

Department for Culture, Media & Sport

Resource Accounts 1999–2000

Department for Culture, Media & Sport Resource Accounts 1999–2000

(For the year ended 31 March 2000)

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Foreword

Introduction

The Department for Culture, Media and Sport was formed in April 1992 to bring together in one Department all the diverse activities in Government relating to Culture and Heritage matters. Originally called the Department of National Heritage, the Department's name was changed on 14 July 1997 to the Department for Culture, Media and Sport, following the General Election on 1 May 1997.

Although the structures through which policies are delivered have been subject to change since the Department's formation in 1992, it continues to be responsible for the Arts, Sports, Museums & Galleries, Tourism, Media, Broadcasting, Heritage, Libraries, Historic Royal Palaces, the Royal Parks, the National Lottery and the Government's interest in the Millennium Celebrations.

Bodies within the Departmental Accounting Boundary

The bodies within the Departmental accounting boundary during 1999–2000 were as follows:—

- The Department for Culture, Media and Sport (DCMS);
- The Royal Fine Art Commission (RFAC);
- The Royal Commission on Historical Manuscripts (RCHM); and
- The Royal Parks Agency (RPA).

The RCHM is an advisory Non Departmental Public Body (NDPB), established by Royal Warrant. It produces its own Annual Report, excluding annual accounts. Its transactions are recorded on the Department's accounting system, and are therefore incorporated into the accounts of the Department. The RPA is the Department's only Agency. It produces its own Annual Report and Accounts, and its results are consolidated with those of the Department. For a fuller description of the activities on these bodies, please refer to pages 4 and 5.

As a result of the Departmental Spending Review, it was decided that the activities of the Royal Fine Art Commission (RFAC) be subsumed within a new body, called the Commission for Architecture and the Built Environment (CABE). This new body was established as an NDPB during 1999–2000, and as a result moved beyond the DCMS Accounting boundary during the year. Its assets are therefore not in the closing DCMS Balance Sheet.

The results of RFAC/CABE have been included in the accounts of the Department, as its transactions were recorded on the Department's accounting system. The amounts spent relating to these bodies have been included in the Analysis of net resource outturn and net operating cost by function (Note 7).

In addition, the Department has a number of small Advisory NDPBs and Committees that are also within the Accounting Boundary. The expenditure of these are met from the Department's running costs. Please refer to Note 23 for details of these bodies.

The Aims and Objectives of the Department

The aim of the Department is to improve the quality of life for all through cultural and sporting activities, and to strengthen the creative industries.

The Department will:—

- Work to bring quality and excellence in the fields of culture, media and sport;
- Make these available to the many, not just the few;
- Raise standards of cultural education and training; and
- Help to develop the jobs of the future in the creative industries.

To achieve our aim, the Department in partnership with others, works to:—

1. create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad;
2. broaden access for this and future generations to a rich and varied cultural and sporting life and to our distinctive built environment;
3. develop the educational potential of all the nation's cultural and sporting resources; raise standards of cultural education and training; ensure an adequate skills supply for the creative industries and tourism; and encourage the take up of educational opportunities;

4. ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design;
5. maintain public support for the National Lottery and ensure that the money used for good causes supports DCMS' and other national priorities; and
6. promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and combatting social exclusion.

In carrying out these objectives the Department will seek maximum value for money in using its human and financial resources, through applying the principles of efficiency among, and effectiveness in its sectors and in encouraging partnership with others.

Principal Activities

The Department for Culture, Media and Sport

The Department's main activity is to set Government policy on a very wide range of cultural and leisure activities. The Department itself is small, spending only some £38.8 million (1998–99 £34.2 million) on its running costs, which includes support for seven Advisory NDPBs and Committees, but providing some £924.5 million (1998–99 £850.1 million) of Grant-in-Aid and other funding for over 80 Non-Departmental Public Bodies and other sponsored bodies, which support and implement Government policy in their particular fields.

In addition to these bodies the Department is responsible for the operation of the National Lottery Distribution Fund (NLDF), which is separately accounted for, and also takes responsibility for the Lottery distribution bodies which received £1,766,394k, and paid out £1,908,458k, from the Fund during 1999–2000 (received £1,918,906k, and paid out £1,830,548k in 1998–99). Note that the 1999–2000 figures are provisional, and still subject to audit. The Department also has responsibility for some of the Distributing Bodies that are also NDPBs. The Accounts of the NLDF are published annually and are available from The Stationery Office.

The principal bodies which the Department supports are listed in Note 7 to the Accounts, with advisory bodies, committees, self financed public corporations and lottery funded bodies listed in Note 23.

The Department is responsible for two items of voted expenditure:

Vote 1 Covers the Department's own running costs and the Grant-in-Aid allocated to our sponsored bodies (Request for Resources 1).

Vote 2 Covers the funds allocated to the BBC from the licence fee receipts collected by the TV Licensing Authority (Request for Resources 2).

The Department's Annual Report covers in detail all the activities associated with the Department, and sets out the expenditure plans for 2000–01. Copies can be obtained from the Stationery Office, or viewed on the Department's Website (www.culture.gov.uk).

The Royal Commission on Historical Manuscripts

The RCHM's main objective is to gather and disseminate information on the nature and whereabouts of archives that are of importance to British History. This applies irrespective of where the archives themselves are to be found or in what form they have been described. The information is accumulated in the RCHM's National Register of Archives (NRA).

During 1999–2000 new information continued to be added to the NRA with some 1,700 new reports or replacements being added, representing some 61,000 pages of data. Information on the location of papers held elsewhere was also expanded by 190 sites, including records held by National and special institutions, local record offices, Universities and private owners.

The Commission's Website (www.hmc.gov.uk) is now the primary means of disseminating information about the activity of the RCHM and giving access to the NRA resulting in a reduction in the number of visitors to the RCHM Search Room. The RCHM completely redesigned its ARCHON System enabling direct access by the public to this database through the Website. ARCHON gives full details of the names and addresses of over 2,000 record holding institutions in the UK.

The RCHM continued to co-operate with all the major archival institutes and bodies throughout the UK and was involved in providing advice to the Heritage Lottery Fund, repositories and private owners as well as museums and galleries.

The Royal Parks Agency

The Royal Parks, a Next Steps Executive Agency, was established on 1 April 1993. It is responsible for managing and policing Hyde Park, Kensington Gardens, St James's Park, Green Park, Regent's Park and

Department for Culture, Media & Sport Consolidated Resource Accounts 1999–2000

Primrose Hill, Greenwich Park, Richmond Park and Bushy Park. It is also responsible for the management of Brompton Cemetery, Victoria Tower Gardens, Parliament Square Gardens and Grosvenor Square Gardens.

The Agency's aims are to manage the Royal Parks to offer peaceful enjoyment, recreation, entertainment and delight to those who use them; are enhanced, protected and preserved for the benefit of this and future generations; and are managed with efficiency and effectiveness and in accordance with the principles of public service under "Quality Public Services" and "Modernising Government".

The bulk of the Agency's resources were devoted to conservation, restoration and repair in the Royal Parks. It is the RPA's policy to maintain a healthy tree population, with a balanced age structure in each park. During the year measures were taken to preserve and improve the hard fabric and to protect and enhance the landscape of each park, including further tree planting to improve biodiversity and wildlife habitats. During the year the Diana, Princess of Wales Memorial Walk through St. James's Park, Green Park and Hyde Park into Kensington Gardens has been finished, including the completion of a new playground in Kensington Gardens in the Princess' memory. In addition, a major programme of repair to the park roads, lodges and gates was carried out.

The quality, financial and efficiency targets set by the Secretary of State were largely met with high marks for landscape presentation, cleanliness and overall quality of the parks. The Royal Parks visitors' Charter clearly sets out the standards visitors can expect and how performance is monitored. Independent market research surveys continued to show high visitor satisfaction. The RPA's own Annual Report and Accounts for 1999–2000 have been published separately as House of Commons Paper 631, and copies are available from The Stationery Office.

Bodies outside the Departmental Accounting Boundary

The Department supports its policy aims and objectives largely through Grant-in-Aid and sponsorship payments to a large number of public bodies. A full list of these bodies appears in Notes 7 and 23 of these accounts.

Important Events which have occurred since the financial year end

Transfer of Legal Title of Building

A gift minute has been agreed, transferring the title of the Victoria & Albert Museum's main South Kensington building from the Secretary of State of the Environment to the trustees of the Victoria & Albert Museum.

Sale of 6 Burlington Gardens

The sale of the above property, which is included within Land & Buildings was scheduled for completion in Autumn 2000, as per the valuation in the accounts.

Pension Liabilities

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The Department, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

Ministers

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

Chris Smith	Secretary of State
Lord McIntosh of Haringey	Spokesman in the House of Lords
Alan Howarth	Parliamentary Under Secretary
Janet Anderson	Parliamentary Under Secretary
Tony Banks	Parliamentary Under Secretary until 27 July 1999
Kate Hoey	Parliamentary Under Secretary from 28 July 1999

Permanent Head of the Department and Management Board

The position of permanent head of the Department is held by Robin Young. The following members of staff comprised the Management Board during the year:

Paul Bolt	Andrew Ramsay
Philippa Drew	Alex Stewart
Nicholas Kroll	Paul Wright
Brian Leonard	

Appointment of Head of the Department and the Management Board

The permanent head of the Department and members of the Management Board are appointed in line with section 5.1 of the Civil Service Management Code. These staff have individual contracts of employment which specify the length of the appointment (if appropriate) and termination procedures.

Ministers' and Board Members' Remuneration

The details of Ministers' and Board Members' remuneration are set out in Note 2 on pages 17, 18 and 19. Board Members' remuneration falls under the Senior Civil Service pay bands.

Employment of Disabled Persons

The Department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms have also been made available in alternative formats ie., large print and audio tape.

We have tried to make all the Department's buildings accessible to people with disabilities and a full disability access audit has been carried out to review this. The report concluded that DCMS does comply with the regulations under the Disability Discrimination Act 1995. However, it is possible that it will be necessary to conduct a further review due to the realignment of the DCMS estate.

Equal Opportunities Policy

The Department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step will be taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. We will actively pursue arrangements for flexible working patterns and are committed to creating a culture where individual differences are valued and respected. The Department will not tolerate any form of discrimination, harassment or victimisation. We are committed to providing a working environment where no one is disadvantaged.

The Department has launched a programme of equal opportunities awareness training for all staff, which includes a session on the new disability legislation.

Investors in People

On 27th October 1999 the Department achieved accreditation to the Investors in People award.

Policy on Payment of Suppliers

The Department has signed up to the CBI prompt Payment Code, and the Better Payment Practice Code, and is committed to the payment of all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). Performance during the 1999–2000 financial year showed that 99.6% were paid within contract terms or 30 days (97.8% in 1998–99).

Introduction of the Euro

The introduction of the Euro currency on 1 January 1999 had a minimal impact on the Department. During the course of 1999–2000 the Department continued to assess the impact that the introduction of the Euro currency has.

Auditor

The Comptroller and Auditor General has been appointed by Treasury under Section 5 of the Exchequer and Audit Act 1921 to be the Auditor for the Department and all bodies within the Accounting Boundary.

Robin Young

13 October 2000

Accounting Officer for the Department for Culture, Media & Sport

Statement of Accounting Officer's Responsibilities

Under Section 5 of the Exchequer and Audit Act 1921 the Department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts the Accounting Officer is required to comply with the Resource Accounting Manual prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

A copy of the Treasury direction has been attached as an appendix to these accounts.

Statement on the System of Internal Financial Control

This statement is given in respect of the resource account for the Department for Culture, Media and Sport which incorporates the transactions and net assets of the core department, the Royal Parks Agency and other bodies falling within the departmental boundary for resource accounting purposes. As Accounting Officer for the department, I acknowledge my overall responsibility for ensuring that the department, its agency and other bodies maintain and operate an effective system of internal financial control in connection with the resources concerned. The Chief Executive of the Royal Parks Agency is responsible for the maintenance and operation of the system of internal financial control in that body, and has signed a statement relating to that system which is reproduced in the accounts of the agency.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures including segregation of duties, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by executive managers within the department and its agency. In particular, the system includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Management Board;
- regular reviews by the Management Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecast;
- a system of control in relation to sponsorship expenditure (within the department);
- clearly defined capital investment control guidelines (within the Royal Parks Agency); and
- as appropriate, formal project management disciplines (within the RPA).

The department has an internal audit unit. The Royal Parks Agency had an internal audit contract with PricewaterhouseCoopers. Following a competitive tendering exercise Pannell Kerr Forster replaced PricewaterhouseCoopers with effect from 1 April 2000. The internal audit unit and contract operate to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risk to which the department and its agency is exposed, and annual internal audit plans are based on this analysis. Within the department the analysis of risk and the internal audit plans are endorsed by the department's Audit Committee and approved by me. Within its agency the plans are approved by the Head of Finance and approved by the Chief Executive. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the department. The report includes the HIA's independent opinion on the adequacy and effectiveness of the department's system of internal financial control. Similar reporting arrangements in place in the Royal Parks Agency with at least an annual report by the Head of Internal Audit to the agency's Chief Executive on internal audit activity in the body.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors and the executive managers within the department and its agency who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee, and I am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by the Treasury.

Robin Young
Accounting Officer for the Department for Culture, Media & Sport

13 October 2000

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

I certify that I have audited the financial statements on pages 10 to 28 under the Exchequer and Audit Departments Act 1921. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 15 and 16.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 7, the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made there under, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Department has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on page 8 reflects the Department's compliance with Treasury's guidance "Corporate governance: statement on the system of internal financial control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of Opinion

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

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

Schedule 5

Schedule 5 of the accounts (on page 14) shows an analysis of the Department's resources in terms of the six Departmental objectives to which it relates. The analysis of most of the expenditure is derived from returns from grant receiving bodies who are required to attribute their grant expenditure across the Departmental objectives. For many of the bodies, the relationship of the Department's objectives to the bodies' own objectives demands judgmental interpretation such as to defy any meaningful precision in that attribution. The mechanical processes of numerical attribution in bodies has been subject locally to independent review, and to Departmental overview. Nevertheless, the level of interpretative latitude unavoidable in the overall exercise, in the context of the Department's objectives, means that significantly different, yet still defensible, attributions could have been reported. I note that the Department are continuing to work to refine and clarify further the relationship between their objectives and those of the grant receiving bodies, to address the problem highlighted in this paragraph.

My opinion on the accounts is not qualified in this or any other respect.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department for Culture, Media and Sport at 31 March 2000 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and directions made thereunder by the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

24 November 2000

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

SCHEDULE 1

Summary of Resources Outturn 1999–2000

For the year ended 31 March 2000

	1999–2000 Estimate			1999–2000 Outturn			1998–99
	<i>Gross expenditure</i>	<i>AinA</i>	<i>Net Total</i>	<i>Gross expenditure</i>	<i>AinA</i>	<i>Net Total</i>	<i>Prior-year Outturn</i>
	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1	976,293	–9,478	966,815	975,095	–9,478	965,617	887,693
Request for Resources 2	2,320,000	—	2,320,000	2,270,801	—	2,270,801	2,146,304
Total Resources¹	3,296,293	–9,478	3,286,815	3,245,896	–9,478	3,236,418	3,033,997
Non Operating Cost A in A	—	—	—	—	—	—	—
Net Cash Requirement	—	—	3,292,227	—	—	3,391,516	3,060,717

Reconciliation of Resource to Cash Requirement	Note	£000	£000	£000
Total Resources	6	3,286,815	3,236,418	3,033,997
Non-cash items	3	–5,822	–5,287	–4,904
Movements in working Capital other than Cash	11	—	171,565	38,029
Monies due for BBC	13	—	–12,020	–7,567
Purchase of Fixed Assets	8	11,234	1,876	1,143
(Loss)/Profit on Disposal of Fixed Assets	3	—	–1,037	2
Early Retirement Costs	—	—	1	17
Non Operating Cost A in A	—	—	—	—
Net Cash Requirement (Schedule 4)		3,292,227	3,391,516	3,060,717

Analysis of income payable to the Consolidated Fund

In addition to Appropriations in Aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	1999–2000 Forecast		1999–2000 Outturn	
	Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Income from fees not classified as A in A				
Request for Resources 1	2,134	2,134	2,256	2,256
Excess A-in-A	—	—	865	—
Request for Resources 2	2,320,130	2,320,130	2,270,921	2,258,901

In the years prior to the introduction of Resource Estimates: the above figures for Estimates are illustrative; the references to “A in A” and “CFER” in Schedule 1 and relevant notes to the accounts do not apply for purposes of parliamentary control. The figures represent what will be classified as “A in A” and “CFER” following the introduction of Resource Estimates.

¹ For an analysis of outturn expenditure and appropriation-in-aid, see Schedule 2 and Notes 3, 4, 5 and 7 to these accounts.

SCHEDULE 2

Operating Cost Statement

for the year ended 31 March 2000

	Note	1999–2000		1998–99	
		£000	£000	£000	£000
Administration Costs					
Staff costs	2		20,227		18,632
Other administration costs	3		18,855		16,211
Gross administration	7		39,082		34,843
Operating income	5		– 257		– 624
Net administration costs			38,825		34,219
Programme Costs					
Request for Resources 1					
Expenditure	7	936,013		861,972	
Less: income	5	– 11,477	924,536	– 11,776	850,196
Request for Resources 2					
Expenditure	7	2,270,801		2,146,304	
Less: income	5	– 2,270,921	– 120	– 2,146,416	– 112
Net programme costs	4		924,416		850,084
Net operating costs	6&7		963,241		884,303
Net resource outturn	6&7		3,236,418		3,033,997

Statement of Recognised Gains and Losses

for the year ended 31 March 2000

	1999–2000	1998–99
	£000	£000
Gain on revaluation of Tangible Fixed Assets	9,801	2,903

The income relating to the Request for Resources 2 (Home Broadcasting) is higher than the amount paid over to the BBC due to the expenses incurred by the Department (charged to Request for Resources 1) in administering the Licence fee.

SCHEDULE 3

Balance Sheet

as at 31 March 2000

		31 March 2000		31 March 1999	
	Note	£000	£000	£000	£000
Fixed Assets					
Intangible assets	9		100		13
Tangible assets	10		52,792		45,398
			52,892		45,411
Current Assets					
Stocks	12	81		77	
Debtors	13	27,939		15,734	
Cash at bank and in hand	14	6,077		18,900	
Cash at bank—relating to BBC	14	64,674		221,339	
		98,771		256,050	
Creditors due within one year	15	– 92,789		– 252,145	
Net Current (Liabilities)/Assets			5,982		3,905
Total assets less current liabilities			58,874		49,316
Creditors (amounts falling due after more than one year)			—		—
Provision for liabilities and charges	16		– 27		– 60
			58,847		49,256
Taxpayers' Equity					
General Fund	21		39,394		38,492
Revaluation Reserve	17		19,453		10,764
			58,847		49,256

Robin Young
Accounting Officer for the Department for Culture, Media & Sport

13 October 2000

SCHEDULE 4

Cash Flow Statement

for the year ended 31 March 2000

	1999–2000	1998–99
	£000	£000
Net cash outflow from operating activities	–1,128,483	–917,447
Capital expenditure and financial investment	–1,876	–1,143
Payments to the Consolidated Fund	–2,261,157	–2,142,127
Financing from Consolidated Fund	3,222,028	3,049,020
(Decrease)/Increase in cash in the period	–169,488	–11,697
Reconciliation of operating cost to operating cash flows		
Net operating cost	963,241	884,303
Adjust for non-cash transactions	–5,287	–4,904
Adjust for movements in working capital other than cash	171,565	38,029
(Loss)/Profit on Disposal of Fixed Assets	–1,037	2
Early Retirement Costs	1	17
Net cash flow from operating activities	1,128,483	917,447
Analysis of capital expenditure and financial investment		
Purchase of fixed assets	1,883	1,267
Proceeds of disposal of fixed assets	–7	–124
Net cash outflow from investing activities	1,876	1,143
Analysis of financing		
From Consolidated Fund	3,222,028	3,049,020
Decrease/(Increase) in cash	169,488	11,697
Net cash requirement (Schedule 1)	3,391,516	3,060,717

SCHEDULE 5

Resources by Departmental Aim and Objectives

	1999–2000			1998–99		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Objective 1	124,974	– 425	124,549	95,357	– 1,225	94,132
Objective 2	433,662	– 6,149	427,513	429,653	– 8,238	421,415
Objective 3	129,722	– 1,103	128,619	162,093	– 1,310	160,783
Objective 4	142,881	– 523	142,358	115,340	– 526	114,814
Objective 5	6,881	– 3,153	3,728	2,894	– 610	2,284
Objective 6	136,975	– 381	136,594	91,478	– 491	90,987
BBC	2,270,801	– 2,270,921	– 120	2,146,304	– 2,146,416	– 112
Net Operating Costs	3,245,896	– 2,282,655	963,241	3,043,119	– 2,158,816	884,303

Figures for the BBC grant and associated licence fee from Request for Resources 2 are shown separately because of their materiality. They relate to the Department's objective 2.

DCMS Objectives are as follows:

- Objective 1** create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad;
- Objective 2** broaden access for this and future generations to a rich and varied cultural and sporting life, and to our distinctive built environment;
- Objective 3** develop the educational potential of all the nation's cultural and sporting resources; raise standards of cultural education and training; ensure an adequate skills supply for the creative industries and tourism; and encourage the take up of educational opportunities;
- Objective 4** ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design;
- Objective 5** maintain public support for the National Lottery and ensure that the money used for good causes supports DCMS and other national priorities; and
- Objective 6** promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and combating social exclusion.

Notes to Departmental Resource Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the Department by reference to their current costs.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, which includes the Royal Commission on Historical Manuscripts and its Agency—the Royal Parks Agency. The Commission and Agency, which are still within the boundary, produce and publish their own annual reports. The results of RFAC have also been included up until their change of status.

1.3 Intangible Fixed Assets

These relate to licences to use software that have been developed by third parties.

1.4 Tangible Fixed Assets

Title to the freehold land and buildings shown in the accounts is held as follows:

- i. Property on the departmental estate
- ii. Property held by the Department of Environment, Transport and the Regions in the name of the Secretary of State.

For DCMS as an entity, Freehold land has been subject to a revaluation as at 31 March 2000 using appropriate indices. Buildings, equipment, computers, fixtures and fittings have not been restated using appropriate indices, as for 1999–2000 the modified historic costs are not materially different to the historic costs, therefore the historic costs have been shown in the balance sheet. For the RPA all assets have been restated using suitable indices. The minimum level for capitalisation of a tangible fixed asset is £2,000, which was agreed with NAO and Treasury effective from 1 April 1998.

In accordance with the Resource Accounting Manual, non-operational Heritage Assets have been valued at NIL.

1.5 Depreciation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the value of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives.

Lives are in the following ranges:

Buildings	up to 75 years
Leasehold Improvements	the term of the lease
Equipment & Computers	3-10 years
Fixtures and Fittings	3-20 years
Intangible Assets	1 year

1.6 Research

Expenditure on research is treated as an operating cost in the year in which it is incurred.

1.7 Operating Income

Operating income comprises fees and charges for services provided to external customers and public sector repayment work. It includes both operating income appropriated-in-aid of the Vote and income to the consolidated Fund authorised by HM Treasury to be treated as operating income.

1.8 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department as defined under the Running Cost Control Regime, together with associated operating income.

Programme cost reflect non-administration costs, including payments of grants and other disbursements by the Department.

Government Grant-in-Aid paid or payable is recorded as expenditure on an annual basis in relation to the grant drawn down by the grantee from DCMS.

Government Grants paid or payable are recorded as expenditure on an annual basis in relation to the grant payable to the grantee from DCMS.

1.9 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the government's standard rate of 6 per cent in real terms on all assets less liabilities, except for donated assets, cash balances with OPG and the amount due to the consolidated fund, where the charge is nil.

1.10 Foreign Exchange

Revenue and expenditure incurred in foreign currencies which are not covered by a forward contract are translated at the rate of exchange ruling on the date of the transaction.

1.11 Taxation

VAT is accounted for in accordance with SSAP 5.

1.12 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a Defined Benefit Scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

1.13 Early Departure Costs

The Department is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

2. Staff Number and Costs

a. Staff costs consist of:

	1999–2000	1998–99
	£000	£000
Wages and Salaries	16,657	15,383
Social Security Costs	1,262	1,123
Other pension costs	2,308	2,126
	<u>20,227</u>	<u>18,632</u>

For 1999–2000 contributions of £2,128,498 (£1,951,294 for 1998–99) were paid to the PCSPS at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range of 11–18.5% (11–18.5% for 1998–99) of pensionable pay.

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- b. The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	1999–2000	1998–99
Objective 1 Work	46	39
Objective 2 Work	389	393
Objective 3 Work	48	66
Objective 4 Work	53	47
Objective 5 Work	36	18
Objective 6 Work	51	37
Total	623	600

- c. The salary and pension entitlements of the most senior managers of the Department were as follows:

Name and title	Age	Salary (as defined below)		Real increase in pension at age 60		Total accrued pension at 60 at 31 March 2000	
		1999–2000	1998–99	1999–2000	1998–99	1999–2000	1998–99
		£000	£000	£000	£000	£000	£000
Robin Young <i>Permanent Secretary</i>	51	105–110	100–105	0–2.5	0–2.5	30–35	25–30
Paul Bolt <i>Director</i>	46	65–70	60–65	0–2.5	0–2.5	20–25	15–20
Philippa Drew <i>Director</i>	53	75–80	—	0–2.5	—	30–35	—
Nicholas Kroll <i>Director</i>	45	65–70	60–65	0–2.5	0–2.5	15–20	15–20
Brian Leonard <i>Director</i>	52	70–75	65–70	0–2.5	0–2.5	20–25	20–25
Andrew Ramsay <i>Director</i>	48	80–85	75–80	0–2.5	0–2.5	25–30	20–25
Alex Stewart <i>Director</i>	46	65–70	—	0–2.5	—	20–25	—

Pensions benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a "final Salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Philippa Drew joined DCMS on 21 June 1999, and does not feature for 1998–99.

Alex Stewart became a director on 1 June 1999, and therefore does not feature for 1998–99.

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Salaries include gross salaries, reserved rights to London Weighting or London allowances, recruitment and retention allowances. Bonuses paid in respect of the year are also included.

The information above relates to the Permanent Secretary and Directors of the Department. Equivalent information relating to the RPA, consolidated into the Department's resource account, is given in its separate accounts.

d. The remuneration of Ministers (excluding pensions costs) was as follows:

	1999–2000	1998–99
	£	£
Secretary of State Chris Smith	47,149	47,149
Parliamentary Under Secretary of State for Tourism, Film & Broadcasting Janet Anderson joined 28/07/98	25,319	16,880
Parliamentary Under Secretary of State for the Arts Alan Howarth joined 28/07/98	25,319	16,880
Parliamentary Under Secretary of State for Sport Kate Hoey joined 28/07/99	16,880	—
Minister of State Tom Clarke left 28/07/98	—	10,660
Parliamentary Under Secretary of State Mark Fisher left 28/07/98	—	8,091
Parliamentary Under Secretary of State for Sport Tony Banks left 27/07/99	8,439	25,319

3. Other Administration Costs

	1999–2000	1998–99
	£000	£000
Rentals under operating leases	74	86
Non cash items:		
Depreciation & Amortisation	2,158	1,964
Auditors remuneration and expenses	85	80
Cost of Capital Charge	3,044	2,860
Loss/(Profit) on disposal of fixed assets	1,037	–2
Other Expenditure	12,457	11,223
	18,855	16,211

In addition there were notional early retirement costs of £32k (1998–99 £32k) for the RPA.

4. Net Programme Costs

	1999–2000	1998–99
	£000	£000
Current grants and other current expenditure	3,163,411	2,948,642
Capital grants and other capital expenditure	43,403	59,634
	3,206,814	3,008,276
Less Programme Income (note 5)	–2,282,398	–2,158,192
	924,416	850,084

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5. Income

	1999–2000		
	Appropriated	Not	Total
	in Aid	Appropriated	
	£000	£000	£000
Administration income:			
NLDF—recovery of the Department's costs in administering the fund	156	—	156
EC Refunds	44	—	44
New Deal Employment Scheme receipts	4	—	4
Amounts Written Back	53	—	53
	257	—	257
Programme income:			
NLDF—Reimbursement of the Department's Grant-in-Aid to the National Lottery Commission for regulation on the Lottery	3,200	—	3,200
Overpayments from the Inland Revenue relating to the assets accepted in Lieu scheme	2	—	2
Receipts from the National Heritage Lottery Fund to the Royal Commission for Historical Manuscripts for assessment work	10	—	10
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	1	—	1
Amounts repayable relating to hotel industry and tourist projects	597	—	597
Filming and Broadcasting receipts	52	—	52
Recovery of Costs relating to ceremonies	10	—	10
Royal Parks Agency: fees and charges for licences, rents, gardening services, sports charges, unclaimed lost property, sponsorship, receipts from concessionaires and for the private use of telephones	4,221	—	4,221
Repayment of sector challenge grants from the Department of Trade and Industry	1,007	—	1,007
Payments by the BBC, ITC and Radio Authority to meet costs of the Broadcasting Standards Commission, and fees for self help TV transmission licences	986	—	986
Rent from British Museum for 6 Burlington Gardens	—	375	375
Rent from English Heritage for Fortress House	—	863	863
Rent from British Library for 25 Southampton Buildings	—	645	645
British Library's Superannuation transfer values	—	208	208
Recoveries of Arts Pairing Scheme grants	—	31	31
Receipts from fines for illegal trading in Trafalgar Square	—	3	3
Receipts from Royal Commission on Historical Manuscripts	—	1	1
Fees for licences issued by Football Licensing Authority	—	9	9
Miscellaneous	—	121	121
Request for Resources 1 Income	10,343	2,256	12,599
Excess A-in-A	— 865	—	— 865
	9,478	2,256	11,734
BBC: Not Appropriated-in-Aid		2,270,921	2,270,921
Total	9,478	2,273,177	2,282,655

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Total Request for Resources 1 Income of £12,599k consists of £257k of Operating Income and £12,342k of Programme Income.

The BBC income consists of monies not Appropriated-in-Aid of £2,258,901k, and the change, compared to last year, of the cash that is in transit of £12,020k.

Operating income not appropriated-in-aid (ie transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see Note 6). In 1999–2000, all operating income not classified as A in A was within public expenditure.

Under Section 180 and Schedule 18 of the Broadcasting Act 1990, the BBC is responsible for the collection of television licence fees, and for the general administration and enforcement of the licensing system.

The Department estimates that Licence Fee revenue of £144 million (£144.8 million for 1998–99) remained uncollected because of licence fee evasion in 1999–2000. This includes hidden evasion—the use of a colour television when only a monochrome licence has been purchased. Evasion is calculated as the difference between the estimated households with a television, and the number of licences in force. The estimate is derived from a statistical model which is undergoing reassessment, and which contains two main assumptions: Number of households and Television Penetration Rate. A quarter percentage variation in each of these estimates would alter the estimated costs of licence fee evasion by approximately £12 million.

Measures are being taken by the BBC to tackle evasion, so far as it considers them practical and cost effective.

6. Reconciliation of Net Operating Cost to Control Total and Net Resource Outturn

	1999–2000	1998–99
	£000	£000
Net Operating Cost	963,241	884,303
Add: Operating income not classified A-in-A but within public expenditure	2,261,157	2,142,127
	3,224,398	3,026,430
Add: Licence fee monies in transit not yet surrendered	12,020	7,567
Net Resource Outturn	3,236,418	3,033,997

7. Analysis of net resource outturn and net operating cost by function

	1999–2000				1998–99	
	Admin	Other	Capital	Current	A-in-A	Net Total
	£000	Current	£000	Grants	£000	£000
	£000	£000	£000	£000	£000	£000
Request for Resources 1						
Museums and Galleries						
British Museum		32,194	2,527			34,721
Natural History Museum		28,783	800			29,583
Imperial War Museum		12,149				12,149
National Gallery		17,978	1,500			19,478
National Maritime Museum		10,286	637			10,923
National Museums and Galleries on Merseyside		13,714				13,714
National Portrait Gallery		5,115				5,115
National Museum of Science and Industry		22,767	1,000	770		24,537
Tate Gallery		19,727				19,727
Victoria and Albert Museum		27,232	2,802			30,034
Wallace Collection		2,055	408			2,463
Museum of Science and Industry in Manchester		2,517	200			2,717
Museum of London		4,204	156			4,360
Sir John Soane's Museum		630				630
Horniman Museum		2,664	297			2,961
Geffrye Museum		1,132	40			1,172

7. Analysis of net resource outturn and net operating cost by function—continued

	1999–2000					1998–99
	Admin £000	Other Current £000	Capital £000	Current Grants £000	A-in-A £000	Net Total £000
Royal Armouries		4,158	649			4,807
Design Museum		200				200
Other M&G Support		12			– 2	10
Libraries						
British Library		68,331	10,113	21		78,465
Royal Geographic Society				54		54
British Library St Pancras			6,981			6,981
Royal Commission on Historical Manuscripts		1,088			– 10	1,078
Public Lending Right		715	130	4,206		5,051
Royal National Institute for the Blind						—
Museums Libraries and Archives						
Library and Information Commission		1,799	37	1,322		3,158
Libraries and Information Commission—Pension		1,131				1,131
M & G Commission		1,378	12	8,336		9,726
re: source Museums Libraries & Archives Council		99				99
Designated Museums Challenge Fund				2,500		2,500
Wolfson Public Libraries Scheme		38	1,845			1,883
Arts						
Arts Council of England		16,796	348	212,082		229,226
Crafts Council						—
Association of Business Sponsorship in the Arts						—
Government Art Collection		371			– 1	370
Other Arts Support		9		161		170
Sports						
Football Licensing Authority		920				920
Sportmatch						—
National Playing Fields Association (Children's Play)				484		484
British Chess Federation				46		46
United Kingdom Sports Council		6,535	101	5,964		12,600
Sport England		17,540	1,473	18,510		37,523
Other Sport Support				20		20
Historic Buildings, Monuments and Sites						
Royal Household		16,107				16,107
Public Buildings, Monuments & Statues		1,284	7,504		– 62	8,726
Ceremonies		750				750
English Heritage		76,496	1,055	35,058		112,609
Churches Conservation Trust		2,479				2,479
National Heritage Memorial Fund				2,500		2,500
Royal Commission on the Historic Monuments in England (RCHME)						—
CABE/RFAC		850				850
Business Sponsorship Incentive Scheme				105		105
Chatham Historic Dockyard				300		300
Historic Royal Palaces		227				227
World Cultural Convention				130		130
Other Heritage Support		840				840
The Royal Parks	13,169	20,892			– 4,221	29,840
Tourism						
British Tourist Authority		33,539	961	1,500		36,000
English Tourist Board		11,682	101		– 597	11,186
Other Tourism Support		176		264	– 264	176

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7. Analysis of net resource outturn and net operating cost by function—continued

	Admin £000	Other Current £000	1999–2000			Net Total £000	1998–99 Net Total £000
			Capital £000	Current Grants £000	A-in-A £000		
Broadcasting and Media							
Sianel Pedwar Cymru (S4C)		75,127				75,127	75,127
The Film Council		537				537	—
British Film Institute		12,050	1,626	3,234		16,910	15,100
The National Film and Television School		2,200				2,200	2,100
British Screen Finance		2,000				2,000	2,000
European Film Co-production		2,000				2,000	2,000
British Film Commission		850				850	850
Broadcasting Standards Commission		1,887	84		–986	985	985
Grant to BBC for Met Office Weather Services		2,922				2,922	—
Film Development Loans		784				784	—
Other Broadcasting Support		201		608	–743	66	672
Other							
National Lottery Commission		3,184	16		–3,200	—	—
Research and other services		1,104				1,104	437
New Opportunities Fund						—	275
NESTA						—	125
Central Administration	25,913				–257	25,656	22,310
Excess A-in-A					865	865	—
Total	39,082	594,435	43,403	298,175	–9,478	965,617	887,693
Request for Resources 2							
BBC—Home Broadcasting		2,270,801				2,270,801	2,146,304
Total		2,270,801				2,270,801	2,146,304
Resource outturn	39,082	2,865,236	43,403	298,175	–9,478	3,236,418	3,033,997
Non A-in-A operating income		–2,273,177				–2,273,177	–2,146,694
Net operating cost	39,082	592,059	43,403	298,175	–9,478	963,241	887,303

Programme Vote 1 expenditure of £936,013k comprises the total of Other Current, Capital and Current Grants.

The Arts Council of England has assumed funding for the Crafts Council and the Association of Business Sponsorship in the Arts. Similarly, English Heritage now funds the RCHME.

8. Analysis of capital expenditure, financial investment and associated A-in-A

	Capital Expenditure £000	1999–2000		Net Total £000	1998–99 £000
		Loans etc £000	A-in-A £000		
Request for Resources 1	1,883	—	–7	1,876	1,143
Total	1,883	—	–7	1,876	1,143

This relates to capital expenditure within the Departmental Boundary only. In addition there is capital expenditure of £43.4m beyond the Departmental Boundary (£59.6m in 1998–99). This is analysed in Note 7.

9. Intangible Fixed Assets

Total	Software Licences £000	Total £000
Cost and Valuation		
At 1 April 1999	120	120
Additions	141	141
Disposals	—	—
Revaluation	—	—
At 31 March 2000	261	261
Amortisation		
At 1 April 1999	107	107
Charged in year	54	54
Disposals	—	—
At 31 March 2000	161	161
NBV		
At 31 March 2000	100	100
At 31 March 1999	13	13

10. Tangible Fixed Assets

Total	Land & Buildings £000	Equipment & Computers £000	Fixtures & Fittings £000	Assets in Course of Construction £000	Total £000
Cost and Valuation					
at 1 April 1999	46,311	2,239	6,803	—	55,353
Additions	890	385	367	100	1,742
Disposals	–1,253	–110	–24	—	–1,387
Revaluation	9,769	6	26	—	9,801
At 31 March 2000	55,717	2,520	7,172	100	65,509
Depreciation					
At 1 April 1999	5,246	1,088	3,621	—	9,955
Charged in year	1,020	551	533	—	2,104
Disposals	–216	–103	–24	—	–343
Revaluations	995	3	3	—	1,001
At 31 March 2000	7,045	1,539	4,133	—	12,717
NBV					
At 31 March 2000	48,672	981	3,039	100	52,792
At 31 March 1999	41,065	1,151	3,182	—	45,398

The land to the north of the British Library St Pancras site was professionally re-valued at £3.5 million during June 1997 by Grimley International Property Advisers. It has been revalued as at 31 March 2000 using suitable indices.

The sale of the property at 6 Burlington Gardens, valued at £5 million in the accounts was scheduled for completion in Autumn 2000.

The non-operational Heritage Assets held by the Department are valued at nil. These assets are: Trafalgar Square, Apsley House, part of Osborne House and the Government Art Collection, which has some 11,500 items. In addition the Department holds Wellington Arch, Marble Arch and 58 statues, although Management responsibility was transferred to English Heritage from 1 April 1999.

In addition the legal title to the buildings at the Natural History Museum, the Science Museum and Imperial College were vested in the name of the Secretary of State for the Environment. Title was passed to DCMS when the Civil Estate, managed by Property Holdings was dispersed in 1996. Legal title to these buildings is in the

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process of being passed to the Trustees of these institutions. The risks and benefits to these buildings lies with the institutions themselves, rather than the Department, and as such applying the criteria in FRS 5: Reporting the Substance of Transactions, they have not been included in the Balance Sheet of the Department, but in the Notes to the Accounts of those institutions. Once legal title has been passed, the value of the buildings will be shown on their Balance Sheets. Transfer for the Natural History and Science Museum sites is dependent on the resolution of title to adjacent sites within the campus of Imperial College.

The legal title to the Victoria & Albert Museum building has been passed to the trustees of the museum subsequent to the Balance Sheet date.

The Secretary of State retains the freehold title to Blythe House, Olympia, which is used for storage by the British Museum, Victoria & Albert Museum and the Science Museum. Each of these institutions holds a share in this property, which has been individually valued by each institution over various dates, totalling £14.15 million.

11. Movements in capital other than cash

	1999–2000	1998–99
	£000	£000
Increase in debtors	12,205	11,558
Decrease in creditors	159,356	26,473
Increase/(Decrease) in Stock	4	–2
	171,565	38,029

12. Stocks

	1999–2000	1998–99
	£000	£000
Stocks	81	77

In the opinion of the Board of the RPA the current replacement cost of stock is not materially different from the amount shown in the Balance Sheet.

13. Debtors

	1999–2000	1998–99
	£000	£000
Amounts falling due within one year:		
Trade debtors	1,243	1,797
Deposits and advances	1,286	1,270
VAT	864	885
Other debtors	23,426	10,632
Debit Balances on Purchase Ledger	—	48
Pre-payments and accrued income	1,120	1,102
	27,939	15,734

Included within Other debtors is an amount of £19,587k (£7,567k for 1998–99) that relates to amounts that have been received by the Post Office, relating to BBC, but have yet to be paid over to the Department. An equal amount has been included within other creditors as an amount payable to the BBC.

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14. Cash at Bank and in Hand

	1999–2000	1998–99
	£000	£000
Balance at 1 April	240,239	251,936
Net Cash (outflow)/Inflow:		
Department	– 169,488	– 11,697
Payable to the Consolidated Fund	—	—
Balance at 31 March	70,751	240,239

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances are held at 31 March.

	1999–2000	1998–99
	£000	£000
Balances at OPG	70,637	238,514
Commercial banks and cash in hand	114	1,725
	70,751	240,239

The balance at the OPG relates to amounts that have been funded by Parliament, but have not been spent by the Department at the year end. This will be accounted for in the funding received in 2000–01, and has been disclosed as a creditor within excess Parliamentary grant received.

This includes an amount of £64,674,378 (£221,338,608 at 31 March 1999) that relates to cash drawn down from Vote 2 for payments to the BBC, which has not been required to be paid to them. Due to the materiality of this, it has been disclosed separately on the face of the Balance Sheet on Schedule 3.

15. Creditors amounts falling due within one year

	1999–2000	1998–99
	£000	£000
VAT	142	535
Trade creditors	109	44
Other creditors	23,454	9,395
Accruals and deferred income	3,426	3,481
Amount due to Consolidated Fund, including excess Parliamentary grant received and receipts not classified as A-in-A	65,658	238,690
	92,789	252,145

As stated within the debtors note, included within Other Creditors is an amount of £19,587k (£7,567k for 1998–99) that relates to amounts that have been received by the Post Office, relating to the BBC, but have yet to be paid over to the Department. This is also included within Other Creditors as the Department owes this money to the BBC.

Included within the amount due to the consolidated fund is a net excess Parliamentary funding of £44,991k, made up of an excess for Vote 2 of £46,263k, but with insufficient Vote 1 funding of £1,272k.

16. Provisions for Liabilities and Charges

	Early retirement and Pension Commitments	Other	Total
	£000	£000	£000
Balance at 1 April 1999	60	—	60
Provision in year	2	—	2
Payments in year	—	—	—
Transfer to Creditors	– 35	—	– 35
	27	—	27

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17. Revaluation Reserve

	Revaluation Reserve
	£000
Balance at 1 April 1999	10,764
Arising on revaluation during the year	8,800
Transferred to General Reserve	–111
Balance at 31 March 2000	19,453

The revaluation reserve represents the extent to which the operating capital of the Department has increased other than through cash funding by Parliament Vote, ie as a result of holding gains and the effect of changing prices.

18. Capital Commitments

	1999–2000	1998–99
	£000	£000
Capital commitments at 31 March 2000, for which no provision has been made in these accounts, were as follows:		
Contracted	410	44
Authorised but not contracted	—	—

19. Commitments under operating leases

	1999–2000		1998–99	
Annual commitments under operating leases expiring:	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Within one year	—	5	—	135
Between two to five years	—	200	—	114
After five years	3,767	63	3,166	—
	3,767	268	3,166	249

20. Contingent Liabilities

The Department reported £2,010.3 million of contingent liabilities as at 31 March 2000 (£2,415.3 million at 31 March 1999) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme (£1,829.1 million) which relate to the value of works of art on loan from the Department's museums and galleries; non-statutory liabilities in respect of indemnities granted in respect of works of art on loan from the Royal Collection (£164.3 million); £5.5 million for items on loan to the Government Art Collection; and an indemnity cover of £1 million for a sculpture in one of the royal parks.

Included in the above total, the Department reported an assurance to fund: the Greenwich Foundation (Royal Naval College) a total of £17 million for the years 1999–2000 to 2004–05 (£8.6 million outstanding at 31 March 2000); Somerset House at £1.5 million; and £263,650 consequent upon two proposed leases of the Tower Hill Vaults site (on behalf of the Historic Royal Palaces). There were also some unquantifiable contingent liabilities.

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21. Reconciliation of Net Operating Cost to Change in General Fund

	1999–2000	1998–99
	£000	£000
Net Operating Cost for the year (see Schedule 2)	– 963,241	– 884,303
Income not Appropriated-in-Aid paid to Consolidation Fund	– 2,261,157	– 2,142,127
	– 3,224,398	– 3,026,430
Net Parliamentary Funding	3,222,028	3,049,020
Other Transfers	111	268
Non cash charges	3,161	2,972
Net increase/(decrease) in General Fund	902	25,830
General Fund at 1 April 1999	38,492	12,662
General Fund at 31 March 2000	39,394	38,492

22. Analysis of net operating cost

This note analyses funding by the Department to the relevant spending body:

	1999–2000		1998–99	
	Budget	Outturn	Budget	Outturn
	£000	£000	£000	£000
Core Department	29,286	26,521	—	22,310
RPA	28,933	29,840	—	24,612
Non-Departmental Public Bodies	906,462	907,000	—	837,493
Other bodies	– 130	– 120	—	– 112
	964,551	963,241	—	884,303

No Resource Budget was available for 1998–99.

Other bodies represents Vote 2 (BBC). The Welsh Channel Four Authority (S4C) has been included within Non-Departmental Public Bodies.

23. Related Party Transactions

The Department for Culture, Media and Sport is the parent Department of the Royal Parks Agency. In addition it sponsors the institutions set out in Note 7, and is responsible for the following Lottery bodies that are regarded as related parties, some of which are also exchequer funded:

- National Heritage Memorial Fund (Heritage Lottery Fund)
- National Lottery Charities Board
- The Millennium Commission
- New Millennium Experience Company Ltd
- Sport England
- Arts Council of England
- New Opportunities Fund
- National Endowment for Science Technology and the Arts

During the year the Department had no material transactions with the following self financing Public Corporations, that are also regarded as related parties.

- Channel Four Television Corporation
- Independent Television Commission
- The Radio Authority

Also the following non-executive advisory NDPBs and Committees are classified as related parties.

- Regional Cultural Consortia
- Advisory Committee on Historic Wreck Sites
- Treasure Trove Reviewing Committee/Treasure Trove Valuation Committee
- Advisory Committee on the Government Art Collection
- Reviewing Committee on the Export of Works of Art
- Advisory Committee for the Public Lending Right
- Advisory Council on Libraries

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The Regional Cultural Consortia receives programme funding, whereas the other bodies receive funds through the Department's running costs.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Department for Culture, Media and Sport during the year.

24. Notes to Schedule 5

Programme grants, ie. other current, capital and current, have been allocated as follows:

	1999–2000	1998–99
	<u>£000</u>	<u>£000</u>
Objective 1	121,377	92,914
Objective 2	409,557	406,776
Objective 3	126,537	157,941
Objective 4	139,200	112,386
Objective 5	5,793	2,820
Objective 6	133,549	89,135
	936,013	861,972

The Department's NDPBs were responsible for attributing the Grant-in-Aid received from the Department by departmental objectives. The Department issued guidance for this purpose. The analysis was subject to review by each body's Internal Auditors; and by the Head of the sponsoring division within DCMS.

In order for many of the NDPBs to apportion the monies fairly it was necessary for them to make certain assumptions on their interpretation of the DCMS objectives. If NDPBs had made different assumptions then a different allocation could have been made. It is possible that there could be inconsistencies in allocations made by different NDPBs. The Department feels that these possible inconsistencies are immaterial.

Sponsor divisions were required to attribute "other programme" expenditure by objective.

Running costs were allocated to objectives in the same proportions as the allocations to programme expenditure.

Appendix

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5 OF THE EXCHEQUER AND AUDIT ACT 1921

The Department for Culture, Media and Sport shall prepare resource accounts for the financial year ended 31 March 2000 in compliance with the accounting principles and disclosure requirements of the HM Treasury Resource Accounting Manual (the "Resource Accounting Manual") which is in force for that financial year.

The accounts shall be prepared so as to give a true and fair view of the state of affairs of the department at 31 March 2000 and the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.

Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirements to give a true and fair view the requirements of the Resource Accounting Manual should be departed only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

Treasury Officer of Accounts

28 April 2000

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