Presented in accordance with Government Resources and Accounts Act 2000, s. 6(4)

Department of Trade and Industry

Consolidated Resource Accounts 2001-02

LONDON: The Stationery Office
HC 280

29 January 2003

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(For the year ended 31 March 2002)

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Contents

ANNUAL REPORT

AIMS AND OBJECTIVES

The DTI is a major economic department and has a central role to play in helping to achieve the Government's goal of prosperity and opportunity for all. The DTI's mission is to work with business, employees and their unions, and consumers to drive up productivity and competitiveness in the UK. For 2001-02, the Department's Aims and Objectives were as set out below.

Aim:

To increase competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in a modern economy.

Objectives:

- **To promote enterprise, innovation and increased productivity;** in particular by encouraging successful business start-ups, and by increasing the capacity of business, including small and medium enterprises (SMEs), to grow, to invest, to develop skills, to adopt best practice, and to exploit opportunities abroad, recognising the development of the knowledge economy and taking account of regional differences.
- **To make the most of the UK's science, engineering and technology;** in particular by achieving standards of international excellence and maximising the contribution of its outputs to economic development and the quality of life.
- **To create strong and competitive markets;** in particular by taking action to improve the openness, efficiency and effectiveness of markets at home, in Europe and across the world, and to ensure the provision of secure, diverse and sustainable supplies of energy at competitive prices.
- **To develop a fair and effective legal and regulatory framework;** in particular by improving and enforcing a framework for commercial activity which encourages enterprise and avoids unnecessary burdens on business, while providing a fair deal for consumers, and by developing a framework for employers and employees which promotes a skilled and flexible labour market founded on principles of partnership.

The Department is also committed to ensuring the efficient management of liabilities for which it is responsible. DTI manages, on behalf of the Government, the residual liabilities arising from the coal and nuclear industries' past activities.

In pursuit of its objectives the Department has committed to:

- Manage, train, develop and support its staff to improve their performance and increase their job satisfaction, and build on its recognition as an Investor in People;
- Work in partnership across Government and with organisations and individuals outside Government, particularly in the regions, to design and deliver effective policies;
- Be enterprising and innovative, learning from other countries, particularly partners in Europe, and exploiting the potential of technology;
- Promote sustainable development encompassing growth and environmental and social objectives; and
- Operate efficiently and effectively within available resources.

SCOPE

ENTITIES CONSOLIDATED

This Report and Accounts presents the consolidated results for the financial year 2001-02 of the following entities:

- The Department of Trade and Industry (DTI), including DTI elements of administration expenditure for British Trade International (BTI). BTI is an entity whose administration costs are shared between DTI and the Foreign and Commonwealth Office (FCO), and shown in their respective resource accounts. BTI's programme expenditure is presented in its own resource accounts for the year.
- Executive Agencies:
  - Employment Tribunals Service;
  - Insolvency Service;
  - National Weights and Measures Laboratory;
  - Radiocommunications Agency;
  - Small Business Service.
- The Advisory, Conciliation and Arbitration Service (a Crown Executive Non-Departmental Public Body (NDPB)).

The principal activities undertaken by the Agencies and by ACAS in pursuit of the aims and objectives of the Department are summarised below. Further details of each entity can be found in their respective annual reports and accounts available from The Stationery Office or as detailed on page 70.

Body	**Principal Activities**
The Employment Tribunals Service	Provides administrative support to Employment Tribunals and their appellate body, the Employment Appeals Tribunal.
The Insolvency Service	Deals with compulsory corporate and individual insolvencies in England and Wales and investigates fraud and misconduct in insolvencies.
The National Weights and Measures Laboratory	Regulates equipment used for trade weighing and measurement, and represents the UK in international discussions of the technical requirements for measuring instruments.
The Radiocommunications Agency	Manages the use of most non-military radio spectrum in the UK and represents the UK in international discussions on radio matters.
The Small Business Service	Works as a strong voice for small business at the heart of Government, develops and maintains a world-class business support service; champions entrepreneurship; and helps reduce the burden of regulation on smaller businesses.

Body	Principal Activities
Advisory, Conciliation and Arbitration Service (ACAS)	Provides an independent and impartial service to prevent and resolve disputes and build harmonious relationships at work and resources two independent statutory authorities: the Central Arbitration Committee (CAC), which provides voluntary arbitration and exercises judicial arbitration powers; and the Certification Officer who is responsible for ensuring compliance with statutory provisions relating to trade unions and employers' associations.

ENTITIES NOT CONSOLIDATED

Public bodies for which the DTI has lead policy responsibility within Government, but which are outside of the consolidation boundary for accounting purposes, are set out below. All these bodies publish their own annual reports and accounts, detailing their financial activity during the year. These can be obtained from The Stationery Office or the relevant body.

Trading Funds:

- Companies House
- The Patent Office

Public Corporations:

- Consignia Holdings Plc (formerly The Post Office)
- British Nuclear Fuels Plc
- British Coal Corporation
- British Shipbuilders

Non-Departmental Public Bodies (NDPBs):

- British Hallmarking Council
- Coal Authority
- Gas and Electricity Consumer Council - 'Energywatch'
- Consumer Council for Postal Services (formerly the Post Office Users' National Councils for Scotland, Wales and Northern Ireland) – 'Postwatch'
- National Consumer Council (also a company limited by guarantee)
- Design Council
- Medical Research Council
- Competition Commission
- National Research Development Corporation (this is a shadow body and does not produce an annual report and accounts)
- Biotechnology and Biological Sciences Research Council
- Council for the Central Laboratory of the Research Councils
- Economic and Social Research Council
- Engineering and Physical Sciences Research Council
- Natural Environment Research Council
- Particle Physics and Astronomy Research Council
- Simpler Trade Procedures Organisation (also a company limited by guarantee)
- United Kingdom Atomic Energy Authority

Since the end of the previous financial year, responsibility for the following has transferred to the Department from the former Department of Transport and Local Government and the Regions (DTLR) (See 'Machinery of Government Changes during 2001-02' on page 10 for more details):

- The 8 Regional Development Agencies (RDAs):
  - One North East
  - North West Development Agency
  - Yorkshire Forward
  - East Midlands Development Agency
  - Advantage West Midlands
  - South East England Development Agency
  - South West of England Regional Development Agency
  - East of England Development Agency

(The Department also sponsors the London Development Agency, a local authority body and not an NDPB, which is responsible to the Greater London Authority).

The following are *related organisations* for which the Department does not have lead policy responsibility:

- Export Credits Guarantee Department (ECGD)
- Office of Gas and Electricity Markets (OFGEM)
- Office of Telecommunication (OFTEL)
- Office of Fair Trading (OFT)
- Postal Services Commission (Postcomm)

In addition, certain non-executive NDPBs, advisory bodies and tribunals which do not produce their own resource accounts, are covered by these accounts by way of accounting for the funds paid to them as grant or expenses. Details of these bodies are listed in note 34.

OPERATING REVIEW

Work of the Department during the year

Schedule 5 of the Accounts, *Consolidated Resources by Departmental Aim and Objectives,* on page 27, indicates the net expenditure incurred against each of the DTI objectives. More detailed information on the Department's financial performance and future plans can be found in *Trade and Industry: The Government's Expenditure Plans 2002-03 to 2003-04 (CM 5416).*

Some of the significant highlights during the year are listed by reference to Objective below.

- **To promote enterprise, innovation and increased productivity**

  Regional Selective Assistance (RSA) grants are the main instrument of the Department's regional industrial policy. Its goals are: to create and safeguard jobs; to attract and retain internationally mobile investment; and to contribute to improving the competitiveness of disadvantaged areas. Since the competitiveness White Paper of 1998, RSA has been refocused on high quality, knowledge-based projects which provide skilled jobs.

  Reflecting this approach, projects receiving RSA offers during the year included £45 million grant aid for Nissan, helping to secure production of new models in Sunderland.

  A total of £121 million in RSA grants is accounted for in 2001-02, compared with £129 million in 2000-01. A further £115 million is planned for each of the next two years.

Launch Investment is a risk-sharing Government investment in the design and development of specific civil aerospace projects in the UK. The investment is repayable to the Government at an agreed target rate of return and therefore generates a positive cashflow for the Department in the medium to long term. The aim of the support is to maintain the UK's competence in civil aerospace research and development.

Investments in 2001-02 totalled £726 million. 2000-01 investments were £45.5 million. Income due from investments was £186 million in 2001-02, an increase over the £144 million received in 2000-01. The revised management valuation of future income streams of this asset was an increase of £87.5 million. See note 12 for further financial information.

Local Network. The Department's Review of Business Support mentioned earlier has confirmed the role of the Small Business Service (SBS) in organising the delivery of support for small and medium-sized enterprises. This help will be available through local Business Link Operators who are part-funded by the SBS. Outturn expenditure on Local Network services in 2001-02 is £141 million and planned future expenditure by the Department is £162 million in 2002-03.

The Enterprise Fund is a partnership with the private sector to develop and deliver risk capital programmes to support small and medium-sized enterprises. This includes the Government's main intervention in the debt finance market through the Small Firms Loan Guarantee Scheme (SFLGS) and provision of small-scale finance through Regional Venture Capital Funds (RVCF) and the UK High Technology Fund (UKHTF):

- Further detail on the SFLGS is given at note 21 to the Accounts. Expenditure in 2001-02 was £35 million compared to £34 million in 2000-01.
- The Regional Venture Capital Funds were launched in January 2002, with planned Government investment of up to £80 million. This will attract further investment of up to £187 million from the private sector. The Funds have been established to address the equity gap that small companies face and are also intended to demonstrate to private sector investors that attractive rates of return can be achieved at the lower end of the venture capital market. Most individual investments are likely to be between £100,000 and £250,000.
- The UKHTF established in 2000-01 with a £20 million investment from the Department into a privately managed fund has secured a further £106 million of private sector investment. The Department's investment is disclosed at note 12 to the Accounts. Overall expenditure on the Enterprise Fund is expected to be £164 million over the next two years.

The Phoenix Fund helps the Department to tackle social exclusion by encouraging entrepreneurship in disadvantaged areas and in groups under-represented in business ownership. The fund includes:

- a Development Fund to promote innovative ways of supporting enterprise in disadvantaged communities and under-represented groups;
- Revenue and Capital grants and Loan Guarantees to help resource local and thematic Community Development Finance Institutions; and
- a national network of volunteer mentors to pre and early stage business start-ups.

Regional Centres of Manufacturing Excellence were launched or are in preparation across England and Wales. These Centres will deliver the Manufacturing Advisory Service, which will address the needs of UK manufacturers (particularly small and medium sized enterprises) by providing practical hands-on assistance from experts to enable them to succeed and improve their productivity.

The Enterprise Bill was introduced on 26 March 2002. It takes forward a range of measures to strengthen competition, transform the approach to bankruptcy and corporate rescue, and empower consumers. The overall objective of the Bill is, along with other measures, to make the UK the best place in the world to do business. It is designed to:

- Bring down barriers to enterprise
- Provide greater opportunity for all
- Help to create a world-class competition regime
- Empower and protect consumers
- Reform insolvency laws

- **To make the most of the UK's science, engineering and technology**

  Research Councils. Expenditure towards this objective is primarily funding the Research Councils, which are DTI-sponsored NDPBs (see 'Entities not consolidated' on page 5). Grants totalling £1,495 million were paid to the Research Councils in 2001-02, compared to £1,406 million in 2000-1. Expenditure is expected to rise to £1,596 million in 2002-03 and £1,688million in 2003-04. More detail on the Research Councils can be found in their individual reports and accounts.

  Funding Infrastructure. The final round of Joint Infrastructure Funds (JIF) awards was announced in April 2001 and expenditure in the year was £102 million. **The Science Research Investment Fund (SRIF)** has now been launched for the continued improvement of research facilities, refurbishment and new equipment in UK universities. Expenditure by the Department is expected to be £119 million in 2002-03 and £250 million in 2003-04. The Fund also contains an additional £225 million from the Wellcome Trust and £100 million to modernise Research Council institutes and to contribute to the development of large national science facilities.

- **To create strong and competitive markets**

  Developing sustainable energy sources. The Government's policy is to stimulate the development of sustainable energy technologies where they have the prospect of being economically and environmentally attractive. In support of this, the Department has put in place a long-term support mechanism for renewable energy sources, through the Renewables Obligation, to help reduce greenhouse gases and meet Kyoto targets. This has set a requirement for all licensed electricity suppliers to supply a specified proportion of electricity from renewable sources. The Obligation is a 25-year measure that will provide the stability and market confidence required for investment in renewable energy to take place. Total planned expenditure in 2002-03 is £71.8 million and £74.4 million in 2003-04 (both of these amounts include £30 million for renewable capital grants which can be carried forward into the following two financial years).

  The Final Report of the **Company Law Review** was published in July 2001. Key recommendations in the Final Report include a major simplification and modernisation of the law for smaller companies, greater clarity of the law on directors' duties, greater transparency and better disclosure by companies, and a large number of other measures to remove burdens, improve the governance of companies and simplify the law. As a result, the Company Law Review Steering Group and the Company Law Review Consultative Committee were disbanded during the year.

- **To develop a fair and effective legal and regulatory framework**

  The main areas of expenditure under this objective continue to be the funding of the **Employment Tribunals Service** (ETS), the **Advisory, Conciliation and Arbitration Service** (ACAS), and the **Consumer Councils.** Funding to the latter is planned to be around £24 million in each of 2002-03 and 2003-04. Funding of ETS is expected to be £62.7 million and £65.7 million in each of these 2 years, and for ACAS is £46.5 million and £39.7 million. Details of the operating and financial performance of these organisations will be found in their published Accounts for 2001-02.

The main rate of the **National Minimum Wage** was increased from £3.70 an hour to £4.10 an hour. This increases to £4.20 an hour from October 2002. Since April 1999, the Department has spent £11 million on nationwide publicity campaigns. The Inland Revenue undertakes any necessary enforcement on behalf of the Department.

The **Employment Bill** was introduced in November 2001 and received Royal Assent in July 2002. The Act includes, among other things, improved maternity and paternity rights and new legal provisions on family-friendly working.

The **Export Control Bill** was introduced to Parliament in June 2001. The Bill received Royal Assent on 24th July 2002. The Export Control Act contains new powers to introduce controls on trafficking and brokering in arms, on the transfer of sensitive technology by intangible means such as by e-mail or fax and on the provision of technical assistance overseas. Following a public consultation on draft versions of the secondary legislation which will give effect to the new controls under the Export Control Act, it is expected that the Act and the planned new controls will come into force in the second half of 2003.

Investment for the Future

Ways in which the Department has sought to maintain and improve its performance during the year are set out below:

Departmental Reviews of Business Support, Priorities and Structure

On 18 June 2001, the Government announced that it was setting an 'Enterprise and Productivity' challenge for the life of the current Parliament. The DTI's response, announced on 27 June 2001, included two major reviews of its:

- Support for Business; and its
- Priorities and Structure

The reviews involved an extensive fact-finding exercise to gather views from the Department's key stakeholders. Feedback, which was both positive and critical, has been taken on board. The Department's role is to drive up sustainable UK productivity and competitiveness by working with business, employees and consumers. This will mean focussing on three strategic priorities:

- Innovation
- Business
- Fair Markets

Linking these priorities will be a new productivity strategy that will focus everything that the Department does. To deliver the new role and priorities, the Department will undertake radical change to:

- Become truly customer focused, by identifying, understanding and working with our key customers to help them grow and become more productive;
- Ensure the best possible delivery of its services, by simplifying the range of business support schemes to 5 strategically driven portfolios and by increasingly allowing customers to deal with the Department in the most convenient way to them;
- Focus on driving innovation by developing a new Innovation Group within the Department to lead the development and implementation of an innovation strategy; and
- Develop and sustain consistent and transparent fair markets by focussing on best practice and better regulation.

To deliver on these goals and to put DTI at the forefront of modern Government, there will be changes to the way the Department works. Some changes were already carried out under the Modernising DTI Programme. A new, overarching change programme will subsume Modernising DTI commitments and focus also on some fundamental crosscutting issues for the Department such as business planning and internal communications.

A new organisational structure, including a new Board structure, has been introduced to help facilitate the changes. The new Board structure is explained in more detail on pages 14 and 15.

Further details can be found in *Trade and Industry: The Government's Expenditure Plans 2002-03 to 2003-04* (CM 5416).

Staff Training and Development

During the year the Department continued to give a high priority to training and developing all staff to enhance their professionalism in pursuit of the Department's objectives and to give them greater job satisfaction. Developments during the year include: training in the new performance management arrangements, a focus on diversity training including a very successful Diversity week which offered a variety of events to raise awareness and understanding of diversity issues; the start of the roll out of the training for all staff to support the Department's move to electronic records management; and the continuation of coverage of all Senior Civil Service staff by a comprehensive training strategy including 360 degree feedback.

Capital Expenditure

The main component of the Department's direct capital expenditure relates to the physical infrastructure and a small proportion of the IT systems which support the work of DTI staff both in the central Department and in the Agencies. Capital expenditure totalled £36 million in 2001-02, compared to £19 million in 2000-01 (see note 10).

Further information on the Department's investment and asset management policies is in the Departmental Investment Strategy, which is available on the Internet at http://www2.dti.gov.uk/about/dis/index.htm.

Announcement of the establishment of a Liabilities Management Authority

It has been reported in previous years' Resource Accounts that the Government is seeking to introduce a Public Private Partnership into British Nuclear Fuels plc (BNFL), one of the public corporations for which the Department has lead policy responsibility.

On 28 November 2001, the Secretary of State made a statement to Parliament about the future management of public sector civil nuclear liabilities in light of the United Kingdom Atomic Energy Authority's (UKAEA) Quinquennial Review and the outcome of the work on BNFL's future strategy.

The statement made clear that a Liabilities Management Authority would be established to take on responsibility for nuclear liabilities, including those of BNFL, on behalf of Government.

A White Paper was published on 4 July 2002 setting out the proposals for managing the nuclear legacy in more detail, and is available on the DTI website at http://www.dti.gov.uk/nid/nuclearlegacy/whitepaper.htm. The Government has made clear that it will reconsider the scope for introducing a Public Private Partnership into BNFL in 2004-05.

Machinery of Government changes during 2001-02

Several policy areas were transferred to the DTI following the General Election in June 2001.

- Former Department of Transport, Local Government and the Regions (DTLR) responsibility for sponsorship of the eight Regional Development Agencies (RDAs) throughout England plus the London Development Agency (LDA) transferred to the DTI.
- The Construction Directorate of DTLR has transferred to the DTI as a new Construction Industries Directorate.
- The Department has acquired a number of responsibilities from the former Department for Education and Employment (DfEE) in relation to policy on work-life balance and forthcoming anti-discrimination legislation.
- A number of other responsibilities have been transferred to the DTI from the Home Office, on Sunday Trading, Street Markets, Chartered Fairs, Easter and British Summertime.

The financial effects of these transfers is shown in note 30 to the accounts.

FINANCIAL REVIEW

Funding

As a Government Department, the DTI is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through Supply Estimates presented to the House of Commons, specifying the estimated expenditure and asking for the necessary funds to be voted. The Department then draws down voted funds in year from the Consolidated Fund as required.

The Estimates are structured by 'Requests for Resources' (RfR) and include a formal description ('ambit') of the services to be financed under each RfR. Voted money cannot be used to finance services that do not fall within the ambit of the RfR.

DTI has three Requests for Resources: RfR 1, for Trade and Industry expenditure; RfR 2, for Science expenditure; and RfR3 in respect of the UKAEA Superannuation Schemes. Schedule 1, which is the main Parliamentary control schedule, reports the Outturn against the Estimates for RfR 1 and RfR 2. A separate Resource Account for RfR 3 is produced and published each year and is available from The Stationery Office and on the DTI website.

Schedule 4, the Cash Flow Statement, analyses the net cash flow from operating activities, identifies how much was spent by the Department on capital expenditure and investment, records what Consolidated Fund Extra Receipts were collected and paid over to HM Treasury and shows the funding that the Department drew down from the Consolidated Fund to finance its activities during the year.

The balance of these cash movements is the Department's net requirement for cash during 2001-02 and is also reported on Schedule 1.

2001-02 Outturn against Estimate

- Schedule 1 shows that there were underspends against the estimates of £561 million for RfR1 and £75 million for RfR2. The main reason for such a large underspend on RfR1 was a much higher than expected decrease in the valuation of coal health provisions at the year-end. See note 19 for more detailed financial information.
- Schedule 1 also shows that the Department required £473 million less cash during the year to carry out its business than was the estimate. The main reason for this was that fewer cash payments in relation to provisions were made in the year than was forecast
- Note 9 to the Accounts is the other source of comparison of Outturns against estimate. This note shows resource Outturns against estimate in more detail than Schedule 1, by Departmental 'function'. The underspend against the coal provisions can be seen at function D on page 40.
- Note 9 shows the various underspends made on RfR2 which give rise to the total underspend on Science programmes of £75 million. The main reasons were unexpected delays across a number of programmes meaning grant payments slipping from the 2001-02 financial year into 2002-03.

Provisions

The Department manages for Government the residual liabilities arising from the coal and civil nuclear industries' past activities. These are long-term commitments and represent, in financial terms, the most significant part of the Department's budget.

Coal Provisions

These relate to former British Coal employees. Several programmes cover the liabilities in respect of former employees, of which the most important are health claims, the Redundant Mineworkers' Payment Schemes and concessionary fuel.

Health claims make up by far the largest proportion of this expenditure and are expected to cost a total of around £4.5 billion (undiscounted) over time before they are fully discharged. They are sensitive to the number of claims received for compensation from former mineworkers and the size of individual awards made. There is, therefore, some uncertainty surrounding the forecasting of future costs. The amounts included in these accounts reflect the best available estimate of the size of these liabilities at the time.

Expenditure in 2001-02 on these liabilities came to £752 million (£529 million in 2000-01). Note 19 provides more detail.

Nuclear Provisions

The Department has financial responsibility for a decommissioning and radioactive waste management programme, which deals with nuclear liabilities on UKAEA and BNFL sites arising from the Government's past civil nuclear research. This programme is managed on behalf of the Department by UKAEA and BNFL. The estimated future total undiscounted cost to the Department of dealing with these liabilities is £34.5 billion.

Expenditure in 2001-02 totalled £246 million (£211 million in 2000-01). See note 20 for more detail.

Investments

The Department also holds a number of investments, both fixed and current asset, the total valuation of which as at 31 March 2002 was £6,626 million (£6,412 million in 2000-01). The most significant investment is that in the reserves of two closed pension schemes for the former employees of the British Coal Corporation and the Department's entitlement to half of declared surpluses on the two schemes. Further details of investments are shown at notes 12 and 16 to the accounts.

On 28 November 2001, the Secretary of State announced to the House of Commons that, due to a review of its Intermediate Level Waste Strategy, the liabilities of British Nuclear Fuels plc (BNFL) exceeded its assets by £1.7 billion. Consequently, an impairment review of the Department's investment in BNFL was undertaken. The net liabilities position has been confirmed in BNFL's Accounts for the year to 31 March 2002 as £1.84 billion and the Department has concluded that this investment should be fully impaired to nil value. This is shown at note 12 and results in a charge of £32.7 million to the Department's Operating Cost Statement (Schedule 2).

The Department's future strategy for BNFL was laid out in the Secretary of State's November announcement and is described on page 10.

Going Concern

The balance sheet at 31 March 2002 shows negative Taxpayers' Equity of £6,530 million. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet DTI's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent moneys, including those derived from the Department's income, are surrendered at year-end to the Fund.

In common with other Government Departments, the future financing of DTI's liabilities is to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Further Information

More detailed information on the performance of the Department in 2001-02, along with its future plans, can be found in *Trade and Industry – The Government's Expenditure Plans 2002-03 to 2003-04* (Cm 5416, June 2002). Further information on the Department's investment and asset management policies is in the Departmental Investment Strategy, which is available on the Internet at http://www2.dti.gov.uk/about/dis/index.htm.

Compliance with ASB guidance

The above Operating and Financial Review section of this Annual Report has been prepared so as to meet the requirements of the Accounting Standards Board's Statement 'Operating and Financial Review' to the extent that it is meaningful and appropriate in the public sector context.

CORPORATE GOVERNANCE

Ministers

The Ministers with responsibility for Trade and Industry in 2001-02 were:

Secretary of State for Trade and Industry	The Rt Hon Patricia Hewitt, MP (from 12 June 2001) The Rt Hon Stephen Byers, MP (to 11 June 2001)
Ministers of State	The Rt Hon Baroness Symons of Vernham Dean (from 12 June 2001) Douglas Alexander, MP (from 12 June 2001) Brian Wilson, MP (from 12 June 2001) Alan Johnson, MP (from 12 June 2001) Patricia Hewitt, MP (to 11 June 2001) The Rt Hon Richard Caborn, MP (to 11 June 2001) Peter Hain, MP (to 11 June 2001)
Parliamentary Under – Secretaries of State	Lord Sainsbury of Turville Melanie Johnson, MP (from 12 June 2001) Nigel Griffiths, MP (from 12 June 2001) Dr Kim Howells, MP (to 11 June 2001) Alan Johnson, MP (to 11 June 2001)

The remuneration of ministers is determined in accordance with the provisions of the Ministerial and Other Salaries Act 1975.

Departmental Board

The members of the Departmental Board in 2001-02 were:

Permanent Secretary	Sir Robin Young (from 4 June 2001) Sir Michael Scholar (to 3 June 2001)
Government Chief Scientific Adviser / Head of the Office of Science and Technology	Professor David King
Group Chief Executive of British Trade International	Sir David Wright
Chief Executive of the Small Business Service	David Irwin
Director General (DG) of the Research Councils	Dr John Taylor
DG Competition and Markets	Dr Catherine Bell
DG Energy	Joan MacNaughton (from 1 January 2002) Anna Walker (to 4 November 2001)
DG Enterprise and Innovation	Mark Gibson
DG Business Competitiveness	Jonathan Spencer (to 31 December 2001)
DG Trade Policy	Richard Carden
DG Legal Services	Anthony Inglese (from 1 January 2002) David Nissen (to 31 December 2001)
DG Resources and Services	Jonathan Phillips
Independent Member	Mair Barnes

Members of the Departmental Board, with the exception of the non-executive member, are civil servants appointed in accordance with the Civil Service Management Code and their remuneration (see note 2) is determined in accordance with Cabinet Office guidelines, which take into account the recommendations of the Senior Salaries Review Body.

Remuneration details of Sir David Wright are contained in the accounts of the Foreign and Commonwealth Office (FCO).

The independent member is appointed by the Permanent Secretary and the appointment is subject to annual review. Remuneration is based on an annual fee plus reasonable expenses.

Audit Committee

The members of the Audit Committee during the year were:

Philip Sellers, CBE	Independent Chair
Jonathan Phillips	(Director General Resources & Services)
Jonathan Spencer	(DG Business Competitiveness, replaced by Mark Gibson for the March and subsequent meetings)
David Nissen	(The Solicitor and DG Legal Services, replaced by Anthony Inglese for the March and subsequent meetings)
Geoff Dart	(Director Oil and Gas)
Stephen Speed	(Finance Director, Office of Science and Technology)

The following also normally attend meetings of the Committee: the Director of DTI's Finance and Resource Management Directorate; the Director of Internal Audit; a partner of DTI's strategic audit partner; and, a Director of the National Audit Office.

The Committee met 5 times in 2001-02. Its purpose is to assist and advise the Accounting Officer on internal control and audit and financial accounts issues. In addition a Risk Review Group (a sub-group of the Audit Committee) began meeting during the year to review the Department's risk management framework and advise the Departmental Board. The Group meets six times a year.

The Committee acts in a non-executive capacity.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Ministerial change

Since the end of the financial year, Stephen Timms, MP has replaced Douglas Alexander, MP as Minister of State with responsibility for E-Commerce and Competitiveness.

New Board Structure

As part of the package of changes resulting from the DTI Reviews, and since the end of the financial year, the Department has established a new Strategy Board, chaired by the Secretary of State, to strengthen the leadership of the Department. In addition to the Secretary of State, membership includes Alan Johnson, MP (the Minister for Employment Relations, Industry and the Regions), the Permanent Secretary, a second senior official and three independent members.

A new Executive Board chaired by the Permanent Secretary has also been established, replacing the Departmental Board, to strengthen the Department's management - particularly the management of performance, change and risk – and support the Strategy Board. The Executive Board consists of the Department's top management team (the Directors General) and 3 independent members.

Finally, the delivery of the Department's objectives through the effective management of its resources has been further strengthened by the creation of five Group Management Boards. Chaired by the relevant Director General, these comprise a mix of senior officials and independent members and reflect the main strategic areas of the Department – Fair Markets, Innovation, Energy, Business, and Services.

The total of 21 independent members appointed to these boards were drawn from a wide range of business, union and academic backgrounds. The appointments were made on the basis of merit and the procedure applied the principles laid down in the Code of the Commissioner for Public Appointments, although these appointments do not fall within the Commissioner's remit.

Consignia

On 13 June, Consignia (a company wholly owned by the Government) announced a £1.1 billion pre-tax loss for the year ending March 2002. At the same time, the company announced details of the second phase of a restructuring and renewal programme to restore profitability (the first phase was announced on 25 March 2002).

British Energy

On 28 November 2002, it was announced to stock exchanges and to Parliament that the Government had agreed to support a plan drawn up by British Energy for the solvent restructuring of the company. The government's agreement is subject to conditions and was given after having first assessed the robustness of the plan with advisers. Further details are at note 29.

Draft Communications Bill

In May 2002, a draft Communications Bill was published jointly by the Department of Trade and Industry and the Department for Culture, Media and Sport. This represents a major reform of regulation in the communications sector, which will enable all regulatory decisions affecting the sector to be made within a single, over-arching strategic framework. The spectrum management functions of the Department's Radiocommunications Agency will be subsumed within the new framework in due course. Further information can be found on the Internet at: http://www.communicationswhitepaper.gov.uk/ and in the separate published Accounts of the Radiocommunications Agency.

Machinery of Government Change

At the end of May, the Women and Equality Unit transferred from the Cabinet Office to the DTI. This change will not have a material effect on these Resource Accounts.

The Department has also taken over lead policy responsibility for the Equal Opportunities Commission.

PUBLIC INTEREST

Payment of Suppliers

The Department's policy is to comply with the Better Payment Practice Code, which includes the Late Payments of Commercial Debts (Interest) Act 1998. The Department's standard terms and conditions for the supply of goods or services specify payment within 30 days, or other agreed credit terms, of receipt of goods or services or valid invoice, whichever is the later. In 2001-02, the core Department paid 96% of undisputed invoices within the credit term (93.8% in 2000-01), with the consolidated Department paying 97.7% (95% in 2000-01).

Employees

Investors in People

The Department attaches great importance to managing, developing and training its staff in accordance with the principles of 'Investors in People' (IiP). DTI headquarters achieved IiP recognition in November 1999 and will undertake a review against the revised Standard in September 2002. A number of the Department's Agencies were successful in retaining their IiP recognition in 2000-01. (The Small Business Service, which was part of the DTI's original IiP recognition, is planning to seek recognition in its own right in 2002).

Equality and Diversity

The Department's Equal Opportunities Policy aims to ensure that no eligible job applicant or employee receives less favourable treatment on grounds of age, disability, gender, race, colour, nationality, marital status, sexual orientation, religion, belief, religious affiliation, lifestyle or because they work a different working pattern. The policy statements describing the Department's equal opportunity framework are available to provide guidance for all employees.

An annual report on Diversity in the DTI is published to provide people with information on progress on diversity issues, including meeting benchmarks for representation at all levels set out in its action programmes on racial equality, Widening Opportunities for Women, disability and sexual orientation. The report is available on the DTI website.

Advisory groups for racial equality, women's issues, disability and sexual orientation continued to advise and support the Permanent Secretary on equality issues within the Department during the year.

Action has been taken to engage all staff in diversity issues, including a centrally organised programme, Diversity Week, open to all staff and numerous events at local level to raise awareness. The Department continues to provide advice and specialist adaptations and equipment to its staff with disabilities. It has also continued to promote part time and flexible working patterns, and sent a new policy statement and best practice guidance to all staff to outline its strong commitment in this area.

The Department's Equality Impact team was fully engaged in developing DTI's Racial Equality Scheme and is working towards fulfilling its obligations under section 75 of the Northern Ireland Act 1998, to promote equality of opportunity and good relations in carrying out its functions relating to Northern Ireland.

In the year to 31 March 2002:

- the proportion of women in managerial grades was 35.6%;
- female representation in the Senior Civil Service increased from 26% to 27.6%;
- 14.4% of staff were known to be of ethnic minority origin, a decrease from 16.8% in 2000-2001;
- 6.7% of staff were known to have a disability and were employed at all levels, including in the Senior Civil Service; and
- 7.7% of staff worked part time, including 8.1% of Senior Civil Service staff.

Pensions

The Pension liabilities arising from the Department's employees' membership of the Principal Civil Service Pension Scheme (PCSPS) are not provided for in these accounts in accordance with Treasury instructions and as described in note 1 to the financial statements.

The Department has accepted the responsibility to fund the pension scheme liabilities for the United Kingdom Atomic Energy Authority (UKAEA) pension schemes. However, in accordance with Treasury guidance, these costs have not been provided for in the Resource Accounts. Instead, the Department publishes a separate resource account for the schemes.

Auditors

These Financial Statements have been audited by the Comptroller and Auditor General (C&AG) whose opinion is expressed on pages 20 to 21.

Sir Robin Young, KCB

Principal Accounting Officer and Permanent Secretary

Date: 29 November 2002

Statement of Accounting Officer's Responsibilities

1. Under the Government Resources and Accounts Act 2000, the Department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

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

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

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

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

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

6. Provision for non-operating appropriations in aid was increased by the Winter and Spring Supplementary Estimates, Cm 5282 and Cm 5373 of session 2001-02. This increase should have been, but was not, included in the Appropriation Act 2002 that authorised those Supplementary Estimates. By agreement with Treasury these accounts have nonetheless been prepared to reflect the changed provision on the basis that statutory authority is in the process of being sought.

Statement on Internal Control

This statement is given in respect of the Consolidated Resource Accounts for the Department of Trade and Industry ("the Department"), which incorporates the transactions and net assets of the core Department, its agencies and other bodies falling within the Departmental boundary for resource accounting purposes, for the year ending 31 March 2002.

As Accounting Officer I have responsibility for maintaining a sound system of internal control which supports the achievement of Departmental aims, objectives and targets set by the Ministers, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. The Chief Executive of each Executive Agency and other self-accounting units falling within the Departmental boundary is responsible for the maintenance and operation of the system of internal control in that body, and has signed a statement relating to that system which is reproduced in the financial statements of the relevant body.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. An ongoing process designed to identify the principal risks to the achievement of Departmental policies, aims and objectives, and evaluate the nature and extent of those risks was in place throughout 2001-02 and up to the date of approval of the annual report and accounts. This process accords with Treasury guidance and includes a review of the methods used to manage the risks efficiently, effectively and economically. This process included the following elements:

- a Departmental Board, which met regularly to consider planning, performance and management across the Department. On a regular basis the board scrutinised risk issues and sought to satisfy itself that key risks were being effectively managed;
- an Audit Committee which meets at least four times a year to advise on the effectiveness of the internal control environment;
- the non-executive Chairman of the Audit Committee meeting with me on a regular and frequent basis;
- a Risk Review Group (a sub-group of the Audit Committee) began meeting to review the Department's risk management framework and advise the Departmental Board. The frequency of its meetings has now increased to six times a year;
- a clear organisational structure for monitoring the conduct and operation of the business with defined reporting lines, levels of responsibility and delegation of authority. Written policies and procedures have been issued which clearly define the limits of delegated authority and provide a framework for management to deal with areas of significant business risk;
- the development of annual plans and key performance targets;
- regular reports by internal audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the department's system of internal control together with recommendations for improvement;
- risk registers at Departmental and Group level which are reviewed on a regular basis with each risk assigned an owner who is responsible for its effective management;
- a regular programme of facilitated workshops to identify and keep up-to-date the record of risks facing the organisation.

Processes put in place during the year

During the course of 2001-02 the Department also established the following processes:

- the introduction of a Strategy Board which will meet quarterly to consider the strategic direction of the Department;
- the creation of an Executive Board to replace the Departmental Board, which meets monthly to consider the planning, performance and change management across the Department. On a regular basis the board scrutinises risk issues and seeks to satisfy itself that key risks are being effectively managed;
- an annual review by my Director Generals of the internal control arrangements in their Groups and the identification of areas needing improvement;
- assurance from the Chief Executives of the Department's Agencies on internal control arrangements.

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

There has been significant improvement in the awareness and application of risk management across the Department. Group and Departmental risk registers were in place from the start of the year and revised in year, and are being reviewed again following the creation of the new Groups. We shall continue to embed risk management in the day-to-day activities of the Department. The Executive Agencies have also made significant improvement in the application of risk management in their respective bodies. Some Agencies, however, have developed their risk management systems during the course of 2001-02 and have taken or are taking steps to allow a full statement of internal control to be signed for 2003-04 at the latest.

Future Plans

The Secretary of State's Review of DTI's priorities and structure during the year led to some significant changes to the shape of the Department going forward. As a result, a number of new systems and processes are being developed in many areas. There is clear awareness across the Department of the importance of putting effective internal controls in place if these new systems and processes are to achieve their objectives. Internal Audit will assist this process by assessing the effectiveness of systems of internal control in place and advising on means to strengthen them where necessary.

Sir Robin Young, KCB

Principal Accounting Officer and Permanent Secretary

Date: 29 November 2002

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 22 to 69 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, stocks and current asset investments and the accounting policies set out on pages 28 to 32.

Respective responsibilities of the Accounting Officer and auditor

As described on page 17, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and 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 Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report 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 at pages 3 to 16 and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 18 and 19 reflects the Department's compliance with Treasury's guidance entitled "Corporate Governance: Statement on Internal 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 audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other irregularity, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conformed to the authorities which govern them. In this connection I have noted and taken account of paragraph 6 in the Statement of Accounting Officer's Responsibilities on page 17. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty relating to Coal Health and UKAEA Nuclear Provisions

In forming my opinion I have taken note of the disclosures made in the financial statements concerning the uncertainties in the likely costs in respect of coal health provisions totalling almost £4 billion (note 19) and in respect of UKAEA nuclear liabilities totalling £3.5 billion (note 20). It is not possible to quantify reliably the impact on the Department's future financial results of the settlement of these liabilities. My opinion is not qualified in this respect.

Opinion

In my opinion:

- The financial statements give a true and fair view of the state of affairs of the Department of Trade and Industry at 31 March 2002 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

6 December 2002

SCHEDULE 1

CONSOLIDATED SUMMARY OF RESOURCE OUTTURN

for the year ended 31 March 2002

	2001-02							2000-01
	Estimate			Outturn				
	Gross Expenditure	A-in-A	NET TOTAL	Gross Expenditure	A-in-A	NET TOTAL	Net total Outturn compared with Estimate -Saving /(excess)	Prior-year Outturn (re-stated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for Resources 1–Trade and Industry	4,498,279	(1,920,818)	2,577,461	3,464,784	(1,448,330)	2,016,454	561,007	4,793,984
Request for Resources 2–Science	1,778,859	(161)	1,778,698	1,704,283	(161)	1,704,122	74,576	1,520,278
Total Resources	**6,277,138**	**(1,920,979)**	**4,356,159**	**5,169,067**	**(1,448,491)**	**3,720.576**	**635,583**	**6,314,262**
Non-Operating-Cost A in A (notes 11, 12)		**(112,479)**	**(112,479)**		**(112,479)**	**(112,479)**	**-**	**(533,251)**
Net Cash Requirements			**4,751,746**			**4,278,888**	**427,858**	**4,649,186**

Reconciliation of Resources to Net Cash Requirements	Note	£'000	£'000	£'000	£'000
Net Total Resources		**4,356,159**	**3,720,576**	**635,583**	**6,314,262**
Capital adjustments:					
Purchase of tangible Fixed assets	10, 11	71,034	21,820	49,214	18,978
On balance sheet PFI	10, 11	-	13,127	(13,127)	-
Payments – other Investments and loans	12	230,277	728,100	(497,823)	565,539
Non Operating Cost A-in-A					
Receipts – other Investments and loans	12	(105,349)	(186,636)	81,287	(518,518)
Net Book Value of assets disposed	3, 11	(7,126)	(619)	(6,507)	(14,733)
Accruals adjustments:					
Non-cash items	3, 4	(1,033,637)	(551,897)	(481,740)	345,081
Net increase / decrease in working capital other than cash	13	(14,946)	(323,310)	308,364	1,514,871
Changes in creditors falling due in more than one year	18	-	(313,639)	313,639	(500,000)
Transfer of functions – difference between resource and cash transfer		-	-	-	(25,611)
Excess A-in-A surrenderable to the Consolidated Fund	23	-	74,675	(74,675)	-
Use of Provisions	19, 20, 21	1,255,334	1,096,691	158,643	(3,050,683)
Net Cash Requirement	**Schedule 4**	**4,751,746**	**4,278,888**	**472,858**	**4,649,186**

Explanation of the variation between Estimate and Outturn:

(i) There was a higher than expected decrease in the valuation of provisions as at the end of the year.

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

(i) There was less cash expenditure than estimated in relation to provisions during the year.

The notes on pages 28 to 69 form part of these accounts.

ANALYSIS OF INCOME PAYABLE TO THE CONSOLIDATED FUND

In addition to the appropriations-in-aid (A-in-A) the following income relates to the department and is payable to the Consolidated Fund (cash receipts shown in italics) as extra receipts (CFER):

		2001 – 02			
		Forecast		Outturn	
		£'000	£'000	£'000	£'000
	Note	Income	*Receipts*	Income	*Receipts*
Operating income and receipts not classified as A in A	5	403,386	*403,386*	13,460	*10,866*
Non-operating income and receipts not classified as A in A		4	*4*	74,776	*74,776*
Other CFER Receipts		734,016	*734,016*	1,057,060	*1,066,625*
Total		**1,137,406**	***1,137,406***	**1,145,296**	***1,152,267***

Actual Outturn – Resources:

Request for Resources 1:
Actual amount net resources outturn £2,016,454,136.61. Actual amount of savings in resources over Estimate £561,006,863.39.

Request for Resources 2:
Actual amount net resources outturn £1,704,122,153.17. Actual amount of savings in resources over Estimate £74,575,846.83.

Actual Outturn – Cash:

Net cash requirement:
Outturn net requirement £4,278,888,196.50 which is £472,857,803.50 less than Estimate. This amount is surrenderable to the Consolidated Fund.

The actual receipts (surrenderable to the Consolidated Fund) were £1,152,266,747.58.

The notes on pages 28 to 69 form part of these accounts.

SCHEDULE 2

CONSOLIDATED OPERATING COST STATEMENT

for the year ended 31 March 2002

	Note	2001-02 £'000	2001-02 £'000	2000 – 01 (re-stated) £'000	2000 – 01 (re-stated) £'000
Administration Costs					
Staff costs	2	246,437		255,726	
Other administration costs	3	273,299		315,699	
Gross Administration Costs			**519,736**		**571,425**
Operating income	5		**207,103**		**141,222**
Net Administration Costs			**312,633**		**430,203**
Programme Costs					
Trade and Industry Programmes					
Expenditure		3,165,777		5,499,117	
Less: income	5				
-EU funding (acting as agent)		(11,320)		15,273	
-EU funding (negative public expenditure)		-		-	
-Other (including CFERS)		102,087		26,987	
		3,075,010		**5,456,857**	
Science					
Expenditure		1,692,288		1,509,212	
Less: income (including CFERs)	5	485		206	
		1,691,803		**1,509,006**	
Net Programme Costs	4		**4,766,813**		**6,965,863**
NET OPERATING COST	7, 9		**5,079,446**		**7,396,066**
NET RESOURCE Outturn	7, 9, 23		**3,720,576**		**6,314,262**

All income and expenditure are derived from continuing operations

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2002

	2001-02 £'000	2000-01 £'000
Net gain on revaluation of fixed assets and investments (note 22)	55,599	(81,244)
Total recognised gains and losses for the financial year	**55,599**	**(81,244)**

The notes on pages 28 to 69 form part of these accounts.

SCHEDULE 3

CONSOLIDATED BALANCE SHEET

as at 31 March 2002

		31 March 2002		31 March 2001 (re-stated)	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	11	133,396		111,796	
Investments	12	4,385,836		3,739,220	
			4,519,232		**3,851,016**
Current Assets					
Stocks	14	2,544		2,621	
Debtors (amount falling due within one year)	15	298,157		319,872	
Debtors (amount falling due after more than one year)	15	10,804		10,366	
Investments	16	2,240,000		2,673,000	
Cash at bank and in hand	17	603,836		126,187	
		3,155,341		3,132,046	
Less: Creditors (amounts falling due within one year)	18	1,217,814		394,364	
Net Current Assets			**1,937,527**		**2,737,682**
Total Assets less Current Liabilities			**6,456,759**		**6,588,698**
Less: Creditors (amounts falling due after more than one year)	18		893,008		578,931
Less: Provisions for Liabilities and Charges					
Coal	19	4,520,508		5,454,470	
Nuclear	20	7,316,195		6,707,321	
Other	21	257,256		263,661	
			12,093,959		12,425,452
Total Net Liabilities			**(6,530,208)**		**(6,415,685)**
Taxpayer's Equity					
General fund	23		(11,331,306)		(11,586,550)
Revaluation reserves	22		4,801,098		5,170,865
			(6,530,208)		**(6,415,685)**

These accounts were approved on 29 November 2002

Sir Robin Young, KCB
Principal Accounting Officer

The notes on pages 28 to 69 form part of these accounts.

SCHEDULE 4

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2002

	Note	2001-02 £'000	2000-01 (re-stated) £'000
Net Cash Outflow from Operating Activities		**(4,792,207)**	**(6,036,833)**
Capital Expenditure and Financial Investment		**(576,314)**	**(51,266)**
Receipts due to Consolidated Fund which are outside the scope of Departmental activities		**1,064,132**	**23,219,071**
Payments of amounts due to the Consolidated Fund		**(1,158,702)**	**(23,225,093)**
Financing		**5,940,740**	**4,502,029**
Increase / (Decrease) in Cash in the Period		**477,649**	**(1,592,092)**
Reconciliation of Operating Cost to Operating Cash Flows			
Net operating costs (see Schedule 2)		**(5,079,446)**	**(7,396,066)**
Adjust for non-cash transactions	3 and 4	(212,779)	(345,081)
Adjust for non-cash expenditure funded by the NIF	7	208,734	168,501
Adjust for Movements in Working Capital other than Cash	13	309,138	(1,514,871)
Adjust for non-cash increases in provisions net of reductions	19, 20 and 21	765,198	3,843,472
Movements in debtors and creditors due in more than 1 year	15 and 18	313,639	-
Adjust for cash utilisation of provisions	19, 20 and 21	(1,096,691)	(792,788)
Net Cash Outflow from Operating Activities		**(4,792,207)**	**(6,036,833)**
Analysis of Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets (incl. PFI) additions	11	(34,947)	(18,978)
Proceeds on disposals of fixed assets	3 and 11	97	14,733
Investments redeemed	12	186,636	518,518
Investments to other bodies	12	(728,100)	(65,539)
National Loans Fund (NLF) Loans on-lent to Consignia plc		-	(500,000)
Net cash Outflow from Investing Activities		**(576,314)**	**(51,266)**
Analysis of Financing			
Loans received from the NLF for on-lending to Consignia plc		-	500,000
Transfer of funding under Machinery of Government changes	23	1,443,530	992,278
From the Consolidated Fund (Supply) 2000-01 [1]	23	5,981	-
From the Consolidated Fund (Supply) 2001-02 [1]	23	4,491,229	3,009,751
Net Financing		**5,940,740**	**4,502,029**
(Increase) / Decrease in Cash	17	(477,649)	1,592,092
Net cash flows other than financing		**5,463,091**	**6,094,121**
Adjustments for payments and receipts not related to supply:			
Transfer of funding under Machinery of Government changes	23	(1,443,530)	(992,278)
Balance due to Other Government Departments in respect of functions transferred under Machinery of Government changes	18	279,934	-
Amounts due to the consolidated fund received in 2001-02 and not paid over		106,210	112,645
Amounts due to the consolidated fund received in 2000-01 and paid over		(112,645)	(65,302)
NLF Loan on-lent to Consignia plc		-	(500,000)
NLF Loans – interest received from Consignia plc	5	29,170	3,357
NLF Loans – interest paid to NLF	4	(29,170)	(3,357)
Transitional adjustment	13	(14,172)	-
Net cash requirement (Schedule 1)		**4,278,888**	**4,649,186**

[1] Amount of Supply actually issued to support the net cash requirement = £4,497,210,095.93

The notes on pages 28 to 69 form part of these accounts.

SCHEDULE 5

CONSOLIDATED RESOURCES BY DEPARTMENTAL AIM AND OBJECTIVE

for the year ended 31 March 2002

Aim :

To increase competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in a modern economy.

	2001-02			2000 – 01 (re-stated)		
	Gross	Income	Net	Gross	Income	Net
Objectives:	£'000	£'000	£'000	£'000	£'000	£'000
Objective A **Promote enterprise, innovation and increased productivity**	2,510,019	(36,816)	2,473,203	1,790,612	(53,714)	1,736,898
Objective B **Make the most of the UK's science, engineering and technology**	1,704,283	(747)	1,703,536	1,520,352	(270)	1,520,082
Objective C **Create strong and competitive markets**	349,855	(30,772)	319,083	3,617,242	(42,717)	3,574,525
Objective D **Develop a fair and effective legal and regulatory framework**	813,644	(230,020)	583,624	651,548	(86,987)	564,561
Net Operating Cost	**5,377,801**	**(298,355)**	**5,079,446**	**7,579,754**	**(183,688)**	**7,396,066**

The amounts included within Objective C for the Department's responsibility to ensure efficient management of residual liabilities and assets arising from coal and nuclear industries' past activities are:

	2001-02			2000 – 01		
	Gross	Income	Net	Gross	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Ensure efficient management of liabilities and assets	184,362	(644)	183,718	3,532,652	(42,530)	3,490,122
Net of these figures Objective C figures are	165,493	(30,128)	135,365	84,590	(187)	84,403

The notes on pages 28 to 69 form part of these accounts.

NOTES TO THE 2001-02 RESOURCE ACCOUNTS

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2001-02 Resource Accounting Manual (RAM) issued by HM Treasury. The accounting policies contained in the RAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Department for the purposes of giving a true and fair view has been selected. 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 include the revaluation of certain fixed and current assets, as described in paragraphs 1.3, 1.4, 1.5 and 1.6.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the non-agency parts of the Department and those entities that fall within the departmental boundary as defined in the Resource Accounting Manual (Section 1.5) issued by HM Treasury and includes non-voted expenditure in relation to the Redundancy Payments Scheme. Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the departmental boundary is given in the Report at pages 4 and 5.

1.3 Tangible Fixed Assets

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

i. Property on the departmental estate, title to which is held by the Department;

ii. Property held by the Department of Transport, Local Government and the Regions in the name of the Secretary of State.

Freehold land and buildings are re-stated at current cost using professional valuations every five years and appropriate indices in intervening years. Other tangible assets have been stated at current cost using appropriate indices.

Notes to the Resource Accounts *(continued)*

1.4 Depreciation

Freehold land is not depreciated.

The Department has a number of non-operational heritage assets held for historical and cultural association alone and these have been recorded in the Register of Assets at nil book value and are therefore not subject to depreciation.

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

Asset lives are within the following ranges:

Freehold buildings	50 years or estimated useful life if shorter
Historical leasehold land and buildings	Residual Term of the Lease
Leasehold improvements	Shorter of estimated remaining useful life or outstanding term of lease
Office machinery and equipment	5 years
Computer equipment	3-10 years
Scientific equipment	10-50 years
Telecommunication equipment	5-10 years
Furniture, fixtures and fittings	7 years
Plant and machinery	7-10 years
Motor Vehicles	2 - 10 years
Antique furniture	Shorter of estimated remaining useful life or 50 years

For Furniture, fixtures and fittings, an asset pool is maintained. Replacements on a one-to-one basis for assets in the pool are charged direct to the Operating Cost Statement in the year of replacement. Major enhancements or additions to the pool are capitalised as assets. From 1 April 2002, all expenditure on furniture, fixtures and fittings will be capitalised and the value of relevant pools adjusted for disposals.

For Plant and Machinery, one of the Department's consolidated entities, the Radiocommunications Agency, adopts a policy of depreciating this class of assets over useful lives in the range from 5 to 25 years.

1.5 Investments

Fixed asset investments include the Department's entitlement to investment reserves in the British Coal Staff Superannuation Scheme (BCSSS) and the Mineworkers' Pension Scheme (MPS). These are held at market value advised by Government Actuary's Department (GAD). Fixed asset investments of shares and Public Dividend Capital (PDC) are stated at historical cost.

Launch Investment is reviewed annually at a management valuation based on the discounted value of future income streams. Where the valuation exceeds historical cost, increases in valuation are taken to the revaluation reserve and are released to the General Fund as investments are realised. Any permanent diminution in value is written off against any previous upward revaluations and then to the Operating Cost Statement. The Government's standard discount rate of 6% is applied.

Other investments are shown at market value at the balance sheet date, unless this cannot be readily ascertained, in which case they are stated at historical cost, less any provision for impairment.

Current asset investments are stated at market value at the balance sheet date.

Notes to the Resource Accounts *(continued)*

1.6 Stocks and work in progress

Stocks and work in progress are valued as follows:

- Stocks of finished goods and goods for resale are valued at cost or, where materially different, current replacement cost. A net realisable valuation is used only when they either cannot or will not be used;
- Work in progress is valued at the lower of cost and net realisable value.

1.7 Provisions

The Department makes provision for liabilities and charges where, at the balance sheet date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

Where the time value of money is material, the Department discounts the provision to its present value using a discount rate of 6%, the Government's standard rate. Each year the financing charges in the Operating Cost Statement include the adjustments to amortise one year's discount and restate liabilities to current price levels. The change in price levels is calculated using the HM Treasury's annual GDP deflator or, where it is available, the relevant actual change in prices rate.

1.8 Research and Development

Expenditure on research and development is charged to the Operating Cost Statement in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated research project, or according to the asset category if the asset is to be used for subsequent production work.

1.9 Operating Income

Operating income is income that relates directly to the operating activities of the Department and agencies. It comprises, principally, fees and charges for services provided, on a full cost basis, to external customers and public sector repayment work. It also includes other income such as that from investments. It includes both income appropriated-in-aid of the Vote and income collected by the Department on behalf of HM Treasury on an agency basis and payable to the Consolidated Fund. This income is known as Consolidated Fund Extra Receipts (CFERs).

The Department is required to identify those CFERs that are negative public expenditure (amounts used to reduce the amount of expenditure the Department would otherwise have to spend) and those revenue CFERs that relate to the recovery of costs recorded in the Operating Cost Statement, or to returns on investments. These types of CFERs are credited to the Operating Cost Statement as income to the Department.

The remaining CFERs are not included in the Department's Operating Cost Statement and are accounted for through the balance sheet accounts of cash and creditors.

1.10 Administration and Programme Expenditure and Income

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department, as defined under the administration cost-control regime, together with the associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the Outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department.

Notes to the Resource Accounts *(continued)*

1.11 Grants Payable

Grants payable are recognised in the period in which the grant recipient carries out the activity that creates an entitlement to grant. Recognition of entitlement varies according to the details of individual schemes and the terms of the offers made. Unpaid and unclaimed grants are charged to the Operating Cost Statement on the basis of estimates of claims not received and are included in accruals in the balance sheet.

1.12 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% in real terms on all assets less liabilities, except for:

- Donated assets, and cash balances with the Office of the Paymaster General (OPG), where the charge is nil;
- The Department's investments in the trading funds, Companies House and the Patent Office, British Shipbuilders, where the charge is equal to 6% of the net relevant assets of the recipient body, for BNFL plc where the charge is equal to 8% of the net relevant assets of BNFL and for Consignia Holdings plc where the charge is equal to 8% of the net assets;
- The Department's investment in British Energy Ordinary Shares, where the cost of capital is calculated by reference to the arithmetic mean of the average values of the shares on 30 June, 30 September, 31 December and 31 March during the year;
- Liabilities for amounts to be surrendered to the Consolidated Fund, where the credit will be at a nil rate.

1.13 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates do not fluctuate significantly in which case an average rate for a period is used. The Department does not have the authority to undertake exchange rate risk management (hedging) and as a consequence, all gains or losses on exchange differences are charges direct to the Operating Cost Statement during the period in which they occur.

1.14 Pension costs

Past and present employees are covered by the provisions of the Principle Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

1.15 Early Departure Costs

The Department is required to meet the additional 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 Civil Service Superannuation Vote. The amount provided in these accounts is shown gross of any such payments.

1.16 Taxation

The Department is exempt from income and corporation tax by way of its Crown exemption.

Value Added Tax (VAT) is accounted for in the accounts, in that amounts are shown net of VAT except:

- Irrecoverable VAT is charged to the Operating Cost Statement, and included under the heading relevant to the type of expenditure;
- Irrecoverable VAT on the purchase of an asset is included in the capitalised purchase cost of the asset.

The net amount due to, or from, HM Customs and Excise in respect of VAT is included within debtors and creditors within the Consolidated Balance Sheet.

Notes to the Resource Accounts *(continued)*

1.17 Schedules 1 and 5

The information contained in Schedules 1 and 5 and associated notes are based on the Request for Resources information that forms part of the Parliamentary approval processes. Costs have been attributed directly where possible and then apportioned on the basis of programme spend within each request for resource and function.

1.18 Leases

Rentals due under operating leases are charged to the Operating Cost Statement over the lease term on a straight-line basis, or on the basis of actual rentals payable where this fairly reflects the usage. Future payments, disclosed at note 26, 'Commitments under Operating Leases', are not discounted.

1.19 Inter-Departmental Transfers Of Functions; Restatement of prior year comparators

In accordance with the Treasury's Resource Accounting Manual, where functions are transferred between Government Departments, the results and cash flows of the combining entities are brought into account from the start of the financial year in which the transfer occurs. Prior-year comparative figures are re-stated to show the effect as if the transfer had occurred one year earlier. See note 30.

2. Staff numbers and costs

The average number of whole time equivalent persons employed (including senior management), by objective, during the year was as follows:

Objective	2001-02 No.	2000-01 No.
Promote enterprise, innovation and increased productivity	988	1,694
Make the most of the UK's science, engineering and technology	254	273
Create strong and competitive markets	1,250	1,214
Develop a fair and effective legal and regulatory framework	5,252	4,869
	7,744	**8,050**

The aggregate payroll costs of these persons were as follows:

	Total	2001-02 Officials	Ministers	Special Advisers	2000-01 Total
	£'000	£'000	£'000	£'000	£'000
Wages and Salaries	**207,430**	207,108	233	89	213,383
Social security costs	**13,683**	13,651	23	9	15,010
Other Pension Costs	**25,324**	25,316	0	8	27,333
TOTAL	**246,437**	**246,075**	**256**	**106**	**255,726**

The PCSPS is an un-funded multi-employer defined benefit scheme but the Department of Trade and Industry is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 1999 and details can be found in the separate scheme statement of the PCSPS.

For 2001-02, normal employer contributions of £25,324k were payable to the PCSPS (2000-01: £27,333k) at rates in the range 12 to 18.5% of pensionable pay. It has been agreed that contributions will remain at that level for the next two years. Employer contribution rates are reviewed every four years following a scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.
The salary and pension entitlements of the ministers and most senior managers of the Department were as follows:

Notes to the Resource Accounts *(continued)*

	Age at 31.3.02	Salary (including pay in lieu of notice)[a] 2001-02	2000-01	Real increase during the year of Pension[b] at age 60 at 31.3.02	Total accrued pension at age 60 at 31.3.02
	years	£'000	£'000	£'000	£'000
MINISTERS:					
Secretary of State					
Rt Hon Stephen Byers, MP (to June 2001)	48	10-15	45-50	-	-
Rt Hon Patricia Hewitt, MP (from June 2001)	53	50-55	30-35	0-2.5	0-5
Ministers of State					
Rt Hon Richard Caborn, MP (to June 2001)	58	5-10	30-35	-	-
Patricia Hewitt, MP (to June 2001)	53	5-10	See above		
Peter Hain, MP (to June 2001)	52	5-10	5-10	-	-
Alan Johnson, MP (from June 2001)	51	25-30	25-30	0-2.5	0-5
Brian Wilson, MP (from June 2001)	63	25-30	-	0-2.5	0-5
Baroness Symons of Vernham Dean (from June 2001) *	51	(Paid by Foreign and Commonwealth Office)			
Douglas Alexander, MP (from June 2001)	35	25-30	-	0-2.5	0-5
Parliamentary Under-Secretaries of State					
Lord Sainsbury of Turville**	61	-	-	-	-
Dr Kim Howells, MP (to June 2001)	55	5-10	25-30	-	-
Alan Johnson, MP (to June 2001)	51	5-10	See above		
Nigel Griffiths, MP (from June 2001)	46	20-25	-	0-2.5	0-5
Melanie Johnson, MP (from June 2001)	47	20-25	-	0-2.5	0-5
OFFICIALS:					
Sir Michael Scholar (to June 2001)	60	35-40	130-135	0-2.5	50-55
Sir Robin Young (from June 2001)	53	95-100	-	2.5-5	45-50
Sir David Wright *	57	(Paid by Foreign and Commonwealth Office)			
Professor David King***	62	135-140	45-50	-	-
David Irwin ***	46	95-100	90-95	-	-
Dr John Taylor ****	59	120-125	115-120	-	-
Richard Carden	58	115-120	60-65	2.5-5	45-50
Anna Walker (to November 2001)	50	65-70	95-100	0-2.5	30-35
Joan MacNaughton (from January 2002)	51	20-25	-	0-2.5	35-40
Catherine Bell	50	100-105	90-95	2.5-5	30-35
Mark Gibson	49	95-100	85-90	2.5-5	30-35
David Nissen (to December 2001)	59	75-80	95-100	0-2.5	30-35
Anthony Inglese (from January 2002)	50	25-30	-	0-2.5	30-35
Jonathan Spencer (to December 2001)	52	85-90	95-100	2.5-5	30-35
Jonathan Phillips	49	100-105	90-95	5-10	35-40

* Salary and pension details can be found in the departmental resource accounts for 2001-02 of the Foreign and Commonwealth Office.

** Lord Sainsbury elects not to draw a Ministerial salary and so is not a member of the Parliamentary Contributory Pension Fund

*** On secondment – amounts disclosed are that paid to the parent organisation under the contract for the services of the secondees.

**** On secondment until end of October 2001, then became permanent member of DTI staff.

Notes to the Resource Accounts *(continued)*

Notes:

a **"Salary"** includes gross salary, performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; retention and recruitment allowances; private office allowances and any other allowance that is subject to UK taxation. None of the above received benefits in kind.

b **Pension benefits to Ministers** are provided by the Ministerial Pension Scheme (MPS), which is part of the Parliamentary Contributory Pension Fund (PCPF) for Members of Parliament. The MPS provides benefits on a 'final salary' basis with a 1/50th accrual rate, taking account of all service as a Minister. Benefits are payable on retirement from Ministerial office on or after age of 65, or on the payment of benefits under the main PCPF scheme. Members pay contributions of 6% of their Ministerial salary. There is also an employer contribution of 7.5% of the Ministerial salary paid by the Exchequer. In the event of retirement because of serious ill health, the MPS pension is brought into payment immediately. On death, pensions are payable to the surviving spouse at a rate of five-eighths of the Minister's pension. On death in service, the Ministerial Pension Scheme provides for a lump sum gratuity of three times the ministerial salary. Pensions increase in payment in line with changes in the Retail Prices Index. On retirement, it is possible to commute part of the pension for a lump sum.

c **Officials' pension benefits** are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme that 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 three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions are increased 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 / widower pensions.

Staff Debtors

At 31 March 2002, 2,192 employees of the Department and its Agencies were in receipt of advances of travel and housing loans, repayable to the employer. The staff debtor amount is disclosed at note 15.

Notes to the Resource Accounts *(continued)*

3. Other administration costs

	2001-02		2000-01 (re-stated)	
	£'000	£'000	£'000	£'000
Rentals under operating leases:				
Accommodation		68,362		72,535
Hire of office equipment		1,144		5,023
Other operating leases		3,116		2,820
Research and development expenditure – current		3,409		3,066
Non-cash items Operating:				
Auditors' remuneration and expenses:				
Audit fees – core Department audit work	155		155	
Audit fees – core Department non-audit work	-		-	
Audit fees – consolidated entities	84		80	
Depreciation	13,768		13,113	
Loss (profit) on the disposal of fixed assets	522		(3,550)	
Downward revaluation of tangible fixed assets	2,356		472	
Provision for early departure and other costs	5,220		7,644	
Cost of capital charge	7,615		6,762	
Other Agency notional costs	(251)		94	
		29,469		24,770
Other expenditure *		154,083		194,066
Travel and Subsistence		13,716		13,419
Total administration costs		273,299		315,699

* Note: Other expenditure includes an annual fee plus expenses for the non-executive member of the Departmental Board – Mair Barnes. The total of payments for the year was in the range £5,000 - £10,000.

Notes to the Resource Accounts *(continued)*

4. Net programme costs

	2001-02		2000-01 (re-stated)	
	£'000	£'000	£'000	£'000
Current grants and other current expenditure		3,508,935		2,648,798
Capital grants		109,250		113,534
Interest on National Loans Fund Loan on-lent to Consignia plc		29,170		3,357
Other Expenditure		687,428		767,875
Non-cash items Operating:				
Charge due to the movement in provisions	760,310		3,836,967	
Amortisation of one year's discount (Launch Investment – see note 12)	(63,307)		(69,427)	
Impairment of value of BNFL Ordinary Shares held (see note 12)	32,668		-	
Cost of capital credit	(206,389)		(292,775)	
		523,282		3,474,765
Programme expenditure		**4,858,065**		**7,008,329**
Less: Programme income (see note 5)		(48,723)		14,255
Interest payable on National Loans Fund loan		(29,170)		(3,357)
		4,780,172		**7,019,227**
Less: CFERs credited to the Operating Cost Statement (see note 1.9)		(13,359)		(53,364)
Total programme costs		**4,766,813**		**6,965,863**

Notes to the Resource Accounts *(continued)*

5. Operating income (see also note 1.9)

	2001-02			2000-01 (re-stated)		
	A-in-A	Not A-in-A	Total	A-in-A	Not A-in-A	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operating income, analysed by classification and activity, is as follows:						
Administration income:						
- allowable within admin cost limit	6,712	-	6,712	22,244	-	22,244
- other fees and charges external customers	200,290	-	200,290	118,978	-	118,978
- excess A-in-A	-	101	101	-	-	-
- other fees and charges other Departments	-	-	-	-	-	-
Total Administration Income	**207,002**	**101**	**207,103**	**141,222**	**-**	**141,222**
Programme income:						
- dividend and interest from Trading Funds and Nationalised Industries	-	9,800	9,800	3,900	-	3,900
- interest on National Loans Fund Loan on-lent to Consignia plc	29,170	-	29,170	3,357	-	3,357
- other	60,043	-	60,043	(33,428)	-	(33,428)
- EU funding	(11,320)	-	(11,320)	15,273	-	15,273
	77,893	**9,800**	**87,693**	**(10,898)**	**-**	**(10,898)**
Consolidated Fund Extra Receipts	-	3,559	3,559	-	53,364	53,364
Total Programme Income	**77,893**	**13,359**	**91,252**	**(10,898)**	**53,364**	**42,466**
Total Operating Income	**284,895**	**13,460**	**298,355**	**130,324**	**53,364**	**183,688**

Appropriations-in-aid represent income due to the Department that can be retained for offset against other public expenditure. This contrasts with Consolidated Fund Extra Receipts (CFERs), which are collected by the Department on an agency basis on behalf of HM Treasury.

As detailed at note 1.9 the Department is required to credit certain types of CFER to the Operating Cost Statement, although they remain payable to HM Treasury. During 2001-02, CFER income of £1,145,296,205 was due to the Department, on an accruals basis. Of this total, £13,459,742 is credited to the Operating Cost Statement. The remaining £1,131,836,463 has been accounted for through the Balance Sheet and is not recognised as income to the Department. Of the total CFER Income, £544,293,000 related to Petroleum Royalty receipts and £412,000,000 related to Coal Pension Fund surpluses.

Of the total Programme income of £91,252,000:

- £90,767,000 relates to Trade and Industry Programmes (RfR1)
- The balance of £485,000 relates to Science Programmes (RfR2).

Operating income not appropriated-in-aid (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that included in public expenditure and that which is not (see note 9).

An analysis of income from services with full costs in excess of £1 million provided to external and public sector customers can be found in the published accounts of the Department's On-vote Agencies and ACAS.

Notes to the Resource Accounts *(continued)*

6. Administration cost limits (see also note 1.10)

The outturn shown against administration cost limits is as follows:

	2001-02		2000-01 (re-stated)	
	Outturn	Limits	Outturn	Limits
	£'000	£'000	£'000	£'000
Request for Resources 1	362,336	-	373,518	-
Request for Resources 2	11,995	-	11,140	-
	374,331	**412,325**	**384,658**	**413,181**

7. Reconciliation of net operating cost to control total and net resource Outturn

		2001-02	2000-01 (re-stated)
		£'000	£'000
Net Operating Cost		**5,079,446**	**7,396,066**
Add:	Non-supply expenditure and income, including income scored as Consolidated Fund Extra Receipts (CFERs)	13,359	53,364
Less:	Non-supply expenditure funded by the National Insurance Fund (Sch 4)	(208,734)	(168,501)
Less:	Adjustment for transfer of estimate cover on functions transferred from other Government Departments	(1,163,596)	(966,667)
Add:	BCSSS Net Funding*	0	0
Add:	Surplus A-in-A to be surrendered as CFER (RfR2)	101	0
Net Resource Outturn		**3,720,576**	**6,314,262**

* BCSSS Net funding:

	2001-02	2000-01
	£'000	£'000
BCSSS Income	14,000	24,000
BCSSS Expenditure	14,000	24,000
Total	**0**	**0**

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

Notes to the Resource Accounts *(continued)*

8. Analysis of net operating cost by spending body

	2001-02		2000-01 (re-stated)
	Budget	Outturn	Outturn
Spending body:	£'000	£'000	£'000
Core Department	4,052,080	5,046,090	7,372,373
Advisory, Conciliation and Arbitration Service	38,849	5,968	(380)
Employment Tribunals Service	22,503	56,252	50,487
Insolvency Service	56,635	28,501	20,488
National Weights and Measures Laboratory	58,142	2,000	3,954
Radiocommunications Agency	3,023	(72,573)	(61,051)
Small Business Service	9,978	13,208	10,195
	4,241,210	**5,079,446**	**7,396,066**

The Radiocommunications Agency surrenders to the Department the surplus it generates through fees and charges from external customers.

Notes to the Resource Accounts *(continued)*

9. Analysis of net resource outturn and net operating cost by function and reconciliation to Operating Cost Statement

To increase UK competitiveness (RfR1)

2001-02

		Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Estimate	Net total Outturn compared with Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A	Promotion of enterprise innovation and increased productivity and associated running costs	78,112	523,727	574,553	1,176,392	(65,059)	1,111,333	994,028	(117,305)
B	Measures relating to individual industries and related programmes	-	2,469	(20,947)	(18,478)	22,300	3,822	137,206	133,384
C	Legal and regulatory framework and markets and associated running costs	308,636	179,755	100,119	588,510	(95,794)	492,716	451,369	(41,347)
D	Net Expenses related to Coal provisions	-	39,902	(263,745)	(223,843)	(2,445)	(226,288)	555,977	782,265
E	Developing post offices to provide access to official services / information and the Internet	-	-	28,311	28,311	-	28,311	75,000	46,689
F	Net controlled agencies and Departmental Central Services	63,599	-	-	63,599	(137,387)	(73,788)	(5,327)	68,461
G	ERDF and other community programmes	-	-	371	371	10,321	10,692	(3,361)	(14,053)
H	ERDF (non discretionary)	-	-	5	5	-	5	3,920	3,915
I	Other EC expenditure	-	-	-	-	-	-	1	1
J	British Trade International Administration Costs	31,298	-	-	31,298	-	31,298	34,018	2,720
K	Enterprise for All	-	-	4,601	4,601	-	4,601	4,601	-
L	Expenses relating to nuclear provisions	-	(499,684)	832,341	332,657	-	332,657	309,131	(23,526)
M	British Coal Corporation external finance	-	-	-	-	-	-	3,210	3,210
N	Loans and repayment and receipt of dividends from trading fund	-	-	-	-	(140)	(140)	-	140
O	EC Programmes receipts	-	-	-	-	896	896	(611)	(1,507)
P	Petroleum licensing and royalties	-	-	18,107	18,107	(18,106)	1	1	-
Q	Privatisation expenses and refunds of pension adjustments	-	17,507	376	17,883	(26)	17,857	15,422	(2,435)
R	Bulk transfer of pension liabilities to the PCSPS in respect of SITPRO staff	-	-	1,677	1,677	-	1,677	2,100	423
S	MOG Transfers to The Cabinet Office	-	-	-	-	-	-	776	776
T	Transfer of functions from Other Government Departments	26,096	-	1,417,434	1,443,530	(1,163,596)	279,934	-	(279,934)
X	Payments in respect of provisions	-	164	-	164	706	870	-	(870)
Total Request for Resources 1		**507,741**	**263,840**	**2,693,203**	**3,464,784**	**(1,448,330)**	**2,016,454**	**2,577,461**	**561,007**

Functions, denoted by letters above, represent the dis-aggregation of requests for resources for control purposes and Parliamentary approval. They do not correspond to departmental objectives for the management of activities.

For an analysis of A-in-A, see note 5. For an explanation of variation between Estimates and Outturn, see Schedule 1.

Notes to the Resource Accounts *(continued)*

9. (cont'd) Analysis of net resource outturn and net operating cost by function and reconciliation to Operating Cost Statement

To increase scientific excellence in the UK and maximising its contribution to society (RfR 2)

2001-02

		Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Estimate	Net total Outturn compared with Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A	Swindon Research Councils Pension scheme	-	26,970	-	26,970	-	26,970	26,970	-
B	The Royal Society	-	-	26,045	26,045	-	26,045	26,045	-
C	The Royal Academy of Engineering	-	-	4,270	4,270	-	4,270	4,270	-
D	OST Initiatives	-	-	8,173	8,173	-	8,173	8,499	326
E	University Challenge Fund	-	-	5,947	5,947	-	5,947	12,500	6,553
F	Cambridge / Massachusetts Institute of Technology	-	-	4,232	4,232	-	4,232	14,000	9,768
G	Higher Education Innovation Funds	-	-	4,792	4,792	-	4,792	20,000	15,208
H	Exploitation of Discoveries at Public Sector Research Establishments	-	-	2,837	2,837	-	2,837	10,000	7,163
I	Admin Costs SEB	4,084	(1,216)	-	2,868	(28)	2,840	3,835	995
J	Administration Costs TSTG	7,911	-	-	7,911	(133)	7,778	7,406	(372)
K	BBSRC - Grant in Aid	-	-	213,874	213,874	-	213,874	213,874	-
L	ESRC - Grant in Aid	-	-	73,647	73,647	-	73,647	73,647	-
M	EPSRC - Grant in Aid	-	-	444,023	444,023	-	444,023	444,023	-
N	MRC - Grant in Aid	-	-	356,248	356,248	-	356,248	356,248	-
O	NERC - Grant in Aid	-	-	187,671	187,671	-	187,671	187,671	-
P	PPARC - Grant in Aid	-	-	210,282	210,282	-	210,282	210,282	-
Q	CCLRC - Grant in Aid	-	-	9,181	9,181	-	9,181	9,181	-
R	Joint Infrastructure Fund	-	-	101,695	101,695	-	101,695	125,000	23,305
S	Synchrotron Radiation Source	-	-	4,534	4,534	-	4,534	12,666	8,132
T	Fees payable under the Animals (scientific procedures) Act 1986	-	-	135	135	-	135	175	40
U	Science Enterprise Challenge	-	-	2,483	2,483	-	2,483	5,782	3,299
V	Foresight Link Awards	-	-	402	402	-	402	561	159
W	Science Research Investment Fund	-	-	6,063	6,063	-	6,063	6,063	-
Total Request for Resources 2		**11,995**	**25,754**	**1,666,534**	**1,704,283**	**(161)**	**1,704,122**	**1,778,698**	**74,576**
	Total Resource Outturn (RfR 1 & 2)	**519,736**	**289,594**	**4,359,737**	**5,169,067**	**(1,448,491)**	**3,720,576**	**4,356,159**	**635,583**
	Non-Supply Expenditure	-	208,734	-	208,734	-	208,734		
	Non-A-in-A Operating Income	-	-	-	-	(13,359)	(13,359)		
	Adjustments for transfer of estimate cover from Other Government Departments (see note 30)	-	-	-	-	1,163,596	1,163,596		
	Surplus A-in-A to be surrendered to Consolidated Fund (RfR2))	-	-	-	-	(101)	(101)		
	Net Operating Cost	**519,736**	**498,328**	**4,359,737**	**5,377,801**	**(298,355)**	**5,079,446**		

Notes to the Resource Accounts *(continued)*

9. (cont'd) Analysis of net resource outturn and net operating cost by function and reconciliation to Operating Cost Statement

To Increase UK Competitiveness (RfR1)

2000-01 (re-stated)

		Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Estimate	Net total Outturn compared with Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A	Promotion of enterprise, innovation and increased productivity and associated running costs	194,797	157,733	346,842	699,372	(28,048)	671,324	704,233	32,909
B	Measures Relating to Individual Industries and Related Programmes	-	1,114	8,073	9,187	137	9,324	118,006	108,682
C	Regional selective assistance	-	-	128,671	128,671	(4,849)	123,822	115,522	(8,300)
D	Legal and regulatory framework and markets and associated running costs	281,033	88,921	54,902	424,856	(73,384)	351,472	482,062	130,590
E	Expenses relating to nuclear provisions	-	559,456	-	559,456	-	559,456	175,319	(384,137)
F	Net expenses relating to coal provisions	-	46	2,937,683	2,937,729	(40,493)	2,897,236	1,186,855	(1,710,381)
G	Net controlled agencies and suppliers of Departmental Central Services	59,012	-	-	59,012	(67,378)	(8,366)	(12,171)	(3,805)
H	Loans and repayment and receipt of dividends from trading fund	-	-	-	-	(3,900)	(3,900)	-	3,900
I	ERDF and Other Community Programmes	-	-	1,421	1,421	(13,402)	(11,981)	7,590	19,571
J	ERDF Expenditure	-	-	11	11	-	11	7,150	7,139
K	Other EC Expenditure	-	-	-	-	-	-	1	1
L	British Coal Corporation External Finance	-	-	-	-	-	-	1,566	1,566
M	Enterprise for All	-	-	-	-	-	-	6,904	6,904
N	BNFL Public Private Partnerships Advisers' Fees	-	6,548	-	6,548	-	6,548	14,890	8,342
O	ERDF and Community Programme Receipts	-	-	-	-	-	-	(7,873)	(7,873)
P	EC Programme Receipts	-	-	-	-	(2,037)	(2,037)	(178)	1,859
Q	Petroleum Licensing and Royalties	-	-	33,218	33,218	106,496	139,714	568	(139,146)
R	Privatisation expenses and refunds of pension adjustments	-	35,470	315	35,785	(35)	35,750	43,574	7,824
S	Bulk transfers of pension liabilities	-	-	-	-	-	-	6,000	6,000
T	Interest on NLF Loan on-lent to Consignia	-	3,357	-	3,357	(3,357)	-	-	-
Adjustment for transfer of estimate cover from Other Government Departments		**25,443**	**-**	**966,835**	**992,278**	**(966,667)**	**25,611**	**-**	**(25,611)**
Total Request for Resources 1		**560,285**	**852,645**	**4,477,971**	**5,890,901**	**(1,096,917)**	**4,793,984**	**2,850,018**	**(1,943,966)**

Notes to the Resource Accounts *(continued)*

9. (cont'd) Analysis of net resource outturn and net operating cost by function and reconciliation to Operating Cost Statement

To Increase scientific excellence in the UK and maximising its contribution to society (RfR 2)

2000-01

		Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net Total	Estimate	Net total Outturn compared with Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A	Swindon Research Council's Pension Scheme	-	25,620	-	25,620	-	25,620	25,620	-
B	The Royal Society	-	-	24,622	24,622	-	24,622	24,622	-
C	The Royal Academy of Engineering	-	-	4,025	4,025	-	4,025	4,025	-
D	OST Initiatives	-	-	2,544	2,544	(10)	2,534	8,172	5,638
E	Joint Infrastructure Fund	-	-	40,504	40,504	-	40,504	88,116	47,612
F	University Challenge Fund	-	-	-	-	-	-	586	586
G	Synchrotron Radiation Source	-	-	1,682	1,682	-	1,682	4,069	2,387
H	Cambridge/Massachusetts Institute Of technology	-	-	1,145	1,145	-	1,145	10,100	8,955
I	Admin costs relating to OST SEB	3,519	-	-	3,519	(20)	3,499	2,990	(509)
J	Admin costs relating to OST TDST	7,621	-	-	7,621	(44)	7,577	6,088	(1,489)
K	BBSRC		-	211,991	211,991	-	211,991	213,491	1,500
L	ESRC	-	-	71,800	71,800	-	71,800	71,800	-
M	EPSRC	-	-	413,552	413,552	-	413,552	413,552	-
N	MRC	-	-	319,651	319,651	-	319,651	319,651	-
O	NERC	-	-	178,850	178,850	-	178,850	185,350	6,500
P	PPARC	-	-	205,774	205,774	-	205,774	205,774	-
Q	CCLRC	-	-	4,075	4,075	-	4,075	4,075	-
R	Fees payable under the Animals (Scientific Procedures Act 1986)	-	-	109	109	-	109	175	66
S	Science Enterprise Challenge Scheme	-	-	15,750	15,750	-	15,750	15,750	-
	Cost of Capital	-	(12,482)	-	(12,482)	-	(12,482)	-	12,482
Total Request for Resources 2		**11,140**	**13,138**	**1,496,074**	**1,520,352**	**(74)**	**1,520,278**	**1,604,006**	**83,728**
Total Resource Outturn		**571,425**	**865,783**	**5,974,045**	**7,411,253**	**(1,096,991)**	**6,314,262**	**4,454,024**	**(1,860,238)**
Non-Supply Expenditure		**-**	**168,501**	**-**	**168,501**	**-**	**168,501**		
Non-A-in-A Operating Income		**-**	**-**	**-**	**-**	**(53,364)**	**(53,364)**		
Adjustments for transfer of estimate cover from Other Government Departments		**-**	**-**	**-**	**-**	**966,667**	**966,667**		
Net Operating Cost		**571,425**	**1,034,284**	**5,974,045**	**7,579,754**	**(183,688)**	**7,396,066**		

Notes to the Resource Accounts *(continued)*

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

	2000-01				2000-01 (re-stated)			
	Fixed Assets	Loans etc	A in A	Net Total	Fixed Assets	Loans etc	A in A	Net Total
	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	**£'000**
RFR1								
Additions	21,820	2,100	-	**23,920**	18,978	520,039	-	**539,017**
PFI	13,127	-	-	**13,127**	-	-	-	-
Transfers from other Government Departments	1,315	-	-	**1,315**	-	-	-	
RFR 2	-	-	-	-	-	-	-	-
Total	36,262	2,100	-	38,362	18,978	520,039	-	539,017

11. Tangible Fixed Assets

	Land	Buildings	Leasehold Improvements	Office Machinery & Equipment	Computer Equipment	Scientific Equipment	Telecomm Equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Plant & Machinery	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION												
At 1 April 2001	**8,893**	**60,692**	**9,205**	**1,013**	**34,020**	**7,492**	**178**	**13,845**	**2,082**	**19,456**	**-**	**156,876**
Additions	-	13,651	5,566	240	8,849	-	18	3,008	451	4,137	342	36,262
Disposals	-	(56)	-	(29)	(1,536)	(748)	(2)	(5)	(156)	(641)	-	(3,173)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	258	2,052	113	(33)	(4,158)	(1,344)	(2)	257	3	208	-	(2,646)
At 31 March 2002	**9,151**	**76,339**	**14,884**	**1,191**	**37,175**	**5,400**	**192**	**17,105**	**2,380**	**23,160**	**342**	**187,319**
DEPRECIATION												
At 1 April 2001	**27**	**3,710**	**1,812**	**634**	**16,970**	**3,748**	**81**	**7,898**	**748**	**9,452**	**-**	**45,080**
Charge	14	2,738	759	186	5,560	240	30	2,181	289	1,771	-	13,768
Disposals	-	(52)	-	(22)	(1,399)	(406)	(3)	(1)	(111)	(560)	-	(2,554)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	1	99	17	(18)	(2,707)	25	-	116	3	93	-	(2,371)
At 31 March 2002	**42**	**6,495**	**2,588**	**780**	**18,424**	**3,607**	**108**	**10,194**	**929**	**10,756**	**-**	**53,923**
NET BOOK VALUE												
At 31 March 2002	**9,109**	**69,844**	**12,296**	**411**	**18,751**	**1,793**	**84**	**6,911**	**1,451**	**12,404**	**342**	**133,396**
At 31 March 2001	**8,866**	**56,982**	**7,393**	**379**	**17,050**	**3,744**	**97**	**5,947**	**1,334**	**10,004**	**-**	**111,796**

Note

The total for additions of £36,262,000 shown above is broken down as follows:

	£'000	£'000	
Non-PFI fixed asset additions	21,820		
PFI fixed asset additions	13,127		
		34,947	(as per Schedule 4)
Assets transferred under Machinery of Government changes		1,315	
		36,262	

The net book value of land and building comprises:

	31 March 2002		31 March 2001	
	£'000	£'000	£'000	£'000
Freehold Land	8,348		8,117	
Freehold Buildings		69,027		56,165
Long Leasehold Land	761		749	
Long Leasehold Buildings		817		817
Short Leasehold Land	-		-	
Short Leasehold Buildings		-		-
	9,109	69,844	8,866	56,982

Notes to the Resource Accounts *(continued)*

The DTI's specialist buildings were revalued as at July 2000 by Powis Hughes, independent Chartered Surveyors. Other core DTI land and buildings were revalued as at 31 March 1998 by Donaldsons, Montagu Evans or Powis Hughes, independent Chartered Surveyors. Valuations were carried out on the basis of existing use value or depreciated replacement cost, as appropriate. The valuations have been updated with reference to appropriate indices.

The Radiocommunications Agency's freehold land and buildings were revalued as at 30 June 1999, by Messrs England and Company, independent Chartered Surveyors, on the basis of existing use value.

The Employment Tribunals Service's freehold land and buildings were revalued on 30 July 2001 by Donaldsons, independent Chartered Surveyors, on the basis of existing use value.

All professional valuations have been made in accordance with Royal Institute of Chartered Surveyors guidance.

Other tangible assets have been revalued at 30 June 2001 by reference to appropriate current cost indices.

Heritage Assets

Operational Heritage Assets:

The following listed buildings are used for operational purposes and have been valued on a commercial basis. They are included in the values for buildings, above.

- At the National Physical Laboratory in Teddington:

  Bushy House, including The Clock House, the Conservatory and Garden Temple
- Occupied by the Silsoe Research Institute (part of the Biotechnology and Biological Sciences Research Council):

  Wrest Park, Silsoe, Bedfordshire.

  (Wrest Park is recorded at a nominal value in the DTI's accounts. The full value is included in the balance sheet of the Biotechnology and Biological Sciences Research Council.)
- Used by the Employment Tribunals Service:

  Employment Appeals Tribunal Court buildings at 52-56 Melville St, Edinburgh

Non-Operational Heritage Assets:

The Department has a number of non-operational heritage assets held for historical and cultural association alone. These are recorded in the Register of Assets at nil book value, in accordance with guidance in HM Treasury's Resource Accounting Manual, which excludes museum collections, and other national archives existing at 31 March 2000 from the requirement of valuation.

The following non-operational heritage assets are located at the National Physical Laboratory (NPL) at Teddington:

- 'Newton's Apple Tree'
- National Physical Laboratory museum and archives, including some UK primary standard weights and measures

Notes to the Resource Accounts *(continued)*

National Physical Laboratory - Private Finance Initiative (PFI) project

The Department has a PFI project agreement for the provision of scientific accommodation services and related support services for the National Physical Laboratory (NPL) at Teddington. The contract was awarded to Laser in July 1998 for a period of 25 years, after which the facilities revert to the Department. The accommodation will include 400 laboratory spaces with demanding operating requirements in respect of temperature, vibration, humidity, gases and power supplies. In addition there will be 400 support spaces including offices, canteen, storage, workshops, library, meeting rooms and reception area.

The accommodation is being constructed on a modular basis, with modules being occupied upon completion and acceptance. Final completion is now likely to be during 2003-04. As at 31 March 2002, approximately 55% of the building was in use and the fair value, together with its associated liability, has been capitalised proportionately in accordance with FRS5. The Gross Book Value amounted to £50.5m and the accumulated depreciation and depreciation charge amounted to £2.1m and £1.4m respectively. The remainder of the building will be brought on to the balance sheet as it is brought into use.

Payments to Laser during 2001-02 totalled £8.5m, being £1.4m capital repayment, £4.1m finance charge and £3m associated service charges. A prepayment of £8.8m offsets payments in a straight line over the life of the liability.

At 31 March 2002, future commitments under the agreement are as follows:

	£'000
Rentals due within one year	5,612
Rentals due within 2 to 5 years	38,785
Rentals due after 5 years	134,445
	178,842
Less: Interest element	(102,972)
	75,870

12. Fixed Asset Investments

	2001-02	2000-01 (re-stated)
	£'000	£'000
BCSSS Investment Reserve	1,133,000	1,142,000
MPS Investment Reserve	937,000	941,000
	2,070,000	**2,083,000**
Ordinary shares	50	32,718
Public Dividend Capital	43,214	43,214
Other investments and loans	526,723	525,175
Launch Investments	1,745,849	1,055,113
	4,385,836	**3,739,220**

BCSSS and MPS Investment Reserves

	Value at 1 April 2001	Additions	Disposals	Revaluation	Value at 31 March 2002
	£'000	£'000	£'000	£'000	£'000
BCSSS Investment Reserve	1,142,000	-	-	(9,000)	1,133,000
MPS Investment Reserve	941,000	-	-	(4,000)	937,000
	2,083,000	**-**	**-**	**(13,000)**	**2,070,000**

Notes to the Resource Accounts *(continued)*

The Department's investments in the Investment Reserves of the two pension schemes for the former employees of the British Coal Corporation, the Mineworkers Pension Scheme (MPS) and the British Coal Staff Superannuation Scheme (BCSSS) are shown at market value as at 31 March 2002. The investment reserve is derived from the unallocated share of surplus attributed to British Coal at the privatisation of the industry in 1994. Both figures are un-audited estimates provided by the Schemes for the purposes of these accounts. The Investment Reserves exist as sub-funds and are available to maintain the benefits of scheme members.

To the extent the Investment Reserves are not required to meet deficits, they will be paid to the Department over a period of at least 25 years on the advice of each scheme's actuary. Recent general downward trends in the performance of pension fund assets have increased the likelihood that a transfer of funds from the Investment Reserve to other sub-funds may be required in the short term to meet deficits. The Government Actuary's Department (GAD), have advised that this is unlikely to result in the Department having to make new money available to the schemes.

The accounts of the two pension schemes can be obtained from Coal Pension Trustee Services, 1 Hussar Court, Hillsborough Barracks, Penistone Road, Sheffield, South Yorkshire, S6 2GZ.

Ordinary Shares

	Value at 1 April 2001	Additions	Disposals	Impairment	Value at 31 March 2002
	£'000	£'000	£'000	£'000	£'000
BNFL Plc £1 Ordinary Shares	32,668	-	-	(32,668)	0
Consignia £1 Ordinary Shares	50	-	-	-	50
	32,718	**-**	**-**	**(32,668)**	**50**

The ordinary shares are shown at historical cost less any provision for impairment.

Public Dividend Capital (PDC)

	Value at 1 April 2001	Additions	Disposals	Revaluation	Value at 31 March 2002
	£'000	£'000	£'000	£'000	£'000
British Shipbuilders	21,000	-	-	-	21,000
Companies House	15,889	-	-	-	15,889
Patent Office	6,325	-	-	-	6,325
	43,214	**-**	**-**	**-**	**43,214**

The British Shipbuilders PDC is shown at the historical cost of £1,598,339,000 less a provision for impairment of £1,577,339,000 (of which £1,548,339,000 was accounted for in 1998-99 and a further £29,000,000 in 1999-2000). This impairment has been subject to parliamentary approval.

Notes to the Resource Accounts *(continued)*

In addition, the Secretary of State holds one Special Share in each of the entities listed below. The list is a summary and does not purport to be a comprehensive record of the terms of each respective shareholding. Further details can be obtained from the annual report and financial statements of each body.

Body in which Share is held and type and value of share	Terms of Shareholding
Consignia Holdings plc £1 Special Rights Preference Share	• Created in March 2001 • It may be redeemed at any time by the shareholder • The consent of the shareholder is required for a number of things, including: – Appointing the Chairman of the company, and the remainder of the Board (after consulting the Chairman); – Setting (and approving any changes in) the remuneration packages of the Directors; – Borrowing in excess of certain pre-set limits (as agreed with the Treasury); – Adopting and implementing the company's strategic plan, which will include the parameters for changing the pay of staff; – Disposing of substantial assets of the business or any "relevant subsidiaries" or substantial parts of the business of such subsidiaries, (thus underpinning the commitment not to sell shares in the Post Office company (subject to certain exceptions with Parliamentary safeguards)); – Voluntary winding-up of any subsidiary; – Varying certain of the company's articles of association, including the rights of the special shareholder.
British Aerospace Plc £1 Special Rights Preference Share	• Created in 1985 (but subsequently amended); • No time limit; • Provides for a 15% limit on any individual foreign shareholding, or group of foreign shareholders acting in concert, in the company; • Requires a simple majority of the Board, including the Chief Executive and any Executive Chairman, to be British
British Energy Plc £1 Special Share	• Created on 21 June 1996; • Held jointly by the Secretary of State for the DTI and the First Minister for Scotland. The First Minister for Scotland has agreed to act in concert with the Secretary of State in using his special share; • The holders may require the company to redeem the share any time after 30 September 2006; • The consent of the Special Shareholder is required for a number of things, including: – Varying certain of the company's Articles of Association, including the rights of the Special Shareholder; – Issuing new voting shares and variations in voting rights attached to shares; – Ownership by a shareholder of 15% or more of the company; – The voluntary liquidation of the company; – Appointment of the Chairman of the Board; – Changes in the Articles of Association of Nuclear Electric and Scottish Nuclear.
National Grid Group Plc £1 Special Rights Redeemable Preference Share	• Created on 17 November 1995; • It may be redeemed at any time; • The consent of the Special Shareholder is required for the variation of certain Share of the Articles of Association, including those covering the: – Rights of the Special Shareholder; – Restrictions on other electricity companies' ownership in NGG and the appointment of such companies' employees or directors to the Board of NGT; – Consent from the Special Shareholder is also required to effect the disposal of shares in NGT to a third party and to liquidate the company.

Notes to the Resource Accounts *(continued)*

Body in which Share is held and type and value of share	Terms of Shareholding
UK Nirex Ltd £1 Special Share	• Created in November 1985; • Special Shareholder's approval required for the disposal of or the granting of, any interest in any land in respect of which a nuclear license has been granted under the Nuclear Installations Act 1965 whether or not the license remains in force. Any such approval can be granted subject to conditions; • Rights attached to the Special Share can only be changed by the written consent of the holder.
Rolls Royce Plc £1 Special Share	• Created in 1987 (but subsequently amended); • No time limit; • Provides for a 15% limit on any individual foreign shareholding, or group of foreign shareholders acting in concert, in the company; • Requires a simple majority of the Board, including the Chief Executive and any Executive Chairman, to be British; • Allows the appointment of a non-British Non-Executive Chairman; • Provides for a veto over the material disposal of assets of either the nuclear business or the group overall; • Provides for a veto of any voluntary winding up
Lattice Group Plc 10 pence Special Rights non-voting preference share	• Created in 2000; • Held by the Secretary of State who may require the Company to re-designate the Rights non-voting Special Share as an ordinary share of ten pence at any time; • The consent of the Special Shareholder is required for certain matters and for the variation of certain Articles of Association including those covering the rights of the Special Shareholder, and preventing a person other than a Permitted Person directly or indirectly owning or controlling the right to cast 15% or more of the votes at General Meetings.

The Cable and Wireless Special Rights Redeemable Preference Share was redeemed in February 2002.

Other investments and loans

	At 1 April 2001 (re-stated)	Additions	Redemption	Revaluation	At 31 March 2002
	£'000	£'000	£'000	£'000	£'000
Loans:					
Patent Office	2,828	-	(167)	-	2,661
Companies House	2,308	-	(385)	-	1,923
NLF Loan on-lent to Consignia plc	500,000	-	-	-	500,000
Investments:					
UK High Technology Fund	20,039	-	-	-	20,039
Regional Venture Capital Fund	0	2,100	-	-	2,100
	525,175	2,100	(552)	-	526,723

The Radiocommunications Agency entered into a joint venture agreement with CMG UK Ltd on 8 June 1998. The agreement has an initial term of seven years, with the objectives of supplying IT services to the Radiocommunications Agency, and developing an international spectrum management consultancy, through a joint venture company. Radio Spectrum International Consulting Ltd (RSI) was incorporated with an issued share capital of 1,000 ordinary shares of £1 each, of which 30% was issued to Radiocommunications Agency, who appointed two directors, and 70% to CMG, who appointed four directors. RSI produced accounts for the year ended 31 December 2001. These showed net assets of £1,000 (2000 £1,000) after provision for dividend. The Radiocommunications Agency's share of the dividend was £280,500 (1999 £228,000).

Notes to the Resource Accounts *(continued)*

Launch Investments

	2001-02	2000-01
	£'000	£'000
Balance b/f at 1 April	**1,055,113**	**1,157,118**
Revised revaluation estimate	87,513	(72,815)
Amortisation of one years discount	63,307	69,427
New investments	726,000	45,500
Investments falling due for repayment during the year	(186,084)	(144,117)
Balance c/f at 31 March	**1,745,849**	**1,055,113**

The Department provides specific support to the aerospace industry through Launch Investment. The investment is shown at a management valuation, based on discounted future income streams using the Treasury discount rate of 6%. The corresponding historical cost valuation at 31 March 2002 is £512 million (1 April 2001; £592 million).

13. Movements in Working Capital Other Than Cash

	2001-02			2000-01		
	Non-operating movements	Operating movements	Total	Non-operating movements	Operating movements	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Increase / (Decrease) in stocks and work-in-progress (see note 14)	-	(77)	(77)	-	2,596	2,596
Increase / (Decrease) in debtors (see note 15)	(3,968)	(17,747)	(21,715)	-	405	405
(Increase)/decrease in creditors (see note 18)	(532,136)	(291,314)	(823,450)	(104,814)	1,511,870	1,407,056
Net (decrease)/increase in working capital other than cash	**(536,104)**	**(309,138)**	**(845,242)**	**(104,814)**	**1,514,871**	**1,410,057**
Adjustments (2001-02 only):						
Transitional adjustment, being adjustment for outstanding balances relating to the Department's Appropriation Accounts for **2000-01**	-	(14,172)	(14,172)	-	-	-
Total working capital movement	**(536,104)**	**(323,310)**	**(859,414)**	**(104,814)**	**1,514,871**	**1,410,057**

Movements in the Department's working capital are split between 'Non-operating movements' and 'Operating movements'. The former includes balances arising from the collection and subsequent surrender to HM Treasury of Consolidated Fund Extra Receipts. They are therefore excluded from calculation of the Department's own working capital balances.

14. Stocks and Work-in-Progress

	2001-02	2000-01
	£'000	£'000
Goods for resale	2,544	2,621
	2,544	2,621

Notes to the Resource Accounts *(continued)*

15. Debtors

	2001-02 £'000	2000-01 £'000
Amounts falling due within one year:		
HM Customs and Excise (VAT)	25,006	21,836
Trade debtors	47,523	53,723
Other debtors	27,136	37,856
Prepayments and accrued Income	43,718	60,086
Consolidated Fund debtor	151,406	143,416
Staff debtors	3,368	2,955
	298,157	**319,872**
Amounts falling due over one year:		
Trade debtors	342	1,111
Prepayments and accrued income	10,462	9,255
	10,804	**10,366**

16. Current Asset Investments

	1 April 2001	Revaluation Decrease	Release of Previous Revaluation Gain	31 March 2002
	£'000	£'000	£'000	£'000
BCSSS and MPS debtors	2,673,000	(21,000)	(412,000)	2,240,000
	2,673,000	**(21,000)**	**(412,000)**	**2,240,000**

In addition to the Fixed Asset Investment in the two pension schemes of the former employees of British Coal, as referred to at note 12, the Department is entitled to half of any surpluses declared by the two closed pension schemes on the basis of three yearly valuations by the Schemes' actuary (the Government Actuary), which are accounted for as a current asset investment. The Department has estimated the change in the valuation of the investments during 2001–02, based on circularisations provided by the Schemes.

Ordinary Shares	Value at 1 April 2001	Additions	Disposals	Revaluation	Value at 31 March 2002
	£'000	£'000	£'000	£'000	£ 000
British Energy £1 Ordinary Shares	1,353	-	(27)	(523)	803
British Energy A Shares	30	-	(6)	(4)	20
Less: Matching year-end creditor*	(1,383)	-	33	527	(823)
Total	-	-	-	-	-

Notes to the Resource Accounts *(continued)*

*As part of the privatisation of British Energy it was decided to reward those who kept their shares from the date of the original privatisation until July 1999 with bonus shares. The Government retained a pool of 5 million shares from the original issue to meet the predicted liability for such bonus shares. Most of the 5 million shares were issued as bonus shares in July/August 1999 by the registrars, using their shareholder records. Most of the remaining shares held by the Government were disposed of in late 1999, keeping a residual holding to meet liabilities for bonus shares which for some reason were not identified in the July/August 1999 process. The Department does not hold the shares for any purpose other than to meet these liabilities and does not vote in British Energy AGMs.

Note 29 describes events relating to British Energy after the balance sheet date. The total market value of the Government's holding of British Energy Ordinary Shares was approximately £33,562 at the date of approval of these accounts.

17. Cash at Bank and in Hand

	2001-02	2000-01
	£'000	£'000
Balance at 1 April	126,187	1,718,279
Net cash inflow/(outflow):	477,649	(1,592,092)
Balance at 31 March	**603,836**	**126,187**
The following balances at 31 March are held at:		
OPG	597,229	121,461
Cash at commercial banks and imprest accounts	6,605	4,723
Cash floats	2	3
	603,836	**126,187**
The balance at 31 March comprises:		
Amounts issued from the Consolidated Fund for supply but not spent at year end	198,169	(5,981)
Consolidated Fund Extra Receipts received in year and due to be paid to the Consolidated Fund	106,210	112,645
Amounts payable to Other Government Departments arising from Machinery of Government changes	279,934	-
EU & Miscellaneous receipts	12,137	14,172
Amounts at Commercial Banks, ACAS and cash in hand	7,386	5,351
	603,836	**126,187**

Notes to the Resource Accounts *(continued)*

18. Creditors

	2001-02	2000-01 (re-stated)
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	278,925	55,373
Other taxation & social security	449	448
Other creditors	85,367	35,450
Accruals and deferred income	117,253	96,609
Amounts issued from the Consolidated Fund but not spent at year-end	198,169	(5,981)
CFER payable to the Consolidated Fund	257,717	212,465
Amounts payable to Other Government Departments arising from Machinery of Government changes	279,934	-
	1,217,814	**394,364**
Amounts falling due after one year:		
National Loan Fund Loan on-lent to Consignia plc	500,000	500,000
Trade creditors	350,043	33,171
Accruals and deferred income	42,965	45,760
	893,008	**578,931**

19. Provisions for Liabilities and Charges - Coal

	Health-Related Provisions			Other Provisions		
	COPD	VWF	Other	Con. Fuel	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2001	**2,474,496**	**2,161,289**	**198,830**	**496,301**	**123,554**	**5,454,470**
Financing charges:						
Changes in price levels	58,940	50,229	3,928	11,608	2,262	126,967
Amortisation of one year's discount	148,470	129,677	11,930	29,778	7,413	327,268
Increase/(decrease) in Provision	(265,752)	(567,067)	203,931	(30,789)	23,106	(636,571)
Expenditure in year	(233,802)	(304,295)	(83,382)	(63,961)	(66,186)	(751,626)
At 31 March 2002	**2,182,352**	**1,469,833**	**335,237**	**442,937**	**90,149**	**4,520,508**

Provisions have been made for liabilities relating to British Coal employees.

The time scale over which it is estimated the discounted costs will need to be incurred, is as follows at 31 March 2002:

	2001-02	2000-01
	£bn	£bn
Within 1 year	1.2	0.91
Between 2 to 5 years	3.0	4.26
Beyond 5 years	0.3	0.28
Total	**4.5**	**5.45**

Notes to the Resource Accounts *(continued)*

Health-Related Provisions

Health claims make up by far the largest proportion of coal provision expenditure. Responsibility for these compensation claims relating to personal injuries suffered by former British Coal mineworkers transferred to the Department on 1 January, 1998 by a restructuring scheme under the Coal Industry Act 1994.

While the provision amounts are based on the best available estimate, they are sensitive to the number of claims received and the size of individual awards made. There also remains significant scope for changes year on year depending on the timing of claims and, or, payments. An accelerated take up of offers would bring expenditure forward, whereas delays in offers being accepted would cause expenditure to slip into future years.

Chronic Obstructive Pulmonary Disease (COPD)
Liabilities arise from claims relating to respiratory diseases such as emphysema and chronic bronchitis, caused by exposure to mine dust and fumes. The expected discounted liability over the next 5 years is £2.18 billion (2000-01 £2.47 billion), the undiscounted amount being £2.48 billion (2000-01 £2.80 billion).

The decrease of £292 million mainly reflects a revised lower estimate of the levels of COPD in live claims as the scheme moves forward. We now have evidence that the more recent claimants tend to have lower levels of disability and therefore receive lower levels of compensation as a result.

Vibration White Finger (VWF)
Liabilities arise from claims relating to damage caused by the prolonged use of vibratory tools. Claims total to a discounted amount of around £1.47 billion over the next 5 years (2000-01 £2.16 billion). The corresponding undiscounted amount is £1.64 billion (2000-01 £2.47 billion).

The significant decrease mainly reflects a revised lower estimate of the number of claims for the loss of capacity due to VWF.

Other Health Provisions
This provision incorporates other injury-related compensation claims such as deafness, accidents and miscellaneous diseases. It also covers payments under British Coal's Pneumoconiosis Compensation Scheme and associated administration costs of managing the health claims.

The undiscounted amount of these provisions is £0.38 billion (2000-01 £0.24 billion).

Other Provisions

Concessionary Fuel
The Department has responsibility to provide either solid fuel or a cash alternative to 139,000 beneficiaries. Approximately two thirds of these have opted for an average cash alternative of £275 per annum, compared with an average solid fuel cost to the Department of £650 per annum. The number of beneficiaries is decreasing by around 5% per year and therefore the liability will continue for several decades. The provision is based on standard female mortality rates and includes an assumption of the beneficiaries continuing to switch their entitlement from solid fuel to cash in lieu.

Other
This includes a provision for Site Restoration, the purpose of which is to meet some of the costs of restoring the heavily contaminated site at The Avenue coke-works, near Chesterfield. It is a derelict 240-acre site, which passed to English Partnerships in 1996, as part of a group of 56 properties no longer required for coal purposes. The Memorandum of Understanding between British Coal and English Partnerships states that British Coal would reimburse the minimum costs necessary to meet statutory environmental standards. The Department has inherited this liability from British Coal. The Avenue is so far the only site on which this liability has been called and the discounted level of this provision at 31 March 2002 is £34 million.

Notes to the Resource Accounts *(continued)*

Also included under this heading are provisions relating to costs for the administration of non-health related liabilities, indemnities, a separate grant for British Coal and the Redundant Mineworkers Payments Scheme (RMPS) that was introduced in 1967 but closed to new entrants in 1987. It ceases entirely after April 2002 and involves a system of statutory based weekly benefit payments to ex-employees of the coal industry until they reach retirement age.

20. Provisions for Liabilities and Charges - Nuclear

	UKAEA Decommissioning	BNFL	Total
	£'000	£'000	£'000
At 1 April 2001	**3,167,196**	**3,540,125**	**6,707,321**
Financing charges:			
Changes in price levels	82,200	37,048	119,248
Amortisation of one year's discount	196,700	214,630	411,330
Increase/(decrease) in provision	325,604	(1,608)	323,996
Expenditure in year	(245,700)	0	(245,700)
At 31 March 2002	**3,526,000**	**3,790,195**	**7,316,195**

United Kingdom Atomic Energy Authority (UKAEA) Decommissioning Provision

By virtue of a letter of understanding with the UKAEA, the Department has agreed to cover the cost of the liabilities arising from programmes associated with the decommissioning of radioactive plant and facilities, storing, processing and eventually disposal of radioactive waste, and of reprocessing, or in other ways, managing nuclear fuels and nuclear materials. It is expected that the cost of £3.5 billion (discounted at 6% and expressed in 2001–02 money values) will be incurred mostly within the next 60 years.

Calculation of the liabilities is based on the technical assessments of the processes and methods likely to be used in the future to carry out the work. Estimates are derived using the latest technical knowledge and commercial information available and take account of current legislation, regulations and government policy. Summary figures are built up by aggregating detailed estimates for individual liabilities. Allowance is also made for infrastructure costs, which are an appropriate share of running costs and other overhead costs attributable to plant and buildings. The calculation is re-assessed annually. Since much of the work will not be done until well into the future, there is considerable uncertainty as to the likely costs.

The time scale over which it is estimated the discounted costs will need to be incurred is as follows:

	2001-02	2000-01
	£bn	£bn
Within 1 year	0.3	0.3
Between 2 to 5 years	1.1	0.9
Beyond 5 years	2.1	2.0
Total	**3.5**	**3.2**

Notes to the Resource Accounts *(continued)*

After allowing for financing charges and other expenditure during the year, the increase in the provision of £0.326 billion is due to various factors including an increase in the estimated cost of UKAEA's financial responsibility for historical liabilities at BNFL's Sellafield site, and changes in decommissioning and waste management strategies and the revision of cost estimates.

The latest estimate of the undiscounted cost of dealing with the UKAEA's Nuclear liabilities and thus the Department's liability is as follows:

	2001-02	2000-01 (re-stated)
	£bn	£bn
Costs of liabilities on UKAEA sites	7.0	6.9
UKAEA liabilities on BNFL sites	1.5	1.4
Total	**8.5**	**8.3**

After allowing for financing charges and expenditure during the year, an increase of £0.2 billion in the undiscounted liabilities estimate is due to the following factors:

- Changes in decommissioning and waste management strategies and the revision of cost estimates have resulted in costs increasing by £0.1 billion;
- Revised cost estimates for UKAEA's liabilities on BNFL sites have added £0.1 billion.

The total value of the undiscounted liability as at 31 March 2001 has been corrected from the previously reported value of £8.5bn.

British Nuclear Fuels plc (BNFL)
There is an agreement between the Secretary of State for Trade and Industry and Magnox Electric plc, a wholly owned subsidiary of BNFL, whereby the Secretary of State has undertaken to pay Magnox Electric plc £3.7 billion together with interest at a rate of 4.5% above inflation on the outstanding balance. The payments commence in the year ending 31 March 2008 and cease in the year ending 31 March 2116. The total undiscounted liability is approximately £26.0 billion (2000-01: £25.6 billion) with the corresponding discounted amount at 6% being £3.8 billion (2000-01: £3.5 billion).

The time scale over which the discounted costs will need to be incurred is:

	2001-02	2000-01
	£ bn	£ bn
Within 1 year	-	-
Between 2 to 5 years	-	-
Beyond 5 years	3.8	3.5
	3.8	**3.5**

Notes to the Resource Accounts *(continued)*

The terms of the Undertaking provide for a review of Magnox liabilities every five years starting on 1 April 2003. Potential adjustments to the outstanding amount may also occur:

(a) where the actions taken by persons or bodies external to BNFL (referred to as an "event") cumulatively increase the discounted value of Magnox liabilities by more than £250 million (in which circumstances the Secretary of State has discretion to vary the amounts of the undertaking or the payment schedule);

(b) where there is an adjustment to the provisions as a result of downward revisions in the estimate of the cost of Magnox liabilities (in which circumstances clawback arrangements exist to reduce the Secretary of State's liability).

Reductions in provisions falling within b) above will be shared between the Secretary of State and BNFL (via adjustment of the outstanding amount of the undertaking) on a sliding scale with the maximum reduction in the undertaking being £800 million escalated by 2.5% above inflation from April 1998.

Following BNFL's review of it's historical waste management strategy and the Magnox station closure programme this year, it's undiscounted liabilities have increased from £34.8 billion to £40.5 billion. The movement in BNFL's provisions disclosed in its accounts for the year ended 31 March 2002 reflects this increase, discounted at 2.5%, the changes in price levels, the reversal of one year's discount and the discharge of nuclear liabilities.

Notes to the Resource Accounts *(continued)*

21. Provisions for Liabilities and Charges - Other

	SFLG	UKAEA Other	Other	Total
	£'000	£'000	£'000	£'000
At 1 April 2001	**70,034**	**62,750**	**130,877**	**263,661**
Change in price levels	1,311	-	379	1,690
Amortisation of one year's discount	4,202	3,800	1,017	9,019
Increase/(decrease) in Provisions	38,590	2,315	41,678	82,583
Non cash expenditure during year	-	-	(332)	(332)
Expenditure during year	(35,182)	(9,800)	(54,383)	(99,365)
At 31 March 2002	**78,955**	**59,065**	**119,236**	**257,256**

Small Firms Loan Guarantee (SFLG)
The SFLG is the Department's main instrument for supporting business finance. The Scheme exists to provide guarantees for banks to lend to businesses for viable propositions where the necessary security of track record to justify normal terms is lacking. The provision is based on the expected value of defaults of all outstanding loans and has been discounted at the Treasury rate of 6%. The undiscounted liability is £86 million (2000-01 £77 million), which is expected to be utilised over the next nine years.

UKAEA Other Provisions
The figures reflect provisions relating to Restructuring and Environmental Remediation. Restructuring costs cover the continuing annual payments for staff who took early retirement primarily before the privatisation of AEAT in 1996 and will continue until they reach retirement age. Environmental Remediation costs cover the treatment of chemical contamination of the groundwater at the UKAEA's Harwell site.

Other
This relates to a range of liabilities arising from the Department's normal business. It includes agency provisions arising through consolidation and provisions for various other Departmental programmes such as the Iron and Steel Employees Rehabilitation Benefits Scheme announced on 3 May 2001.

22. Revaluation Reserves

	Tangible Fixed Asset	Launch Investment	Coal Pensions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2001	**6,031**	**462,927**	**4,701,907**	**5,170,865**
Arising on revaluation during year	2,086	87,513	(34,000)	55,599
CFERS realised	-	(13,195)	-	(13,195)
Transfer to General Fund	(117)	-	-	(117)
Transfer to OCS	(54)	-	-	(54)
Coal Pensions – surplus released	-	-	(412,000)	(412,000)
Balance at 31 March 2002	**7,946**	**537,245**	**4,255,907**	**4,801,098**

The Fixed Asset Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and the revaluation adjustments of tangible fixed assets (excluding donated assets).

The Launch Investment Revaluation Reserve reflects the unrealised element of the cumulative balance of the revaluation adjustments to Launch Investment.

Notes to the Resource Accounts *(continued)*

23. Reconciliation of Net Operating Cost to changes in the General Fund

	2001-02	2000-01 (re-stated)
	£'000	£'000
Net Operating Cost for the year (Schedule 2)	(5,079,446)	(7,396,066)
Income not appropriated-in-aid paid to the Consolidated Fund	(13,359)	(53,364)
Non-supply expenditure funded by the National Insurance Fund	208,734	168,501
Adjustment for transfer of estimate cover for Machinery of Government changes	1,163,596	966,667
Surplus A-in-A to be surrendered to the Consolidated Fund	(74,877)	-
	(3,795,352)	**(6,314,262)**
Parliamentary funding:		
Vote 1	-	1,467,892
Vote 2	-	1,535,878
RfR 1 and 2	4,497,210	-
Functions transferred under Machinery of Government changes	1,443,530	992,278
Adjustment for transfer of estimate cover for Machinery of Government changes	(1,163,596)	(966,667)
Transfer to General Fund in respect of realised element of Revaluation Reserve	117	7,382
Realised element of previously recognised revaluation gain	-	425,277
Consolidated Fund creditor for unspent cash	(198,169)	5,981
Amounts payable to Other Government Departments arising from Machinery of Government changes	(279,934)	-
Non-cash charges:		
Cost of capital net credit (see notes 3 and 4)	(198,774)	(286,013)
Deferred Income (Radiocommunications Agency)	(45,463)	-
Investment in Consignia Holdings plc	-	50
Auditor's remuneration	239	235
Other Agency Notional Costs	(251)	94
Net assets brought in relating to functions transferred from other Government Departments not for cash	(345)	-
Reduction in RPS debtor	(3,968)	-
Net decrease in General Fund	**255,244**	**(3,131,875)**
General Fund at 1 April	**(11,586,550)**	**(8,454,675)**
General Fund at 31 March	**(11,331,306)**	**(11,586,550)**

24. Capital Commitments

	2001-02	2000-01
	£'000	£'000
Contracted capital commitments (excluding VAT) for which no provision has been made	**5,734**	**2,018**

Notes to the Resource Accounts *(continued)*

25. Other Commitments

The department had the following commitments as at 31 March 2002:

Organisation	Note	Within 1 Year £'000	Between 2 to 5 years £'000	Over 5 years[S/B*] £'000	Total £'000
European Space Agency	a	75,000	300,000	375,000	750,000
International Atomic Energy Agency	b	9,853	48,213	62,835	120,901
World Trade Organisation	c	3,700	14,800	18,500	37,000
Organisation for the Prohibition of Chemical Weapons	d	2,431	9,722	12,152	24,305
Chernobyl Shelter Fund	e	4,040	4,040	0	8,080
Joint European Torus (JET)	f	4,850	9,600	0	14,450
Universal Postal Union	g	900	3,600	4,500	9,000
International Energy Agency	h	830	3,320	4,150	8,300
Bureau International des Poids et Mesures (BIPM)	i	331	1,328	0	1,659
Nuclear Energy Agency	j	426	1,947	2,805	5,178
European Energy Charter	k	266	861	0	1,127
UNIDROIT	l	77	320	410	807
Organisation Internationale de Metrologie Legale (OIML)	m	23	93	0	116
Organisation for Economic Co-operation and Development Steel Committee	n	30	120	150	300
International Telecommunications Union	o	2,274	12,312	19,368	33,954
UN Convention on Law of the Sea Membership	p	114	117	0	231
International Cotton Advisory Committee	q	9	36	45	90
International Lead & Zinc Study Group (ILZSG)	r	20	88	120	228
International Nickel Study Group (INSG)	s	25	108	150	283
International Copper Study Group (ICSG)	t	17	76	105	198
Total		**105,216**	**410,701**	**500,290**	**1,016,207**

([S/B*] Where commitments are for a period beyond 5 years, the amount shown in the 'Over 5 years' column shows only to that amount due within a further 5 years).

Notes:

(a) The European Space Agency (ESA) undertakes research and development activities on behalf of its participating members.

(b) The International Atomic Energy Agency serves as the world's central intergovernmental forum for scientific and technical co-operation in the nuclear field, and as the international inspectorate for the application of nuclear safeguards and verification measures covering civilian nuclear programmes.

(c) The World Trade Organisation's main function is to ensure that trade flows as smoothly, predictably and freely as possible. It regulates trade and tariffs world-wide with a goal to helping producers of goods and services, exporters and importers conduct their business.

(d) The Organisation for the Prohibition of Chemical Weapons undertakes the implementation on the international level of the provisions of the Chemical Weapons Convention (CWC).

(e) The Chernobyl Shelter Fund finances a large-scale international project to make the sarcophagus at unit 4 of Chernobyl environmentally stable.

(f) Joint European Torus (JET) is the world's largest magnetic confinement fusion experiment which aims at confirming the scientific theory of fusion and the scientific feasibility of nuclear fusion of power generation.

(g) The Universal Postal Union is the specialised institution of the United Nations that regulates the universal service and the European Conference of Postal and Telecommunications Administrations establishes broad regional co-operation in the field of posts and telecommunications.

Notes to the Resource Accounts *(continued)*

(h) The International Energy Agency is the energy forum for 26 member countries whose Governments are committed to taking joint measures to meet oil supply emergencies and to share energy information, co-ordinate energy policies and co-operate in the development of rational energy programmes.

(i) The Bureau International des poids et Mesures' mandate is to provide the basis for a single, coherent system of measurements throughout the world, traceable to the international System of Units (SI).

(j) The Nuclear Energy Agency's objective is to contribute to the development of nuclear energy as a safe, environmentally acceptable source through co-operation among its participating countries.

(k) The European Energy Charter strives towards open, efficient, sustainable and secure energy markets and promotes a constructive climate conducive to energy interdependence on the basis of trust between nations.

(l) The International Institute for the unification of private law (UNIDROIT) purpose is to examine ways of harmonising and co-ordinating the private law of states and groups of states, and to prepare gradually for the adoption by states of uniform rules of private law.

(m) The International Organisation of legal metrology (OIML) promotes the global harmonisation of legal metrology procedures. It provides its members with metrological guidelines for the elaboration of national and regional requirements concerning the manufacture and use of measuring instruments for legal metrology application.

(n) The Organisation for Economic Co-Operation and Development Steel Committee is the only international forum established to discuss steel industry issues such as production trends, trade flows and issues, market developments and environmental issues with representatives of industry and Government from all OECD member countries. OECD members account for more than 90% of world steel production.

(o) The subscription is the annual DTI contribution towards running the International Telecommunication Union (ITU), and is paid by the Radiocommunications Agency on behalf of the UK. The ITU is an agency of the United Nations providing an international forum within which the public and private sectors co-operate to pursue technical and regulatory aspects of radio-communications and telecommunications standardisation. Additionally, the ITU covers the worldwide development of systems and telecommunications networks, including international management of the radio frequency spectrum and associated Satellite orbits.

(p) Following on from the UK's accession to the United Nations Convention on the Law of the Sea, the UK has a legal commitment to provide a proportion of the running costs. The total UK contribution is shared between those Departments with a significant interest in the Convention. These payments represent the DTI share.

(q) The International Cotton Advisory Committee is an intergovernmental agency, based in Washington, USA, with responsibility for the global cotton industry and with over 40 national government members.

(r) The ILZSG is an intergovernmental organisation which regularly brings together 28 member countries in an international forum to exchange information on lead and zinc. The main role of the ILZSG is to ensure transparency in the markets for lead and zinc worldwide.

(s) The INSG is an autonomous, intergovernmental organisation established in 1990. Membership comprises nickel producing, consuming and trading countries. The INSG has no provision for market stabilisation activities or market intervention of any kind. The objectives of the group are to collect and publish improved statistics on nickel markets (including production, consumption, trade, stocks, prices and other statistics such as recycling);

(t) The ICSG, established in 1992, is an intergovernmental organisation that serves to increase copper market transparency and promote international discussions and cooperation on issues related to copper.

Notes to the Resource Accounts *(continued)*

26. Commitments under Operating Leases

At 31 March 2002 the Department was committed to making the following payments during the next year in respect of operating leases:

For the consolidated Department:

	2001-02			2000-01		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Leases expiring:						
Within one year	1,151	125	1,276	839	233	1,072
Between two to five years	3,988	1,258	5,246	4,782	662	5,444
After five years	42,966	9,875	52,841	38,276	10,423	48,699
	48,105	**11,258**	**59,363**	**43,897**	**11,318**	**55,215**

For the Core Department:
(excluding consolidated entities)

	2001-02			2000-01		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Leases expiring:						
Within one year	225	69	294	377	49	426
Between two to five years	27	629	656	24	410	434
After five years	29,731	5,961	35,692	26,344	5,819	32,163
	29,983	**6,659**	**36,642**	**26,745**	**6,278**	**33,023**

Additionally, the Department is committed to making the following payments under operating leases in future years:

For the consolidated Department:

	2001-02			2000-01		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due:						
Between two to five years	147,202	24,975	172,177	128,561	42,843	171,404
After five years	452,523	30,203	482,726	322,091	45,705	367,796
	599,725	**55,178**	**654,903**	**450,652**	**88,548**	**539,200**

For the Core Department
(excluding consolidated entities):

	2001-02			2000-01		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Leases expiring:						
Between two to five years	124,403	24,014	148,417	105,448	24,317	129,765
After five years	417,326	26,289	443,615	273,800	30,385	304,185
	541,729	**50,303**	**592,032**	**379,248**	**54,702**	**433,950**

In addition to the above is a lease for the supply of services, which is treated as an operating lease under the guidance issued by HM Treasury for the PFI initiative.

Notes to the Resource Accounts *(continued)*

The ELGAR PFI contract covers the provision of a wide range of information systems and services to the Department, including infrastructure management, IT development, business process re-engineering, consultancy advice and technology refresh. The contract was awarded in November 1998 for a period of 10 years, extendable for up to a further 5 years. The contract is now set to expire on 31 March 2014. The amount of contract payments charged as operating expenses in 2001-02 amounted to £36 million and the estimated capital value of the scheme is £4 million. An additional £2.5 million per annum of work was agreed in 2001-02 in relation to the development and provision of various services. Over the 12 remaining years of the contract this amounts to £33 million. The DTI has a responsibility to pay termination charges should the Department exercise its break option before the agreed service end date. These amount to £74.6 million, comprising £18 million for the core service, £29.7 million for Matrix and an additional £26.9 million for other (extended) services.

27. Contingent Liabilities

The Department has recognised a number of contingent liabilities, which arise out of legislation, letters of comfort, or specific guarantees. Disclosed below are the contingent liabilities considered to need disclosure under the relevant accounting standards and the Treasury Resource Accounting Manual.

Basis of Recognition	Description
Coal Industry Act 1994	Any liabilities of British Coal in respect of industrial injury to its former employees between 1947 and 31 December 1994, the timing and amounts of which are uncertain at this time. The liabilities arise through the various health claims that have been made by former and current employees of British Coal. The uncertainty is due to two factors: a) the nature of any injury b) whether the courts decide that compensation is due Given recent history, the fact that the burden of proof rests with the plaintiff and that the compensation level is determined on a case-by-case basis, there is a high level of uncertainty relating to either the amount of the payments due or whether they are likely to be paid. This uncertainty is also referred to in the Coal Provisions note (note 19). Over time, it is likely that a more accurate estimate of the expected costs to be borne by the Department will become available.
Nuclear	The Department has a range of civil nuclear liabilities arising through its association with UKAEA and BNFL as well as ensuring that HMG complies with its obligations under the various international nuclear agreements and treaties. The amount and timing of this overarching liability is not quantifiable.
Employment liabilities	The Department acts for all other Government Departments in relation to claims from employees contracted out from a wide range of public bodies, including local authorities and health authorities. A provision directly related to this also exists. The maximum liabilities including the provision are not expected to exceed £40 million over the next two financial years. A better view of the likely size and timing of any payments is dependent on the outcome of cases currently making their way through the courts.
Health and Safety	Claims have been lodged by a number of employees and ex-employees for compensation for industrial injury or disease allegedly arising from a period of employment at one or other of the former research establishments of the DTI. The timing and amount of this liability is not quantifiable.

Notes to the Resource Accounts *(continued)*

In the 2000-01 Accounts, a contingent liability was reported in respect of legal proceedings, which had been brought in respect of the issue of the Third Generation Mobile Service licenses. The appeal lodged by the applicants was heard and found in favour of the Secretary of State for Trade and Industry. The applicants initiated no further proceedings before the time permitted for such an application expired.

Further detailed information relating to the Department's statutory and other liabilities not reportable under the Accounting Standards and the Treasury Resource Accounts Manual can be found in Table B2 of the Department's Expenditure Plans 2002-2003 to 2003-2004 (cm 5416).

28. Related Party Transactions

The Department is the parent of the Advisory, Conciliation and Arbitration Service (ACAS), the Employment Tribunals Service (ETS), the Insolvency Service (INSS), the National Weights and Measures Laboratory (NWML), the Radiocommunications Agency (RA) and the Small Business Service (SBS) and sponsors Companies House and the Patent Office (trading funds) and Consignia Holdings plc (formerly the Post Office), British Shipbuilders, British Coal Corporation and BNFL. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

None of the board members, key managerial staff or other related parties has undertaken any material transaction with the Department during the year. Ms Helen Leiser of the Department is a Board member of UKAEA.

The Department has had a small number of transactions with other Government Departments and other central government bodies.

In addition the Department acts as guarantor for the Mineworkers Pension Scheme (MPS) and the British Coal Staff Superannuation Scheme (BCSSS). These schemes have been disclosed as Fixed Asset Investments in the accounts with a corresponding debtor arising from surpluses in the respective funds being shown as Current Asset Investments. The Government, through the Secretary of State, appoints five of the MPS's Committee of Management. Of these five, two are also members of the BCSSS Committee of Management. There were no transactions between the Department and Coal Pension Trustee Services Ltd, a jointly owned venture of the MPS and the BCSSS.

29. Post Balance Sheet Events

There have been no post balance sheet events that adjust the values included in these Accounts as at the balance sheet date.

British Energy plc – Rescue Aid

On 9 September 2002, it was announced to stock exchanges that British Energy had initiated discussions with the Government on 4 September with a view both to seeking immediate financial support and to enabling discussions about a possible longer term restructuring to take place.

The Government agreed to provide British Energy with a loan for up to £410 million in respect of its working capital requirements and cash collateral for trading in the UK and North America. The short-term loan was put in place in respect of an initial period until 27 September 2002.

On 26 September, the Secretary of State announced an extension of this facility until 29 November, and has increased it to £650 million, in order to give sufficient time to clarify the company's full financial position and to come to a clear view on the options for restructuring the company. The European Commission has announced that it has given initial approval to the loan under State Aid rules.

In order to fund the initial amount of this loan to British Energy, the Department drew down £500 million from the Contingency Fund on 9 September. This will need to be repaid to the contingency fund during the current year. These transactions will be reflected in the Department's Accounts for 2002-03.

Notes to the Resource Accounts *(continued)*

On 28 November the Department made further announcements to the Stock Exchange and to Parliament regarding the restructuring of British Energy. The existing credit facility will be extended to 9 March 2003 but the existing ceiling of £650m will not be increased. £382m of this facility had been drawn down by 27 November.

Since September, the Board of British Energy has been drawing up a plan for the solvent restructuring of the company. The Government, having assessed the robustness of the plan with its advisers, has agreed to support it, subject to certain conditions.

The company has announced that it will:

- continue to make payments to a fund which is used to pay for the costs of decommissioning its power stations;
- give the fund £275 million of bonds in the company; and
- surrender to the fund 65% of its available cash each year.

The Government will underwrite these arrangements to ensure safety and environmental protection. In addition the Government has recognised that, if this restructuring is to work, it must contribute significantly to the company's £2.1 billion of historic nuclear fuel liabilities managed by BNFL which extend to 2086. The cost to the Government will average £150-200 million per annum for the next 10 years and fall thereafter.

If the company performs very well, surpluses from British Energy's contribution to the decommissioning funds will help meet these costs. The Government will review the way these contracts are managed as part of the creation of the Liabilities Management Authority (see page 10).

The Government is prepared to continue to fund British Energy's operations (as stated above) whilst the restructuring plan is agreed and implemented. As noted the existing credit facility will be extended until 9 March 2003, at which point the position will be reviewed.

Various other events since the end of the financial year are disclosed in the Report on pages 14 and 15.

30. Machinery of Government changes during 2001-02

Several policy areas were transferred to the DTI following the General Election in June 2001.

- Former Department of Transport, Local Government and the Regions (DTLR) responsibility for sponsorship of the eight Regional Development Agencies (RDAs) throughout England plus the London Development Agency (LDA) transferred to the DTI. The financial effect of this on DTI's Accounts is to increase the Gross expenditure for Objective A in Schedule 5 by £1.4 billion, being total grant-in-aid payments to the RDAs;
- The Construction Directorate of DTLR has transferred to the DTI as a new Construction Industries Directorate. The effect of this transfer is to increase the Department's expenditure on Objective A in Schedule 5 by £28.2 million over 2000/01;
- The Department has acquired a number of responsibilities from the former Department for Education and Employment (DfEE) in relation to policy on work-life balance and forthcoming anti-discrimination legislation. The financial effect of this transfer is an increase in expenditure on Objective D at Schedule 5 of around £8.8 million over 2000/01;
- A number of other responsibilities have been transferred to the DTI from the Home Office, on Sunday Trading, Street Markets, Chartered Fairs, Easter and British Summertime. The financial effect of this transfer was a small (circa £30,000) increase in expenditure on Objective D for the Department over the previous year.

Notes to the Resource Accounts *(continued)*

31. Accountability notes

Losses shown are recorded on an accruals basis, as required by Government Accounting reporting requirements in resource accounts.

Losses	**£'000**
Total (62 cases)	**4,608**
The following are included in the figure above where losses exceeded £100,000:	
Regional Selective Assistance irrecoverable from companies in liquidation or receivership (10 cases).	2,719
Abandonment of a claim in respect of recovery of grants paid under Section 5 of the Science and Technology Act 1965 to company in receivership (1 case).	150

Special Payments	**£'000**
Total (1 case).	**125**

The Department reached an out of court settlement with the claimant, without admission of liability where costs of continuing to defend the case were not in the interests of the public purse.

32. Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Due to the largely non-trading nature of its activities and the way in which Government Departments are financed, the Department is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

The Department's financial instruments comprise of cash, loans, investments, public dividend capital, provisions, trade debtors, trade creditors and the NPL PFI. Details of these can be found in the relevant notes.

Liquidity, Interest Rate and Foreign Currency risk

Resources voted annually by Parliament finance the Department's net revenue resource requirements and its capital expenditure and there is therefore no exposure to significant liquidity risks. The Department does not access funds from commercial sources and so is not exposed to significant interest rate risk. The Department's exposure with regards to exchange rate risk is also limited (see accounting policy note 1.13).

33. Third-party assets

The following are balances on accounts held in DTI's name at commercial banks but which are not DTI monies. They are held or controlled for the benefit of third parties and are not included in DTI's Resource Accounts.

	2001-02	**2000-01**
	£'000	£'000
Bank balances	5,254	28

Notes to the Resource Accounts *(continued)*

34. Additional Entities within the Departmental Boundary

In addition to ACAS and the Executive Agencies listed on pages 4 and 5 of the Report, the following non-executive NDPBs, advisory bodies and tribunals are covered by these accounts by way of including in the reported results the funds paid to them as grant or expenses. These bodies do not produce their own resource accounts:

Advisory Committee on Cleaner Coal Technology
Employment Appeal Tribunal
Aerospace Committee
Employment Tribunals
Energy Advisory Panel
Business Incubation Fund Investment Panel
Fuel Cells Advisory Panel
Advisory Group on Basic Technologies Programme
Industrial Development Advisory Board
Distributed Generation Co-ordinating Group
Measurement Advisory Committee
Fuel Poverty Advisory Group
Regional Industrial Development Boards
Renewable Energy Advisory Committee
Insolvency Practitioners Tribunal
Company Law Review Steering Group
Ethnic Minority Business Forum
Company Law Review Consultative Committee
Council for Science and Technology
Genome valley Steering Group
Copyright Tribunal
Clusters Policy Steering Group
Persons Hearing Consumer Credit Licensing Appeals
PILOT - the Right course for Oil and Gas success.
Import Parity Price Panel
Task Force on tackling over-indebtedness
Low Pay Commission
Advisory Group on Nano-technology
Partnership Fund Assessment Panel
Employment Tribunal System Task Force
Small Business Council
Chief Scientific Adviser's Energy Research Review Group
Small Business Investment Taskforce
Work and Parents Taskforce
Intellectual Property Advisory Committee
Review of Enterprise and the Economy in Education
Central Arbitration Committee

Notes to the Resource Accounts *(continued)*

Of those bodies reported in the 2000-01 Accounts, the following changes occurred during 2001:

- Advisory Committee on work Life Balance was closed in 2001;
- The Foresight Steering Group was disbanded in 2001;
- The Renewable Energy Advisory Committee was closed in 2001; and
- The Standing Advisory Committee on Industrial Property changed its name to the Intellectual Property Advisory Committee.

Of the bodies listed in the table above, the following were disbanded during 2001-02:

- Company Law Review Steering Group;
- Company Law Review Consultative Committee;
- Genome valley Steering Group;
- Work and Parents Taskforce; and
- Review of Enterprise and the Economy in Education.

The Insolvency Service

The Insolvency Service receives monies, in accordance with Section 403 of the Insolvency Act 1986, from the realisation of assets in bankruptcies and company liquidations. The sums received are held by the Secretary of State. Interest earned on balances is surrendered to HM Treasury in accordance with Section 405 of the Insolvency Act. Amounts so received are excluded from these accounts as they are outside the voted Supply and are subject to a different financial control framework. Further details are available in the Published Accounts of the Insolvency Service.

The Redundancy Payments Service

The Department is responsible for the approval and processing of claims under the Redundancy Payment Scheme, which is financed from the National Insurance Fund. Claims processed under the Scheme fall into two categories: RP1 (which covers redundancy pay, holiday pay and arrears of pay) and RP2 (pay in lieu of notice). The average payment for RP1 during the 2001-02 year was £1,490 (2000-01: £1,541). An average amount of £664 was paid during 2001-02 for RP2 (2000-01: £613). The expected number of RP1 claims for 2002-03 is 125,000. Forecasts of future RP2 claims are no longer undertaken. There is an associated income related to this scheme arising from two sources:

- Solvent Recovery - where monies are recovered over a period of up to three years from companies, setting up a standing order, that are continuing to trade but would not be able to do so if they had to meet the full costs of redundancy payments at that time; and
- Insolvent Recovery - the Department becomes a creditor receiving a dividend if there are sufficient funds on the winding up of the company.

Expenditure in 2001-02 totalled £229 million (2000-01: £191 million) against income of £20 million (2000-01: £22 million).

Further Information

Name	Address	ISBN of Annual Accounts
The Stationery Office	PO Box 29 Norwich NR3 1GN	
The Radiocommunications Agency	Wyndham House 189 Marsh Wall London E14 9SX	0-10-291723-X
The National Weights and Measures Laboratory	Stanton Avenue Teddington Middlesex TW11 0JZ	0-10-291680-2
The Employment Tribunals Services	Level 7 19-29 Woburn Place London WC1H 0LU	0-10-291662-4
The Insolvency Service	P.O. Box 203 21 Bloomsbury Street London WC1B 3QW	0-10-291708-6
Advisory, Conciliation and Arbitration Service	Brandon House 180 Borough High Street London SE1 1LW	Not available
Small Business Service	Kingsgate House 66 – 74 Victoria Street London SW1E 6SW St Mary's House c/o Moorfoot Sheffield S1 4PQ Website: www.sbs.gov.uk	0-10-291668-3

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