a minimum of legal or other risk.

### **Operations**

Group theme leads, specialist directors and corporate resource heads are responsible for the day-to-day management of risks in their area of responsibility. Risks are identified as part of the annual business planning process and are monitored on an ongoing basis. However, these local Business and Corporate Risk Registers were not monitored and updated as frequently as in previous years. This is in line with the overarching Corporate Risk Register, as referred to earlier. Despite this, it was pleasing to note that there were a number of good examples of risk management in action. A sound risk-managed process was put in place for the staff (40 per cent of the workforce) who left through the redundancy process. All assets were returned, projects were formally handed over and all the necessary paperwork was completed.

## **3 Risk and control**

### **Framework**

COI has a well-established risk and control framework underpinned by documented and established strategies, policies and processes. The risk framework is owned and managed by a Management Board member appointed by the Chief Executive. Risk ownership and responsibility are clearly defined and cascaded to group client directors, specialist directors, business and corporate managers and heads across COI. The process is facilitated by risk registers designed to enable the identification and assessment of risks, with an emphasis on monitoring actions to mitigate risks by allocating owners and target dates for action.

COI managers are encouraged to integrate risk management into the decision-making process, both for internal and external-facing tasks, projects and initiatives. Individual business areas have also developed various job-level risk-management techniques over the years. There are plans to realign the risk and control framework to the new environment within which COI will operate in the future once this is known.

### **Policies**

The control framework is supported by policies and procedures for all key business processes. These include HR policies, project management standards, the procurement policy and manual, finance policies and procedures, the information security policy and the risk strategy and process guidance. Written policies and procedures are available on Policy Matter (the COI policy store) on the COI intranet and locally within all business and corporate resource areas, including HR, Finance, Procurement and IT.

The HR Director is responsible for ensuring that COI has good people-management and development systems and processes in place. This ensures that the right levels of knowledge, skill and competence are in place to run the business efficiently and effectively. HR policies set out the principal rules of conduct, including duty of care, standards of propriety and rules relating to conflict of interest, to which staff are required to adhere.

### **Risks**

In May 2010, the Cabinet Office informed COI that ministers had decided to freeze spending on all new advertising and marketing across government. Only essential campaigns were allowed, with an approval required from the government Efficiency and Reform Group. These new restrictions were designed to deliver

significant savings in advertising and marketing expenditure during the year under review and continue to remain in place.

These measures meant severe reductions to COI's income for the financial year 2010/11.

To enable COI to cope with this challenge, the Supervisory Board initiated a redundancy programme which led to 230 staff being made redundant.

In November 2010, the Minister for the Cabinet Office announced a review of government direct communication and the role of COI. In June 2011 the Minister announced that COI would close on 31 March 2012.

The most significant current risks following the closure announcement are associated with:

- managing the required work for clients during further uncertainty and transition;
- retaining the relevant talent and expertise within government communications for the new structure;
- managing the financial position of COI both for the year and in transition;
- managing the transition of work and redeployment or exit of staff; and
- managing the orderly wind-down of COI and its infrastructure, archives and knowledge management.

## **4 Review of effectiveness**

### ***Controls***

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My view is informed by the work of the internal auditors and the executive managers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and in other reports. I have been advised on the implications of the result of this review of the effectiveness of the system of internal control by the Management Board and the A&RC, and a plan to address weaknesses and ensure continuous improvement of the systems is in place. There are satisfactory processes in place for identifying, evaluating and managing the significant risks faced by COI.

### ***Performance monitoring***

My view is also informed by meetings of the Supervisory Board and the Management Board to consider planning, performance and change management, and by the annual business planning cycle which culminates in an overall COI business plan for the Minister. Appropriate mechanisms are also in place to monitor progress against COI objectives and the business plan and to manage underlying risks, both at strategic and operational levels. The Boards and I also receive and review regular management information, including comprehensive financial management information.

### ***Sub-committees***

I am satisfied that I receive regular reports from the sub-committees established by the Supervisory Board and the Management Board, including the A&RC, the Business Investment and Improvement Group and the Security Committee.

Regular information risk assessments are carried out by the SIRO and presented to the Security Committee, and a framework to provide the Accounting Officer with assurances on physical, personnel and information risk is in place.

### ***Operational assurance***

The Accounting Officer is informed by well-established half-yearly and year-end internal control and risk compliance assurances from directors and managers across COI. These provide reasonable assurance that the controls and safeguards are operating in line with established policies, procedures and standards. Confirmations of Internal Control are subject to review by Internal Audit. Internal Audit also reviews the effectiveness of controls in specific business and corporate resource areas on a rotational basis.

### ***Audit assurance***

The Accounting Officer receives regular reports from Internal Audit, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of COI's risk management, control and governance

systems, together with recommendations for improvement and observations made by the external auditors in their management letter and reports.

Because of continuing changes to COI's business model and the reduction in overall staff numbers, including audit resource, the current Internal Audit plan had to be revised to give emphasis to ongoing governance and process controls rather than to seek to deliver the original plan in totality. Ongoing changes to the plan were approved by the Management Board and the A&RC.

Although there were no significant internal control issues arising during the year, areas for improvement in the control, risk and governance environment were identified in individual audit reports and summarised in the annual Internal Audit report, with agreed remedial actions implemented.

During the year, COI made one severance payment to a member of staff which was not referred in advance to HM Treasury for approval in line with the requirements of *Managing Public Money*. COI therefore applied to HM Treasury for retrospective approval, which was not granted. COI has taken steps to prevent a recurrence, including reminding budget holders of the requirements concerning such payments.

Following the resignation of the Head of Internal Audit towards the end of the financial year, an arrangement was made with HM Treasury's Group Internal Audit Services to provide an interim Head of Internal Audit. This will continue until the closure of COI in 2012.

Following the announcement in June 2011 of COI's forthcoming closure, governance arrangements, including the risk-management framework and the provision of cost-effective internal audit services, have been reviewed.

Ian Watmore  
Accounting Officer  
28 October 2011

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

I certify that I have audited the financial statements of the Central Office of Information (the Department) for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Statement of Comprehensive Net Expenditure and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### ***Respective responsibilities of the Accounting Officer and auditor***

As explained more fully in the Statement of 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 Resources and Accounts Act 2000. 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; 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.

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

### ***Opinion on Regularity***

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

### ***Opinion on Financial Statements***

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### ***Opinion on other matters***

In my opinion:

- the information given in the Annual 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

***Report***

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP*

*Date 9 November 2011*

## Statement of Parliamentary Supply

for the year ended 31 March 2011

### Summary of Resource Outturn 2010-11

		2010-11 £000			2009-10 £000				
		Estimate			Outturn			Outturn	
								Net Total outturn compared with Estimate: saving/ (excess)	
Request for Resources	Note	Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Total	
To enable central government to secure its policy objectives through maximum communication effectiveness and best value for money	2	656	-	656	656	-	656	-	682
Total resources	3	656	-	656	656	-	656	-	682
<b>Non-operating cost A in A</b>		-	-	-	-	-	-	-	-

### Net cash requirement 2010-11

		2010-11 £000		2009-10 £000	
		Estimate		Outturn	
				Outturn	
				estimate: saving/ (excess)	
<b>Net cash requirement</b>	Note 5	<b>Estimate</b> 649	<b>Outturn</b> 649	<b>Outturn</b> -	<b>Outturn</b> 666

The notes on pages 18-21 form part of these accounts.

## Statement of Comprehensive net expenditure for the year ended 31 March 2011

	Note	2010-11			As Restated		
		Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income
<b>Administration Costs:</b>							
<b>Request for resources 1</b>							
Programme costs	6	-	656	-	-	673	-
<b>Total</b>		-	656	-	-	673	-
<b>Net Operating Cost</b>	3	-	656	-	-	673	-

All expenditure is derived from continuing operations.

There are no gains and losses other than operating cost.

The notes on pages 18-21 form part of these accounts.

## Statement of Financial Position

as at 31 March 2011

	Note	2011 £000	2010 £000
<b>Non-current assets</b>			
Financial assets	7	265	265
<b>Total assets</b>		<u>265</u>	<u>265</u>
<b>Taxpayers' equity</b>			
General fund		265	265
<b>Total taxpayers' equity</b>		<u>265</u>	<u>265</u>

*Ian Watmore*  
Accounting Officer  
Central Office of Information

28 October 2011

The notes on pages 18-21 form part of these accounts

## Statement of Cash Flows

for the year ended 31 March 2011

	Note	2010-11 £000	As Restated 2009-10 £000
<b>Cash flows from operating activities</b>			
Net operating cost	4	(656)	(673)
Adjustments for non-cash transactions	5	7	7
Increase in trade payables and other current liabilities		-	-
<i>less movements in payables relating to items not passing through the OCS</i>			
Amounts due to Consolidated Fund for Supply		-	-
<b>Net cash outflow from operating activities</b>		<u>(649)</u>	<u>(666)</u>
<b>Cash flows from investing activities</b>		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		649	666
<b>Net Financing</b>		<u>649</u>	<u>666</u>
<b>Net increase in cash and cash equivalents in the period</b>	8	-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		<u>-</u>	<u>-</u>

The notes on pages 18-21 form part of these accounts.

There was no amount due to Consolidated Fund for Supply in 2009-10. This has been corrected.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2009		265	265
Changes in taxpayers' equity		-	-
Total recognised income and expense for 2009-10		<u>265</u>	<u>265</u>
Changes in taxpayers' equity		-	-
Total recognised income and expense for 2010-11		<u>265</u>	<u>265</u>

## Notes to the Departmental Resource Accounts

### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is 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 particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FRoM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against estimate in terms of the net resource requirement and the net cash requirement.

#### 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 'Transfers 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 the Department.

### Going Concern

The closure of COI was announced on 23 June 2011 by Cabinet Office Minister Francis Maude. Existing functions will be transferred to the Cabinet Office. As a result, the Accounting Officer considers it appropriate to prepare the financial statements on a going concern basis.

### Accounting convention

1.1 These accounts have been prepared under the historical cost convention. There are no fixed assets or stock requiring revaluation.

### Basis of Consolidation

1.2 These accounts are for the department only. The accounts of the Central Office of Information trading fund, which is outside of the scope of resource accounting, are published separately. The 2010-11 trading fund report and accounts were published in July 2011 (HC1209).

Trading funds are outside the voted supply and are subject to a different financial control framework. Financial information about the Central Office of Information trading fund may be obtained from its separate published report and accounts.

## Investments

1.3 Public dividend capital (PDC) issued by the department to the Central Office of Information trading fund is shown at historic cost.

## Administration and programme expenditure

1.4 The Statement of comprehensive net expenditure is analysed between administration and programme costs. Administration costs reflect the cost of running the department as defined under the administration cost-control regime. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the department.

## 2 Prior Period Adjustments

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the removal of the cost of capital charge were not included in Spring Supplementary Estimates for 2010-11. PPA's were included as a note on the basis that the PPA numbers could have been misleading. The impact of this accounting policy change on Supply outturn in respect of 2009-10 is shown below. PPAs arising from an error in previous recording or any other change in accounting policy were included in the Estimates in line with conventional arrangements. The removal of the cost of capital charge has the following effect on Resource outturn in 2009-10..

### 3. Analysis of net resource outturn by section

					2010-11 £000		2009-10
			Outturn	Estimate	Estimate Net Total outturn compared with Estimate	Outturn	
Request for Resources	Admin	Other Current	Gross Resource Expenditure	A in A	Net Total	Net Total	Prior Year Outturn
Request for Resources 1	-	656	656	-	656	656	682
Resource Outturn	-	656	656	-	656	656	682

### Key to Request for Resources and Sections

Request for Resources 1 – To enable Central Government to secure its policy objectives through maximum communication effectiveness and best value for money.

### 4. Reconciliation of net resource outturn to net operating cost

	Note	2010-11 £000			2009-10
		Supply	Outturn	Outturn compared with estimate	Outturn
Net Resource Outturn	2	656	656	-	682
Prior Period Adjustments					(9)
Net Operating Cost		656	656	-	673

### 5. Reconciliation of net resource outturn to net cash requirement

	Note	2010-11 £000		2009-10
		Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	2	656	656	-
Non operating A in A Non cash items		(7)	(7)	-
Net cash requirement		649	649	-

**6. Programme Costs**

	2010-11	As Restated 2009-10
	£000	£000
Current grants and other current expenditure	649	666
Non-cash items		
Auditors' remuneration	4	7
Other	3	
<b>Total</b>	<b>656</b>	<b>673</b>

**7. Financial Assets**

	PDC	Total
	£000	£000
Net Book Value at:		
Balance at 1 April 2009	265	265
Balance at 31 March 2010	265	265
Net Book Value at:		
Balance at 1 April 2010	265	265
Balance at 31 March 2011	265	265

**8. Capital Commitments**

There were no capital commitments at 31 March 2011 (none at 31 March 2010). The department uses this resource account as a vehicle for providing funding to the trading fund to meet the cost of providing advice on publicity matters to central government. The activities covered by this resource account are undertaken by the COI trading fund, which falls outside the Resource Accounting boundary.

**9. Commitments under leases**

The department had no operating leases or finance leases at 31 March 2011 (none at 31 March 2010).

**10. Contingent Liabilities**

There were no contingent liabilities at 31 March 2011 (none at 31 March 2010).

**11. Financial instruments**

The department has no long term borrowing and relies for its cash requirements on receipts from the Consolidated Fund.

**11.1 Liquidity risk**

The Department's net revenue resource requirements are financed by resources voted annually by Parliament. The Department is not therefore exposed to material liquidity risks.

**11.2 Credit risk**

The Department's customer is the Central Office of Information and is therefore not exposed any any material credit risk.

**11.3 Foreign currency risk**

All material assets and liabilities are denominated in sterling so the department is not exposed to currency risks.

**12. Related-party transactions**

All of the department's transactions are with the Central Office of Information trading fund. The Accounting Officer and other related parties have not undertaken any material transactions with the department during the year.

**13. Accounting estimates and adjustments**

No accounting estimates and adjustments were used in preparing these statements.

**14. Events after the Reporting Period**

The closure of COI was announced on 23 June 2011 by Cabinet Office Minister, Francis Maude. COI remains a Department until its closure on 31 March 2012.

The Central Office of Information's financial statements are laid before the Houses of Parliament by HM Treasury.

The accounts were authorised for issue on 9 November 2011



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