
Northern Ireland Office

Resource Accounts 2009-10

Presented to the House of Commons pursuant to c.20, s.6
of the Government Resources and Accounts Act 2000

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(For the year ended 31 March 2010)

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Contents

	Page
Directors' Report	1
Management Commentary	3
Remuneration Report	14
Statement of Accounting Officer's Responsibilities	21
Statement on Internal Control	22
The Certificate and Report of the Comptroller and Auditor General	25
Statement of Parliamentary Supply	27
Operating Cost Statement	29
Statement of Financial Position	30
Statement of Cash Flows	32
Statement of Changes in Taxpayers' Equity	34
Statement of Operating Costs by Departmental Strategic Objectives	36
Notes to the Departmental Resource Accounts	38

DIRECTORS' REPORT

1. Scope

The Northern Ireland Office (NIO) presents its annual report and accounts for the financial year ended 31 March 2010.

On 9 March 2010, the political parties in Northern Ireland agreed that policing and justice functions should devolve to the Northern Ireland Assembly on 12 April 2010. This was subsequently approved by both Houses of Parliament. The responsibility for policing and justice in Northern Ireland now lies with the Northern Ireland Assembly and the Executive. However, the information contained within the 2009-10 Resource Accounts reflects the corporate governance and accountability framework arrangements of the Northern Ireland Office as they were throughout the reporting period, including those relating to policing and justice functions. Further details are contained in section 12 of the Management Commentary and also Note 36.

2. Ministers

The Secretary of State retains overall responsibility for the operation of the Northern Ireland Office and represents the interests of Northern Ireland at Cabinet level. He is assisted in this role by a Minister of State. This report relates to the Northern Ireland Office only and its handling of matters "excepted" and "reserved" to the United Kingdom Parliament as set out in the Northern Ireland Act 1998.

Secretary of State

From 12 May 2010: The Rt Hon Owen Paterson MP

From 1 April 2009 to 11 May 2010: The Rt Hon Shaun Woodward MP

Minister of State

From 13 May 2010: Hugo Swire MP

From 1 April 2009 to 12 May 2010: The Rt Hon Paul Goggins MP

3. Departmental Board

During 2009-10, the Secretary of State was also supported by the Permanent Secretary, other senior Departmental officials and two Non-Executive Directors who comprised the Departmental Board as follows:

Sir Jonathan Phillips	Permanent Secretary (Chair)
Hilary Jackson	Director General, Political
Nick Perry	Director General, Criminal Justice and Policing
Carol Moore	Director, Criminal Justice
Peter May	Director, Policing and Security
Robin Masefield	Director, Northern Ireland Prison Service
Anthony Harbinson	Director of Resources
Dennis Godfrey	Director of Communications
James Conn	Crown Solicitor
Rotha Johnston	Non-Executive Director
John King	Non-Executive Director and Chair of the Departmental Audit and Risk Committee

The Head of the Northern Ireland Office, as Accounting Officer, is accountable for the overall operation and performance of the Department. Sir Jonathan Phillips (Permanent Secretary) was Accounting Officer until 7 May 2010 when he was succeeded by Hilary Jackson (Director General).

4. Appointment of Senior Officials

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

5. Departmental boundary

The accounts of the NIO comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 34 for full details):

- NIO Core Department;
- Compensation Agency;
- Forensic Science Northern Ireland;
- Northern Ireland Prison Service;
- Youth Justice Agency; and
- Commissions and Judicial Inquiries associated with the Department.

6. Bodies outside of the Departmental boundary

The following is a description of the bodies outside the Departmental boundary for which the NIO had lead policy responsibility. These entities are either classified as, or analogous to, Executive Non Departmental Public Bodies:

- Police Service of Northern Ireland;
- Office of the Police Ombudsman for Northern Ireland;
- Probation Board Northern Ireland;
- Northern Ireland Policing Board;
- Northern Ireland Human Rights Commission;
- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund; and
- RUC George Cross Foundation.

These entities prepared separate annual reports and accounts that were audited by the Comptroller and Auditor General.

7. Register of Interests

As outlined in Note 32 there were no company directorships or significant interests held by Board members. A Register of Interests was maintained for all Board members.

8. Disclosure of Audit Information to the Comptroller and Auditor General (C&AG)

The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the NIO's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant information of which the NIO's auditors are unaware.

MANAGEMENT COMMENTARY**1. Aim and Objectives**

The Department exists to support the Secretary of State for Northern Ireland in taking forward Government policy in Northern Ireland. In 2009-10, in addition to supporting and fostering the political and democratic process in Northern Ireland, the Department had overall policy responsibility for upholding law, order and security including the provision of criminal justice services such as policing, prisons and probation services.

Comprehensive Spending Review 2007 (CSR07) Settlement

The Department secured a three year funding envelope as part of its CSR07 settlement that allowed it to deliver against its key strategic objectives over the period as follows:

	£ million			
	Baseline 2007-08	2008-09	Additions 2009-10	2010-11
Resource DEL	1,152	72	40	40
of which near-cash	929	0	0	0
of which administration	79	-2	-4	-6
Capital DEL	72	0	0	0
Total DEL*	1,175	61	27	25

*full resource budgeting basis, net of depreciation

This table reflects the format prescribed by Treasury.

2. Service Delivery

The Department had the following Public Service Agreements and Departmental Strategic Objectives during the financial year:

Public Service Agreements

1. Justice for All - reducing time to trial in dealing with offenders, increasing public confidence and improving victim and witness satisfaction in the criminal justice system; and
2. Make Communities Safer - tackling crime, reducing re-offending and increasing public confidence in policing to increase public perception of safety.

Departmental Strategic Objectives

1. a stable devolved government in Northern Ireland with responsibility for policing and justice, and a society reconciled with its past;
2. to manage offenders securely, safely and humanely (contributes to PSA 2);
3. to deliver an independent, fair and effective criminal justice system which supports and protects the community (contributes to PSA 1 and 2);
4. to work with PSNI and other policing partners to deliver effective and accountable policing services that can secure the confidence of the whole community; and
5. to deliver value for money savings and to live within annual available funding.

3. Financial Performance

In order to achieve the Department's financial objectives for 2009-10, a combination of business planning, budgetary monitoring and control systems operated throughout the Core Department and its Agencies. Other organisations outside the Departmental boundary were subject to financial control and accountability arrangements set down in the relevant Accounting Officer designations, Management Statements and Financial Memorandums. Cost pressures during the year were met by the reprioritisation of budget allocations, effective cost control at directorate level and recycling of efficiency savings into front line programmes.

The NIO continued to develop further its risk management approach to business planning, which incorporated financial and other risks into the planning and performance management framework. The risk management arrangements are described more fully in the Statement on Internal Control (SIC) which forms part of these Accounts.

Supply

As a government department, the NIO is financed directly from the Consolidated Fund through the Supply process. This funding is notified by Treasury to the NIO in the Spending Review Settlement, which is available at TSO and on the Treasury website www.hm-treasury.gov.uk.

Each year the NIO is given Parliamentary approval for its expenditure when Parliament votes the Main Supply Estimates. Subject to Parliament's agreement, the Estimates may be amended during the year at one of the Supplementary Estimates stages (Summer Supply, Winter Supply and Spring Supply). The Estimates are published by TSO and contain details of voted monies for all government departments. These are also available on the Treasury website www.hm-treasury.gov.uk.

Request for Resources

The Department's Estimate for 2009-10 of £14,196m (2008-09: £12,944m) is contained within two Requests for Resources:

Request for Resources 1 - £1,369m (2008-09: £1,381m)

Playing a full part in implementing the Good Friday Agreement and representing the interests of Northern Ireland in the UK Government; supporting and developing an efficient, effective and responsive Criminal Justice System; upholding and sustaining the rule of law and preventing crime; maintaining a secure and humane prison service and reducing the risks of re-offending.

Request for Resources 2 - £12,827m (2008-09: £11,563m)

Providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998 and the Northern Ireland Act 2000.

Statement of Parliamentary Supply

The outturn shown in the Statement of Parliamentary Supply of these Accounts reflects achievement of the Department's financial objectives and an effective financial management performance for the year. The net resource outturn for 2009-10 was £13,114m (2008-09: £12,718m). This represents a saving of £1,082m (2008-09: £226m) compared to the Estimate of £14,196m (2008-09: £12,944m).

Note 3 provides a detailed commentary and explanation of the variance between Estimate and Outturn for each Request for Resources.

The reconciliation of resources to net cash requirement (Note 5) highlights a saving of £1,106m (2008-09: £200m) in terms of Net Total Outturn compared with Estimate.

The main reason for these savings was that funds requested by the Northern Ireland Consolidated Fund (RfR 2) were not drawn by the Northern Ireland Departments during the financial year.

Operating Cost Statement

The Operating Cost Statement represents the total net administration and programme resources consumed during the year by Request for Resources. Net Operating Costs during 2009-10 were £13,114m (2008-09: £12,718m) as follows:

Request for Resources 1 - Northern Ireland Office - £1,278m (2008-09: £1,298m) analysed between:

- Staff Costs £164m (2008-09: £162m);
- Other Administration Costs £27m (2008-09: £30m);
- Programme Costs £1,112m (2008-09: £1,127m); and
- Income (£25m) (2008-09: (£21m)).

Where relevant, the Department complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance and therefore adhered to the guidelines on fees and charges contained within *Managing Public Money*.

Request for Resources 2 - Northern Ireland Consolidated Fund - £11,836m (2008-09: £11,420m)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2009-10 £000	2008-09 £000 <i>Restated</i>
Net Resource Outturn (Estimates)	14,196,006	12,943,649
<i>Adjustments to additionally include:</i>		
Other adjustments	(1,082,142)	(226,143)
Net Operating Cost (Accounts)	13,113,864	12,717,506
<i>Adjustments to remove:</i>		
European Union income and related adjustments	44,218	36,884
Voted expenditure outside budget	(11,880,218)	(11,456,884)
<i>Adjustments to additionally include:</i>		
Resource consumption of non departmental public bodies	252,540	294,071
Unallocated resource provision	6,200	-
Resource Budget Outturn (Budget)	1,536,604	1,591,577
<i>of which:</i>		
Departmental Expenditure Limits (DEL)	1,255,797	1,332,747
Annually Managed Expenditure (AME)	280,807	258,830

Statement of Financial Position

The Department held net assets at 31 March 2010 worth £243m (2008-09: £267m) comprising property, plant and equipment £333m (2008-09: £377m) and net liabilities and provisions of £90m (2008-09: £110m). The figures quoted exclude any balances for the National Loan Fund that are on-lent by the NIO to the Northern Ireland Consolidated Fund (Notes 1.10 and 18). During the year, investments were made in IT infrastructure and other capital projects amounting to £18m (2008-09: £33m). Under the Comprehensive Spending Review 2007 (CSR07), an Asset Management Strategy for 2008-09 to 2010-11 developed and this included a survey of the Department's asset base together with asset disposal and forward investment plans over the period. This is available on the NIO website www.nio.gov.uk.

The Department had no significant remote contingent liabilities during 2009-10 that require disclosure. Note 23 provides further details regarding the significant provisions for liabilities and charges that are included within the financial statements.

4. Corporate Governance

The Department kept its corporate governance practice under on-going review and during 2009-10 improvements have included:

- developing new governance policies;
- provision of updated guidance on business case processes; and
- the sharing of best practice in finance matters via the Group Finance Forum.

The key organisational structures which support the delivery of effective corporate governance in the NIO were:

- Departmental Board;
- Audit and Risk Committee;
- Finance Committee; and
- Remuneration Committees.

Departmental Board

During 2009-10, the Secretary of State was supported by the staff of the Department, led by the Permanent Secretary and a Departmental Board. The Departmental Board was the team which provided corporate leadership to the organisation as a whole, took ownership of the Department's performance and provided support for the Secretary of State. During 2009-10, the Board was made up of executive members, independent non-executive members and senior officials from those larger agencies and bodies that conducted business for the Department. The Board led the management of the Department in the delivery of Ministers' objectives.

The Departmental Board was the senior tier of decision making by officials in the NIO and was responsible for the establishment and monitoring of the corporate governance arrangements of the Department. The Board operated as a collegiate forum under the leadership of the Permanent Secretary to manage the running of the Department. It was not the principal policy making body of the NIO - policy was, and is, determined by Ministers. This does not mean that the Board did not discuss policy, but it did so in the context of setting and directing the strategic planning that ensures delivery of Ministerial policy decisions and the operational management of their implementation. Subject to Ministerial agreement the Board prioritised the allocation of resources to match development and delivery requirements and was accountable for Departmental performance.

The Departmental Board met monthly and, in addition, had periodic planning days in order to facilitate more in-depth discussion of particular issues. Matters covered in Board meetings during the year included:

- strategic and business planning for the Department including performance against PSA targets;
- preparations for the devolution of justice and policing;
- financial planning and management;
- human resource policy including performance management and sickness absence;
- risk management; and
- training and development.

Independent Board Members

During 2009-10, the Department had two independent non-executive board members which is considered appropriate in the context of a small department. Their role was to provide strategic advice to the Board, contribute to decision making and support good governance of the Department. They provided constructive challenge to the Board's business, an external objective perspective and a different range of experience to complement the executive Board members.

Audit and Risk Committee

The Accounting Officer had a responsibility to be assured that there are appropriate arrangements in place within the NIO and bodies funded by the NIO to ensure effective corporate governance, risk management and internal controls (including financial control) and that they operated properly. Such bodies included agencies, NDPBs and smaller statutory bodies. The Departmental Audit and Risk Committee (DA&RC) supported the Accounting Officer in monitoring the corporate governance and control systems (including financial reporting) in the Department. The DA&RC also oversaw the performance and work of internal audit in those bodies funded by the NIO.

The primary function of the DA&RC was to test and challenge the assurances provided to the Accounting Officer, the way in which these assurances were developed and the systems and approaches on which the assurances were based. In order to enhance the objectivity of the advice, the DA&RC was chaired by an independent non-executive board member. The Committee was constituted as a sub-committee of the Departmental Board and acted in an advisory capacity, having no executive powers. The Committee met at least four times a year. The Chair of the Committee reported to the Departmental Board following DA&RC meetings and provided a written annual report on the work of the Committee throughout the year.

Part of the Internal Audit work programme included assessing the completeness and effectiveness of the Department's corporate governance arrangements. Following a review of its effectiveness the Committee embarked on a process to expand its terms of reference as an Audit and Risk Committee. This ensured that the committee maintained its focus on audit and included a more rigorous risk focussed remit.

Finance Committee

The purpose of this Committee was to assist and enhance financial decision making and strategic financial management within the NIO. It was a sub committee of the NIO Board and was responsible and accountable at all times and in all decisions to the Board as a whole. The main roles carried out during the year were to:

- analyse, discuss, and reach agreement on strategic funding issues facing the Department and to bring forward relevant recommendations on key financial strategies and decisions to the Departmental Board for discussion and, where appropriate, recommendation to Ministers;
- assist the Accounting Officer in judging strategic funding priorities in the face of financial and operational difficulties;
- ensure a consistent approach to financial management across the NIO and to enable standards to be agreed and applied within the Department and its arm's length bodies;
- enhance the quality, standard and accuracy of financial plans, projections and management within the Department and its arm's length bodies;
- provide a forum for senior management to discuss financial matters and to recommend courses of action applicable to the department, including the allocation of budgets, value for money targets, cost reduction exercises and capital plans;
- monitor financial performance against targets at strategic level and advise such action as deemed necessary; and
- promote the understanding of Financial Services Division's role and the importance of financial management within the NIO.

Remuneration Committees

The Department had three remuneration committees which considered the pay of all staff in the Senior Civil Service cadre. The committees were chaired by one of the Board's non-executive board members.

Arrangements with Arm's Length Bodies

The Board ensured that there were robust governance arrangements with the Arm's Length Bodies (ALBs), setting out the terms of their relationship, in order to promote high performance and safeguard propriety and regularity. These governance arrangements were contained in written agreements with each of the Department's ALBs which define how the relationships worked. These documents reflected the increased emphasis on departments conducting business with and through partnership organisations. Each

Departmental agreement with an ALB was drawn up to reflect the ALB's legal standing and the environment in which it operated.

The agreement documents were reviewed and updated periodically and included clear information about:

- shared aims and performance targets;
- arrangements for reporting and consultation in order to ensure that the Departmental Board received information enabling it to monitor corporate governance controls, risk controls and internal controls; and
- where relevant, the process of board and senior management appointments in the ALB.

The controls and corporate governance arrangements within ALBs were reviewed at each DA&RC meeting.

The Departmental Accounting Officer placed reliance on relevant Departmental officials to ensure that the bodies they sponsor operated sound governance arrangements. Directors responsible for ALBs also provided assurance that they had reviewed the extent to which the governance requirements of the ALBs had been met and reported any variances in their bi-annual stewardship statements.

5. Information Assurance

During the past year, the Department continued to make information assurance (IA) a priority. In particular, the Department's Arm's Length Bodies confirmed that they have successfully implemented the mandatory measures required under the Security Policy Framework to ensure that the basic level of assurance was in place. The Departmental Board oversaw the development of the necessary structures, policies and training to ensure the Department met its requirements and that the right culture for information assurance was developed. The Board also endorsed the recommendation of the Senior Information Risk Owner (SIRO) that the Department and ALBs should raise its IA Maturity level from 1 to level 2 by March 2010 and to level 3 by March 2011. The specific measures included:

- continued development of the role of the SIRO, the appointment of Information Asset Owners and the continued work of the Information Risk Owners Council;
- continued development of the Accreditation process, by identifying key business systems and enhancing the Accreditation Panel's terms of reference;
- continuation of regular assurance statements of an information assurance element and the addition of IA to the internal audit programme;
- continued development of the information risk reporting process;
- continued development of information asset registers;
- introduction of Information Sharing Agreements with delivery partners; and
- continued provision of training to the IA key posts and professionals.

As at December 2009 the Department assessed that it was on target to achieve level 2 by March 2010. However, the agreement reached at Hillsborough Castle that the devolution of policing and justice powers should take effect from 12 April 2010 necessitated a major refocusing of priorities. The Board reluctantly decided that, whilst work improving IA should continue as expeditiously as possible, it was no longer feasible to deliver level 2 by March 2010 due to the additional workload resulting from final devolution preparations.

Nevertheless, during the year the Department and its ALBs reported their progress to the Board through the SIRO on improving their IA Maturity. This showed that good progress had been made in many areas.

During the past year there were nine information assurance security incidents reported and six near misses. Five of these incidents involved personal data, although only one of these incidents was considered significant enough to report to the Information Commissioner's Office. All of these incidents were thoroughly considered both in terms of their impact and for lessons to be learnt more widely. Specific action was taken to further increase the IA awareness in the Department's Arms Length Bodies.

The following information has been disclosed in accordance with guidance issued by Cabinet Office in respect of the reporting of personal data incidents. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE (ICO) IN 2009-10 - CORE DEPARTMENT				
Date of Incident (month)	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
August 2009	Loss of summons and related papers being transported from Ballymena offices to Larne Court .	Driving licences and details of summons.	4	Individuals informed in writing.
Further action on information risk	The Department is committed to deliver the Cabinet Office Data Handling Review Mandatory Requirements, monitor and assess its information risks, in light of the event noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems. NIO are continuing to improve processes to manage the effectiveness of information risk management.			

SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2009-10 - CORE DEPARTMENT		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1
IV	Unauthorised disclosure	0
V	Other	4

6. Sustainable Development

The Department pursued a sustainability agenda throughout the past year by participation in the Northern Ireland Civil Service contract for recycling of dry office waste and by ensuring that issues, such as Department of Finance and Personnel (DFP) mandatory requirements for using 100% recycled paper, were adhered to. The Department also actively participated in the production of a Stormont workplace travel plan along with recent initiatives such as "Cycle to Work" week and "Earth Hour."

In the past year the NIO continued to promote awareness of sustainability issues through a series of presentations to staff, regular issue of advice and information to staff through the Department's intranet and various Green Champion Forums along with the availability of sustainable development awareness training.

It continued to offset its carbon emissions from air travel via the Government Carbon Offsetting Fund and submitted annual energy consumption figures to the Public Sector Energy Campaign. The Department sought to improve its energy efficiency through the development of a Green ICT Strategy and has ensured compliance with the new Energy Performance of Buildings Regulations.

7. Corporate Social Responsibility

The NIO's Corporate Social Responsibility policy was developed with the assistance of Business in the Community (BiTC). This reinforces the Department's commitment to making a positive impact in the community in which it operates.

The NIO is committed to delivering a range of obligations through:

- community involvement - mobilising and engaging staff to support and enrich the wider community;
- workplace - addressing the needs and aspirations of our existing and potential employees through the development of a diversity strategy and commitment to health and well-being; and
- environment - developing social and environmental practices that minimise waste and maximise efficiencies, and position the NIO as a responsible employer in this area.

Both the community involvement and workplace commitments were delivered by the Department through its partnership with BiTC. To this end, the NIO provided practical advice and support to a range of local communities, charities and schools during 2009-10.

8. Health and Safety

The NIO remains committed to the continuing development of an effective health and safety regime. In 2009-10 a series of building inspections were carried out across the Estate. Each building inspection generated a report which highlighted areas to be addressed by local management. The reports also gave an overall picture of areas that needed further attention at a corporate level.

To support the inspection programme the Department introduced a health and safety management checklist. The checklist set out the key areas that managers need to take responsibility for; appointed persons, risk assessment, procedures, and training. As with the building inspection reports the checklist was used at both a local and corporate level to improve health and safety management within the Department.

A total of eleven accidents were recorded in 2009-10, most were under the category of 'slips, trips and falls'. Two accidents were reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

9. Employees

Employment of Disabled Persons

The NIO followed the Civil Service Code of Practice on the Employment of Disabled People which aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement in the NIO was based solely on ability, qualifications and suitability for the post. Its Disability Liaison Officer provided advice and assistance to staff with disabilities and their managers on the provision of reasonable adjustments to enable them to work.

The Department worked through the Disability Equality Scheme and Action Plan produced to meet the duties outlined in the Disability Discrimination (Northern Ireland) Order 2006. It also completed its annual progress report on Section 75.

Equal Opportunities and Diversity

The NIO's Equal Opportunities Policy provided for equal opportunity for employment and advancement in the Department on the basis of ability, qualifications and aptitude for the work. Policies are in place to guard against discrimination on grounds of gender, marital status, colour, race, nationality, ethnic or national origin, disability, religious belief, age, responsibility for children or dependants, sexual orientation or political opinion. These policies aimed to ensure that there were no unfair or illegal discriminatory barriers to employment and advancement in the NIO.

The Department's Equal Opportunities Officer was responsible for developing and promulgating equal opportunities policies and acting as an inter-departmental liaison officer with DFP and Cabinet Office.

The Department aims to foster a culture which encouraged every member of staff to develop to his or her full potential and create a working environment where the diversity of staff is valued, respected and utilised to improve performance. During the year, it continued to meet the targets and objectives timetabled in the NIO diversity delivery plan supporting the commitment of "Promoting Equality and Valuing Diversity" covering the three year period 2008-10. The plan described the Department's vision and strategy to address under-representation of women, ethnic minority and disabled people within the workforce. The NIO will adopt a new approach following the devolution of policing and justice functions.

Training and Development

During 2009-10, the Department maintained its commitment to the concept of continuous improvement in order to build on its strengths by improving communications, developing the leadership and management skills of its senior people and developing a culture in which staff at all grades are enabled to perform to their full potential and contribute to the delivery of the business requirements.

There was a strong focus on the design and delivery of learning and development opportunities to meet Professional Skills for Government skills gaps for all grades. These were accredited with the Institute of Leadership and Management. The Department also continued to offer an internal Apprenticeship scheme to staff, providing an opportunity for individuals to attain nationally recognised and transferrable qualifications in Literacy, Numeracy, ICT and Business Administration. It also operated a Diversity Bursary Scheme in 2009-10.

Managing Attendance

The NIO's absence target for 2008-09 was 8.5 days absence per person per staff year. The Department achieved an average rate of 8.4 days* and this was an improvement over the previous financial year (9.9 days*). The NIO target for 2009-10 was no more than 8.5 days lost per member of staff. However, at the time the accounts were signed by the Accounting Officer, the outturn figure had not been validated and therefore official absence statistics for 2009-10 are not yet available for publication.

There were a range of policies and procedures in place to manage attendance which reflect best practice in both the public and private sector to ensure that staff were afforded every opportunity of getting back to good

health and into the workplace as soon as possible. Welfare and Employee Assistance support were available to all staff. While recording of sickness absence rested with the line manager, decisions on the action to be taken, e.g. the issue of an inefficiency warning rested with Personnel Services Division which worked closely with staff and line managers.

** figures exclude the Northern Ireland Prison Service*

Pay and Workforce Planning

The Department implemented a one year pay deal covering all its employees below the senior civil service. This included some restructuring and the scale maxima were not increased. Furthermore this pay award introduced some restructuring of allowances payable to general service staff working in prison establishments. This followed on from the multi-year pay deal covering the period from 1 August 2006 to 31 July 2009 which resulted in a reduction in the number of existing pay scales and overlapping pay bands, faster progression for lower paid staff, and equalisation of annual leave entitlements, taking account of equal pay and age legislation considerations.

Pay and workforce planning activities were supported by business partnering arrangements for core Directorates, alongside the wider Northern Ireland Civil Service e-HR programme (HR Connect). The outsourcing of transactional HR work to the private sector provided departmental HR with increased capacity to focus on strategic HR issues. The new arrangements facilitated improved workforce, succession planning and talent management, and helped to create a closer connection between business planning and the deployment of people.

Pensions and Early Departure Costs

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

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

In addition to information contained within the Remuneration Report, Notes 1.13, 1.14, 10 and 23 to the accounts provide further detail on how the Department's pension liabilities are calculated.

10. Payment of Suppliers

The Northern Ireland Office is a signatory to the code of practice launched by the Department for Business Innovation and Skills in December 2008 to help increase the speed of payments between customers and their suppliers. The prompt payment code was developed in partnership with the Institute of Credit Management and aims to establish a clear and consistent policy in the payment of business bills. Further details regarding this are available at www.promptpaymentcode.org.uk.

The Department's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

Monthly statistics submitted to the Department for Business Innovation & Skills and subsequently reviewed at Cabinet meetings, highlight that the Department consistently achieved more than 90% of payments to suppliers within 10 working days during the financial year. In terms of the overall performance for 2009-10, 92% of invoices were paid within 10 working days following receipt of a properly rendered invoice compared to 82% during the four months to 31 March 2009 following the introduction of this new Government target.

11. Departmental Auditor

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate and report is produced at pages 25 and 26. The notional audit fee for the work performed by his staff during the reporting period was £218,200 (2008-09: £198,500). The figure for 2009-10 includes £46,200 (2008-09: £28,500) in respect of audit work undertaken for International Financial Reporting Standards (see Notes 2 and 35 below).

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's accounts such as value for money reports. No reports were published during the year relating to the Core Department or Agencies.

12. The Future

When policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly on 12 April 2010, the Department of Justice was established as a new Northern Ireland Department by the Department of Justice Act (Northern Ireland) 2010. The Public Prosecution Service was also established as a non-ministerial Department.

From this date, the related policing and justice functions transferred from the Northern Ireland Office to the Department of Justice and Public Prosecution Service as machinery of government changes. In line with the guidance contained in the *Government Financial Reporting Manual (FRM)*, this will be accounted for in the 2010-11 Resource Accounts of these Departments using merger accounting principles. The four executive agencies previously within the NIO Departmental boundary also transferred to the Department of Justice together with all the Executive Non Departmental Bodies for which the NIO had lead policy responsibility (with the exception of the Northern Ireland Human Rights Commission).

The NIO's future role will focus on overseeing the Northern Ireland devolution settlement and representing Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland. The Department will, however, retain responsibility for national security in respect of Northern Ireland as well as human rights, elections and legacy issues (including current inquiries).

The Department will continue to work with the Northern Ireland political parties and with the Irish Government to support successful devolution in Northern Ireland and to work with key stakeholders to maintain a secure and safe environment and to ensure that policy development within the United Kingdom takes full account of circumstances in Northern Ireland.

There were no other events occurring after the reporting date that require disclosure. The accounts were authorised for issue on the same date the Comptroller and Auditor General certified the accounts.

REMUNERATION REPORT

1. Remuneration committee

The salary of the Permanent Secretary was considered by the Permanent Secretaries' Remuneration Committee, which required approval from the former Prime Minister.

The NIO Senior Pay Committee, which comprised the Permanent Secretary and two Non-Executive Directors, considered Board members' pay in line with the Government's response to the recommendations of the Senior Salaries Review Body.

The NIO Main Pay Committee comprised the Director of Resources, one Non-Executive Director, the Director General Policing and Security and the Director General Political, and considered SCS PB1 general service pay in line with the parameters of the Senior Salaries Review Body. In the same way, the NIO Legal Pay Committee considered the pay of SCS Legal staff, and comprised the Director of Resources, the Crown Solicitor, the Deputy Director of Public Prosecutions and one Non-Executive Director.

2. Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body considers the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

3. Performance appraisal

The performance of senior managers was assessed through annual reports, as directed by Cabinet Office, in the same manner as all other staff. A performance group recommendation was made by the line manager and passed to the relevant remuneration committee, which determined the consolidated and non-consolidated pay for all senior staff.

4. Service contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

The officials (other than Non-Executive Directors) covered by this report hold appointments which are open-ended until they reach the normal retirement age. The default retirement age is 65. Whilst staff retain the option to retire at age 60, they also have the right to remain in post up to age 65. In addition, they may request to work beyond their 65th birthday, subject to the agreement of the Permanent Secretary.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Both the Non-Executive Directors took up their appointments on a part-time basis on 1 June 2006 for an initial period of three years. These contracts have been renewed for a maximum period of two further years. The Department and the Non-Executive Directors may terminate the appointments before the expiry of the fixed period by giving one month's notice in writing.

5. Salary and pension entitlements

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

[Audited information]

A Remuneration:

Ministers	2009-10		2008-09	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
The Rt Hon Shaun Woodward MP - Secretary Of State	-	-	-	-
The Rt Hon Paul Goggins MP - Minister Of State	40,646	-	41,134	-

As in previous years, the Rt Hon Shaun Woodward MP chose not to take a salary for his role as Secretary of State. However if a salary had been paid, the cost in 2009-10 would have been £79,754 (2008-09: £79,754).

[Audited information]

Officials	2009-10		2008-09	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Sir Jonathan Phillips Permanent Secretary	160-165	4,600	175-180	5,800
Hilary Jackson Director General, Political	130-135	-	125-130	-
Nick Perry Director General, Criminal Justice and Policing	120-125	-	115-120	-
Carol Moore Director, Criminal Justice	105-110	-	100-105	-
Peter May Director, Policing and Security	90-95	-	80-85 (90-95 full year equivalent)	-
Robin Masefield Director, Northern Ireland Prison Service	100-105	-	110-115	6,800
Anthony Harbinson Director of Resources	95-100	-	95-100	-
Dennis Godfrey Director of Communications	90-95	-	85-90	-
James Conn Crown Solicitor	95-100	-	90-95	-

Only those Officials who were in post on 31 March 2009 need be included in the 2008-09 comparative figures.

The remuneration payable to a Non-Executive board member is currently £13,750 per annum.

Salary

[Audited Information]

“Salary” includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the costs of the additional ministerial remuneration; the salary for their services as an MP (£64,766 from 1 April 2009) and various allowances to which they are entitled are borne centrally.

Benefits in Kind

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

B Pension Benefits:*[Audited information]*

Ministers	Accrued pension at age 65 at 31/03/10 £000	Real increase in pension at age 65 £000	CETV at 31/03/10 £000	CETV at 31/03/09 £000	Real increase in CETV £000
The Rt Hon Shaun Woodward MP - Secretary Of State	-	-	-	-	-
The Rt Hon Paul Goggins MP - Minister Of State	5-10	0-2.5	96	74	13

Ministerial pensions

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

The Rt Hon Shaun Woodward MP chose not to take a salary for his role as Secretary of State and accordingly there are no associated pension contributions payable.

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of employee contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with changes in the Retail Prices Index. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

[Audited information]

Officials	Accrued pension at pension age at 31/03/10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/10	CETV at 31/03/09*	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sir Jonathan Phillips Permanent Secretary	75-80 plus 225-230 lump sum	2.5-5 plus 10-12.5 lump sum	1,707	1,540	78	-
Hilary Jackson Director General, Political	55-60 plus 120-125 lump sum	2.5-5 plus 2.5-5 lump sum	1,151	1,025	59	-
Nick Perry Director General, Policing and Security	35-40 plus 115-120 lump sum	0-2.5 plus 5-7.5 lump sum	744	658	42	-
Carol Moore Director, Criminal Justice	45-50 plus 135-140 lump sum	0-2.5 plus 2.5-5 lump sum	1,112	978	22	-
Peter May Director, Policing and Security	25-30 plus 45-50 lump sum	0-2.5 plus 0-2.5 lump sum	392	319	29	-
Robin Masefield Director, Northern Ireland Prison Service	45-50 plus 140-145 lump sum	0-2.5 plus 5-7.5 lump sum	1,060	958	51	-
Anthony Harbinson Director of Resources	25-30 plus 80-85 lump sum	2.5-5 plus 7.5-10 lump sum	498	390	57	-
Dennis Godfrey (note a) Director of Communications	25-30 plus 65-70 lump sum	0-2.5 plus 2.5-5 lump sum	541	514	24	-
James Conn (note b) Crown Solicitor	30-35	27.5-30	556	529	109	-

*The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009

Notes:

a - the Director is currently in the process of transferring pension benefits from the Principal Civil Service Pension Scheme (Northern Ireland) to Principal Civil Service Pension Scheme. This transfer had not been completed at 31 March 2010 and therefore the figures reflect an estimated transfer value of benefits from PCSPS (NI).

b - the Director completed the transfer of pension benefits from PCSPS (NI) to PCSPS on 1 September 2009. The value of transferred in service from PCSPS (NI) has been taken into account when calculating the real increase in pension and CETV for the PCSPS scheme at 31 March 2010. The Director is a member of the Premium Pension Scheme and will not receive an automatic lump sum.

All the senior managers of the Department are members of the classic scheme with the exception of one who is a member of the classic plus scheme and one who is a member of the premium pension scheme.

No pension benefits are provided to Non-Executive Board members.

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

The Department is also responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the Classic Scheme in both the PCSPS and PCSPS (NI). The Department and members are obliged to make contributions in line with the PCSPS scheme. Further details regarding this scheme are contained in Note 23.

Civil Service Pensions

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

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

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

There were no compensation benefits paid to any current or previous member of senior staff during the financial year 2009-10 (2008-09: £Nil).

Hilary Jackson
Accounting Officer

1 July 2010

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

1. Under the Government Resources and Accounts Act 2000, HM Treasury directed the Northern Ireland Office to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year. The accounts were prepared on an accruals basis and gave a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.
2. In preparing the accounts, the Accounting Officer was required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:
 - observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual*, have been followed, and disclose and explain any material departures in the accounts; and
 - prepare the accounts on a going concern basis.
3. HM Treasury appointed the Permanent Head of the Department as Accounting Officer of the Northern Ireland Office. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Office's (NIO's) policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

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

The Department reviewed the accountability framework with its NDPBs as required. This included reviewing Accounting Officer designations and Management Statements. The Department reviewed the internal control arrangements within the NDPBs and other satellite bodies (including self-accounting bodies) listed in the Boundary statement of these accounts. The Department of Justice and the Public Prosecution Service will continue to implement any necessary improvements post devolution.

Policy decisions were taken by the Secretary of State and Ministers in the full knowledge of the risks involved and the arrangements for managing them. The Secretary of State also approved the Department's Public Service Agreement and its Business Plan, and reported on progress to the Chief Secretary to the Treasury, drawing on the delivery plans which included risk identification and management.

2. The purpose of the system of internal control

The system of internal control was designed to manage risk to a manageable level, rather than eliminate all risk of failure to achieve policies, aims and objectives. It therefore only provided reasonable, and not absolute, assurance of effectiveness.

The system of control was based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control was in place in the NIO for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accorded with Treasury guidance. The system of internal control has been in place in the Northern Ireland Office for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, in conjunction with appropriate controls within the devolved organisations, and accords with Treasury guidance.

3. Capacity to handle risk

Corporate governance and risk management in the NIO continued to develop over the past year, led by the then Accounting Officer and supported by the Board. Corporate governance responsibilities were delegated to the appropriate level throughout the Department. Risk management was fully embedded into the business planning process at both strategic and operational levels. The Public Service Agreements (PSAs) negotiated as part of the 2007 Comprehensive Spending Review fully incorporated risk management into the delivery, planning and monitoring mechanisms. Departmental staff have been trained in business planning techniques which incorporate risk management as an integral part of the planning and monitoring process.

4. The risk and control framework

The Departmental Board has developed a systematic approach to monitoring the financial and business performance of the Department and its risk management arrangements. Corporate level risks were considered by the Board as a whole in the context of overall corporate risk tolerance levels and were

reviewed, at least quarterly. The Board agreed a risk appetite framework which set a profile for any category of risk within the Department. Risk was considered as part of policy formulation and implementation from unit to Board level.

In respect of the Department's Arm's Length Bodies (ALBs) I relied on Directors in the Core Department to ensure that the bodies which they sponsored operated sound governance arrangements. Directors provided written assurance that they had reviewed the extent to which these governance requirements were met.

5. Review of effectiveness

As the current Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive managers within the Department who had responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in the "Report to those charged with Governance" and other reports. I have been advised on the implications of my review of the effectiveness of the system of internal control by the Departmental Board and Audit and Risk Committee, and ensured that plans to address weaknesses and ensure continuous improvement of the system were in place.

The Departmental Board, led by the then Accounting Officer, had a corporate role in objective setting, agreeing priorities and implementing Ministerial policy. This was conducted within the Public Service Agreement framework, and the monitoring review of progress and management of key risks associated with the delivery of the Departments objectives and targets was a regular item on the Board agenda.

Audit and Risk Committee

The Audit and Risk Committee, which was chaired by a non-executive Director, monitored the Department's risk management and internal controls on a regular basis during the financial year. The Committee met four times during the 2009-10 financial year to consider internal control and risk arrangements. It endorsed internal audit plans and reviewed reports from both internal and external auditors.

Internal Audit

An Internal Audit Unit operating to the Government Internal Audit Standards covered the Core Department and its four Agencies (Compensation, Forensic Science, Northern Ireland Prison Service and Youth Justice). The Head of Internal Audit (HIA) in the Department acted separately in that capacity for each organisation. Internal Audit submitted regular reports to the respective Audit Committees and Accounting Officers. These included an independent opinion by the HIA on the adequacy and effectiveness of the Department's system of internal control, corporate governance and risk management, together with recommendations for improvement. At least annually the HIA provided each Accounting Officer with a report on Internal Audit activity for his/her specific organisation. Each organisation had its own Audit Committee. Internal Audit work programmes, informed by risk assessments, were given direction by the respective Audit Committees, which also approved Internal Audit's annual plans. The HIA received internal audit reports from satellite bodies and reported significant internal control issues to the Department Audit and Risk Committee.

Arm's Length Bodies

For each of the Arm's Length Bodies, I relied principally on the Statement on Internal Control that each body's Accounting Officer made as part of its annual accounts. These were supplemented by assurance statements provided by Directors in the Department responsible for sponsoring each body.

Information Assurance

During the past year, the Department continued to make information assurance (IA) a priority. In particular, the Department's Arm's Length Bodies confirmed that they have successfully implemented the mandatory measures required under the Security Policy Framework to ensure that the basic level of assurance was in place. The Departmental Board oversaw the development of the necessary structures, policies and training to

ensure the Department met its requirements and that the right culture for information assurance was developed.

However, the agreement reached at Hillsborough Castle that the devolution of policing and justice powers should take effect from 12 April 2010 necessitated a major refocusing of priorities. The Board reluctantly decided that, whilst work improving IA should continue as expeditiously as possible, it was no longer feasible to deliver level 2 for IA Maturity by March 2010 due to the additional workload resulting from final devolution preparations.

Nevertheless, during the year the Department and its ALBs reported their progress to the Board through the SIRO on improving their IA Maturity. This showed that good progress had been made in many areas.

Procurement

Although the Department's procurement function has been outsourced to the Department of Finance and Personnel's Central Procurement Directorate (CPD), new procedures have been introduced within the Department to ensure continuous improvement in the area of procurement. For example, a group consisting of procurement staff from across the Department, its agencies and NDPBs has been formed to monitor and address procurement issues and to liaise with CPD.

Significant Internal Control Issues

The Northern Ireland Prison Service (NIPS) acted during the year to further tighten the system of control on contractor payments and to recover overpayments to three contractors, relating to the years 2002 to 2007 estimated to have totalled £1.25m. One case is the subject of a process of arbitration, while the other two contractors have accepted that there were anomalies in their invoices and negotiations are underway to resolve the matter without recourse to litigation. NIPS has withheld a total of £0.435m on invoices submitted until resolution. Further work was undertaken to strengthen the assurance mechanisms already in place.

The Criminal Justice Inspection Northern Ireland (CJINI) published a report in March 2010 on the use of Consultants. CJINI found no major areas of concern around the overall process of procurement, but noted certain issues around the letting of individual contracts. CJINI recommended that all criminal justice bodies should ensure compliance with NIO and Department of Finance and Personnel (DFP) guidance and work with the Central Procurement Directorate in DFP to strengthen project management arrangements and take steps to widen the pool of suppliers used.

As part of the wider Northern Ireland Civil Service e-HR programme, the Department outsourced transactional human resources work to the private sector (HR Connect). The HR Connect payroll service Contractor had planned to undertake ten quality assurance reviews which, when combined with the direct audit work undertaken by Department of Finance and Personnel (DFP) Internal Audit, would facilitate the provision of an overall audit assurance. The Contractor, however, has only completed two of its ten planned reviews and those are considered by DFP Internal Audit to lack rigour, breadth and depth. As such DFP Internal Audit was unable to provide additional assurance on those areas. Therefore, although satisfactory assurance was provided in six audits undertaken by DFP Internal Audit, a limited assurance rating was provided for HR Connect overall. DFP Internal Audit will undertake all audits in HR Connect from 2010-11 onwards. In addition, the Department will take forward work with the contractor and DFP to ensure that validated absence data is available on a timely basis for publication in the Resource Accounts in future years.

Assurance

As Accounting Officer, I have carefully considered these control arrangements and satisfied myself that I can rely on their effectiveness throughout the 2009-10 year.

Hilary Jackson
Accounting Officer

1 July 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Northern Ireland Office for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Directors' Report and the Management Commentary (excluding the section titled 'Reconciliation of resource expenditure between Estimates, Accounts and Budgets') for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 8 July 2010

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

		Estimate			Outturn			2009-10 £000	2008-09 £000
								Net Total Outturn compared with Estimate: saving/ (excess)	Net Total
Note	Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total			
Request for Resources 1	3	1,391,361	(22,356)	1,369,005	1,300,302	(22,356)	1,277,946	91,059	1,297,566
Request for Resources 2	3	12,827,001	-	12,827,001	11,836,000	-	11,836,000	991,001	11,420,000
Total Resources 4		14,218,362	(22,356)	14,196,006	13,136,302	(22,356)	13,113,946	1,082,060	12,717,566
Non-operating cost A in A				2,486			902	1,584	2,300

Net cash requirement 2009-10

				2009-10 £000	2008-09 £000
				Net Total Outturn compared with Estimate: saving/(excess)	Outturn
Note	Estimate	Outturn			
Net cash requirement	5	14,226,169	13,120,205	1,105,964	12,734,267

The notes on pages 38 to 107 form part of these accounts.

Summary of income payable to the Consolidated Fund

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

	Note	2009-10 Forecast £000 Income	2009-10 Forecast £000 <i>Receipts</i>	2009-10 Outturn £000 Income	2009-10 Outturn £000 <i>Receipts</i>
Total	6	-	-	3,033	<i>3,031</i>

Explanations of variances between Estimate and Outturn are given in Note 3 and in the Management Commentary.

Operating Cost Statement

For the year ended 31 March 2010

						2009-10 £000	2008-09 £000 <i>Restated</i>
			Core Department		Consolidated Other Costs		Core Department Consolidated
Note	Staff Costs	Other Costs	Income	Staff Costs	Income		
Administration costs							
Staff costs	10	28,802		37,477			
Other administration costs	11				26,698		
Operating income	13		(6,772)			(6,917)	
Programme costs							
Request for Resource 1:							
Staff costs	10	21,609		126,695			
Programme costs	12		1,038,060		1,112,199		
Income	13		(5,265)			(18,288)	
Request for Resource 2:							
Programme costs	12		11,977,737		11,977,737		
Income	13		(97,519)			(97,519)	
EU Income	13		(44,218)			(44,218)	
Totals		50,411	13,038,010	(153,774)	164,172	13,116,634	(166,942)
Net Operating Cost	4,14		12,934,647			13,113,864	12,504,119
							12,717,506

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

The impact of the above adjustments on the Statement of Financial Position and Operating Cost Statement at 1 April 2008 and financial year 2008-09 have been disclosed in Note 35. Comparative figures in the Statement of Parliamentary Supply and Note 3 have not been restated as, for the purposes of Parliamentary Control, these figures are indelible.

All income and expenditure is derived from continuing operations.

The notes on pages 38 to 107 form part of these accounts.

Core Department Statement of Financial Position

As at 31 March 2010

	Note	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Non-current assets				
Property, plant and equipment	15	99,071	117,168	122,116
Intangible assets	16	1,998	1,881	2,281
Trade and other receivables	20	26	1,576	2,736
Financial Assets	18	1,365,520	1,366,489	1,469,204
Total non-current assets		1,466,615	1,487,114	1,596,337
Current assets				
Assets classified as held for sale	17	803	1,287	4,445
Inventories	19	-	95	116
Trade and other receivables	20	15,943	13,182	16,570
Financial assets	18, 35	113,759	119,315	119,919
Cash and cash equivalents	21	16,508	205,308	79,630
Total current assets		147,013	339,187	220,680
Total assets		1,613,628	1,826,301	1,817,017
Current Liabilities				
Cash and cash equivalents	21	(2,097)	(2,764)	(6,998)
Trade and other payables	22	(138,213)	(152,780)	(178,667)
Total current liabilities		(140,310)	(155,544)	(185,665)
Non-current assets plus/less net current assets/liabilities		1,473,318	1,670,757	1,631,352
Non-current liabilities				
Provisions	23, 35	(9,842)	(8,356)	(7,779)
Other payables	22	(1,369,360)	(1,371,833)	(1,476,133)
Total non-current liabilities		(1,379,202)	(1,380,189)	(1,483,912)
Assets less liabilities		94,116	290,568	147,440
Taxpayers' equity				
General fund		82,193	263,627	113,382
Revaluation reserve		11,923	26,941	34,058
Total taxpayers' equity		94,116	290,568	147,440

Hilary Jackson
Accounting Officer

1 July 2010

The notes on pages 38 to 107 form part of these accounts.

Consolidated Statement of Financial Position

As at 31 March 2010

	Note	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Non-current assets				
Property, plant and equipment	15	333,287	377,415	381,854
Intangible assets	16	2,408	2,362	2,913
Trade and other receivables	20	75	1,597	2,750
Financial assets	18	1,367,624	1,368,942	1,472,028
Total non-current assets		1,703,394	1,750,316	1,859,545
Current assets				
Assets classified as held for sale	17	1,313	1,287	4,445
Inventories	19	1,901	1,780	1,902
Trade and other receivables	20	15,129	15,142	16,619
Financial assets	18, 35	114,160	119,726	120,348
Cash and cash equivalents	21	18,782	206,172	83,259
Total current assets		151,285	344,107	226,573
Total assets		1,854,679	2,094,423	2,086,118
Current Liabilities				
Cash and cash equivalents	21	(8,085)	(4,260)	(13,381)
Trade and other payables	22	(161,042)	(369,591)	(276,500)
Total current liabilities		(169,127)	(373,851)	(289,881)
Non-current assets plus/less net current assets/liabilities		1,685,552	1,720,572	1,796,237
Non-current liabilities				
Provisions	23, 35	(73,380)	(81,741)	(59,844)
Other payables	22	(1,369,375)	(1,371,854)	(1,476,145)
Total non-current liabilities		(1,442,755)	(1,453,595)	(1,535,989)
Assets less liabilities		242,797	266,977	260,248
Taxpayers' equity				
General fund		204,874	189,789	158,816
Revaluation reserve		37,923	77,188	101,432
Total taxpayers' equity		242,797	266,977	260,248

Hilary Jackson
Accounting Officer

1 July 2010

The notes on pages 38 to 107 form part of these accounts.

Core Department Statement of Cash Flows

For the year ended 31 March 2010

	2009-10 £000	2008-09 £000 <i>Restated</i>
Note		
Cash flows from operating activities		
Net operating cost	14 (12,934,647)	(12,504,119)
Adjustment for non-cash transactions	11 14,575	14,533
(Increase)/decrease in trade and other receivables	20 (1,211)	4,548
<i>less movement in receivables relating to items not passing through the OCS</i>	20 (1,162)	(1,211)
(Increase)/decrease in inventories	19 95	21
Increase/(decrease) in trade payables	22 (17,040)	(130,187)
<i>less movements in payables relating to items not passing through the OCS</i>	22 7,085	103,789
Use of provisions	23 (967)	(1,293)
Items funded by parent	(268)	(361)
	(12,933,540)	(12,514,280)
Net cash outflow from operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,799)	(5,890)
Purchase of intangible assets	(876)	(936)
Proceeds of disposal of property, plant and equipment	896	2,449
Loans to other bodies	18 (113,103)	(16,600)
(Repayment) from other bodies	18 119,628	119,919
	746	98,942
Net cash outflow from investing activities		
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	12,751,101	12,651,022
From the Consolidated Fund (Supply) - prior year	304	39
From the Consolidated Fund (non-supply)	2,634	-
Advances from the Contingencies Fund	-	340,309
Repayments to the Contingencies Fund	-	(340,309)
Loans received from the National Loans Fund	18 113,103	16,600
Repayments of loans from the National Loans Fund	18 (119,628)	(119,919)
Capital element of payments in respect of on "balance sheet" PFI contracts	(1,362)	(1,315)
	12,746,152	12,546,427
Net financing		
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		
	(186,642)	131,089
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	196	42
Payments of amounts due to the Consolidated Fund	(1,687)	(1,219)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		
	(188,133)	129,912
Cash and cash equivalents at the beginning of the period	21 202,544	72,632
Cash and cash equivalents at the end of the period	21 14,411	202,544

The notes on pages 38 to 107 form part of these accounts.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2009-10 £000	2008-09 £000 <i>Restated</i>
Note		
Cash flows from operating activities		
Net operating cost	14 (13,113,864)	(12,717,506)
Adjustment for non-cash transactions	11 57,627	91,066
Adjustment for financial assets (disposals and impairments)	18 1	9
(Increase)/decrease in trade and other receivables	20 1,535	2,630
<i>less movement in receivables relating to items not passing through the OCS</i>	20 (1,161)	(1,202)
(Increase)/decrease in inventories	19 (121)	122
Increase/(decrease) in trade payables	22 (211,029)	(11,200)
<i>less movements in payables relating to items not passing through the OCS</i>	22 202,610	(24,481)
Use of provisions	23 (34,744)	(38,478)
Machinery of Government	-	(475)
Net cash outflow from operating activities	(13,099,146)	(12,699,515)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,820)	(33,736)
Purchase of intangible assets	(1,027)	(1,042)
Proceeds of disposal of property, plant and equipment	902	2,474
Loans to other bodies	18 (113,110)	(16,607)
(Repayment) from other bodies	18 120,095	120,422
Net cash outflow from investing activities	(12,960)	71,511
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	13,127,874	12,934,493
From the Consolidated Fund (Supply) - prior year	(200,225)	(68,658)
From the consolidated fund (non supply)	2,634	-
Advances from the Contingencies Fund	-	340,309
Repayments to the Contingencies Fund	-	(340,309)
Loans received from the National Loans Fund	18 113,103	16,600
Repayments of loans from the National Loans Fund	18 (119,628)	(119,919)
Capital element of payments in respect of on "balance sheet" PFI contracts	(1,362)	(1,315)
Net financing	12,922,396	12,761,201
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	(189,710)	133,197
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	182	56
Payments of amounts due to the Consolidated Fund	(1,687)	(1,219)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	(191,215)	132,034
Cash and cash equivalents at the beginning of the period	21 201,912	69,878
Cash and cash equivalents at the end of the period	21 10,697	201,912

The notes on pages 38 to 107 form part of these accounts.

Core Department Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

	Note	General Fund £000 <i>Restated</i>	Revaluation Reserve £000	Total Reserves £000 <i>Restated</i>
Balance at 31 March 2008		114,616	34,058	148,674
Change in accounting policies - IFRS		(1,234)	-	(1,234)
Restated balance at 1 April 2008		113,382	34,058	147,440
Changes in taxpayers equity for 2008-09				
Net gain/(loss) on revaluation of property, plant and equipment		-	(4,597)	(4,597)
Net gain/(loss) on revaluation of assets held for sale		-	(709)	(709)
Actuarial gain/(loss) on pension liability		(572)	-	(572)
Non-cash charges - cost of capital	11, 12	3,381	-	3,381
Non-cash charges - auditor's remuneration	11, 12	96	-	96
Non-cash charges - other notional	11, 12	199	-	199
Transfers between reserves		1,811	(1,811)	-
Assets funded on behalf of Agencies		(278)	-	(278)
Other items funded by Parent Department		(84)	-	(84)
Net operating cost for the year	14	(12,504,119)	-	(12,504,119)
Total recognised income and expense for 2008-09		(12,499,566)	(7,117)	(12,506,683)
Net Parliamentary Funding - drawn down		12,651,022	-	12,651,022
Consolidated Fund Standing Services		130	-	130
Excess Appropriations-in-Aid		(149)	-	(149)
CFERs payable to the Consolidated Fund		(1,192)	-	(1,192)
		12,649,811	-	12,649,811
Balance at 31 March 2009		263,627	26,941	290,568
Changes in taxpayers' equity for 2009-2010				
Net gain/(loss) on revaluation of property, plant and equipment		-	(14,816)	(14,816)
Net gain/(loss) on revaluation of intangible assets		-	264	264
Net gain/(loss) on revaluation of assets held for sale		-	(69)	(69)
Actuarial gain/(loss) on pension liability		(1,248)	-	(1,248)
Non-cash charges - cost of capital	11, 12	2,994	-	2,994
Non-cash charges - auditor's remuneration	11, 12	109	-	109
Non-cash charges - other notionals	11, 12	86	-	86
Transfer between reserves		397	(397)	-
Assets funded on behalf of Agencies		(267)	-	(267)
Other items funded by Parent Department		-	-	-
Net operating cost for the year	14	(12,934,647)	-	(12,934,647)
Total recognised income and expense for 2009-2010		(12,932,576)	(15,018)	(12,947,594)
Net Parliamentary Funding - drawn down		12,751,101	-	12,751,101
Consolidated Fund Standing Services		2,767	-	2,767
Excess Appropriations-in-Aid		-	-	-
CFERs payable to the Consolidated Fund		(2,726)	-	(2,726)
		12,751,142	-	12,751,142
Balance at 31 March 2010		82,193	11,923	94,116

The notes on pages 38 to 107 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

	Note	General Fund £000 <i>Restated</i>	Revaluation Reserve £000	Total Reserves £000 <i>Restated</i>
Balance at 31 March 2008		164,184	101,432	265,616
Change in accounting policies - IFRS		(5,368)	-	(5,368)
Restated balance at 1 April 2008		158,816	101,432	260,248
Changes in taxpayers equity for 2008-09				
Net gain/(loss) on revaluation of property, plant and equipment		-	(14,796)	(14,796)
Net gain/(loss) on revaluation of assets held for sale		-	(709)	(709)
Net gain/(loss) on revaluation of intangible assets		-	(3)	(3)
Actuarial gain/(loss) on pension liability		(2,801)	-	(2,801)
Non-cash charges - cost of capital	11, 12	9,855	-	9,855
Non-cash charges - auditor's remuneration	11, 12	199	-	199
Non-cash charges - other notional	11, 12	198	-	198
Transfers between reserves		8,736	(8,736)	-
Machinery of government changes		(475)	-	(475)
Net operating cost for the year	14	(12,717,506)	-	(12,717,506)
Total recognised income and expense for 2008-09		(12,701,794)	(24,244)	(12,726,038)
Net Parliamentary Funding - drawn down		12,865,835	-	12,865,835
Net Parliamentary Funding - deemed		68,658	-	68,658
Consolidated Fund Standing Services		130	-	130
Supply payable/(receivable) adjustment		(200,225)	-	(200,225)
Excess Appropriations-in-Aid		(174)	-	(174)
CFERs payable to the Consolidated Fund		(1,457)	-	(1,457)
		12,732,767	-	12,732,767
Balance at 31 March 2009		189,789	77,188	266,977
Changes in taxpayers' equity for 2009-2010				
Net gain/(loss) on revaluation of property, plant and equipment		-	(36,268)	(36,268)
Net gain/(loss) on revaluation of intangible assets		-	263	263
Net gain/(loss) on revaluation of assets held for sale		-	(69)	(69)
Actuarial gain/(loss) on pension liability		(3,500)	-	(3,500)
Non-cash charges - cost of capital	11, 12	8,828	-	8,828
Non-cash charges - auditor's remuneration	11, 12	219	-	219
Non-cash charges - other notional		86	-	86
Transfer between reserves		3,191	(3,191)	-
Net operating cost for the year	14	(13,113,864)	-	(13,113,864)
Total recognised income and expense for 2009-2010		(13,105,040)	(39,265)	(13,144,305)
Net Parliamentary Funding - drawn down		12,927,649	-	12,927,649
Net Parliamentary Funding - deemed		200,225	-	200,225
Consolidated Fund Standing Services		2,767	-	2,767
Supply payable/(receivable) adjustment		(7,667)	-	(7,667)
CFERs payable to the Consolidated Fund		(2,849)	-	(2,849)
		13,120,125	-	13,120,125
Balance at 31 March 2010		204,874	37,923	242,797

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in a another fund. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 38 to 107 form part of these accounts.

Consolidated Statement of Operating Costs by Departmental Strategic Objectives

For the year ended 31 March 2010

	2009-10 £000			2008-09 £000 <i>Restated</i> Net		
	Gross	Income	Net	Gross	Income	Net
Request for Resources 1						
Objective 1	62,866	(1,912)	60,954	112,340	(1,070)	111,270
Objective 2	140,314	(2,354)	137,960	140,134	(2,331)	137,803
Objective 3	131,215	(15,994)	115,221	131,947	(13,884)	118,063
Objective 4	968,674	(4,945)	963,729	934,570	(4,200)	930,370
Request for Resources 2						
Objective 1	11,977,737	(141,737)	11,836,000	11,563,119	(143,119)	11,420,000
Net Operating Costs	13,280,806	(166,942)	13,113,864	12,882,110	(164,604)	12,717,506

Request for Resources 1

The Departmental Strategic Objectives (DSOs) were as follows:

1. a stable devolved government in Northern Ireland with responsibility for policing and justice, and a society reconciled with its past;
2. to manage offenders securely, safely and humanely (contributes to PSA 2);
3. to deliver an independent, fair and effective criminal justice system which supports and protects the community (contributes to PSA 2);
4. to work with PSNI and other policing partners to deliver effective and accountable policing services that can secure the confidence of the whole community.

The Departmental Strategic Objective for Value for Money has not been included in the schedule above because as an efficiency target, there were no separate resources allocated against it.

Request for Resources 2

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

See also Note 24 for further details.

Consolidated Statement of Operating Costs by Departmental Strategic Objectives (continued)

For the year ended 31 March 2010

Capital Employed by Departmental Strategic Objectives

	2009-10 £000	2008-09 £000 <i>Restated</i>
RfR1		
Objective 1	(44,698)	(39,086)
Objective 2	193,471	220,729
Objective 3	19,716	40,326
Objective 4	74,308	45,008
Total	242,797	266,977

The Northern Ireland Office's capital is employed for both administration and programme purposes in respect of RfR 1. Its distribution amongst objectives is not markedly different from the proportion of the related gross operating costs and for the Core Department, capital employed has been allocated to objectives in proportion to gross operating costs. Capital employed for the Compensation Agency has been allocated to Objective 1, Northern Ireland Prison Service to Objective 2, Forensic Science Northern Ireland and Youth Justice Agency to Objective 3.

No capital is employed in respect of RfR 2.

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2009-10 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Northern Ireland Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Consolidated Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

IFRS 1 – First Time Adoption

The Department's date of transition is 1 April 2008. IFRS 1 *First Time Adoption of International Financial Reporting Standards* allows entities adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition. The Department elected not to take any exemptions.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

The accounts are stated in sterling, which is the Department's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department (the Core Department) and those entities which fall within the Departmental boundary as defined in the *FReM*. Transactions between entities included in the consolidation are eliminated.

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

1.3 Property, plant and equipment

Property, plant and equipment comprise heritage assets (including antiques), land and buildings, vehicles, plant and machinery, computer equipment and assets under construction.

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

The Secretary of State for Communities and Local Government holds title to the freehold land and buildings and properties leased by the Department.

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

Consolidation of asset categories

The property, plant and equipment note requires the amalgamation of asset categories under the Vehicles, Plant and Machinery heading. The asset categories represented by this heading include:

- Plant and machinery
- Motor vehicles
- Furniture and fittings
- Office equipment
- Security equipment

1.4 Valuation of property, plant and equipment

Property, plant and equipment are stated at the lower of replacement cost and recoverable amount. All property, plant and equipment are restated to current value each year by reference to indices compiled by the Office for National Statistics (ONS).

Land and buildings are restated to current value using professional valuations, in accordance with IAS 16 *Property, Plant and Equipment*, every 5 years and in the intervening years by the use of indices provided by Land and Property Services (LPS), specific to the Northern Ireland property sector. In addition, a number of properties owned by the Department have been valued by LPS and an independent estate agent for the purposes of these accounts. Properties are valued on the basis of open market value existing use, unless they are deemed to be specialised, in which case they are valued on a depreciated replacement cost basis.

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

Expenditure on property, plant and equipment of over £1,000 is capitalised. Within the Core Department the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment.

In compliance with IAS 16, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of property, plant and equipment are charged to the Operating Cost Statement. Any subsequent revaluation of assets is credited to the Operating Cost Statement to the extent that it reverses previous revaluation decreases recognised as an expense in the Operating Cost Statement.

1.5 Depreciation

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

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful Life
Heritage assets	50 years
Land	No depreciation
Buildings (including temporary buildings)	10 - 55 years
Vehicles, plant and machinery	3 - 25 years
Computer equipment	3 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	2 - 10 years

1.6 Realised Element of Depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the re-valued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

1.7 Donated assets

The Department does not have any donated assets.

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

1.8 Intangible assets

Expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Software licences are revalued annually using indices provided by the ONS.

1.9 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

1.10 National Loans Fund

The NIO administers loans from the National Loans Fund (NLF), as required by the Northern Ireland (Loans) Act 1975 and 1985, on behalf of the Secretary of State for Northern Ireland. During 2009-10 the NIO on-lent £113,103,000 (2008-09: £16,600,000) to DFP for further distribution, and a repayment of £119,628,450 (2008-09: £119,918,856) principal and £97,519,149 (2008-09: £106,234,641) interest was received. The outstanding principal balance on the NLF as at 31 March 2010 was £1,479,278,878 (2008-09: £1,485,804,327) and has been included within the NIO's account. A separate account is produced, audited and published in respect of loans under the Northern Ireland (Loans) Act.

1.11 Inventories

Inventories shown on the statement of financial position relate mainly to essential inventories held at HM Prisons and are valued at the lower of cost or net realisable value. Inventories which are deemed consumable are written off in the year of purchase.

1.12 Work in progress

Work in progress relates only to the provision of professional services provided by the Crown Solicitor's Office (CSO). A number of costs incurred in relation to this work are invoiced on completion of cases, rather than on an on-going basis. Consequently an estimated work in progress figure is included in the resource accounts to reflect work completed to date. Outstanding balances at the year-end are represented in the receivables figure on the Statement of Financial Position.

1.13 Pension costs

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

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic and nuvos schemes in both the PCSPS and PCSPS (NI). The Department and members are obliged to make contributions in line with the PCSPS scheme. Provision has been made for the future cost of benefits under these schemes.

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC). NILGOSC is now able to identify the Agency's share of the assets and liabilities of the scheme and as a result a liability is recognised for the Agency's share of the deficit in the scheme.

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education on behalf of the Youth Justice Agency. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the scheme.

Further details regarding the above schemes are contained in Notes 10 and 23 to the Accounts.

1.14 Early departure costs

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

1.15 Financing and Operating income

Financing

The Department is primarily resourced by funds approved by Parliament through the annual Supply process. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund.

Operating Income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises monies received in respect of EU grants and National Loans Fund interest. This income is netted off gross expenditure in the Statement of Parliamentary Supply. Operating income also includes charges for staff attendance at Court and fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, i.e. professional services provided by the CSO.

In addition, the Secretary of State has powers to recover compensation and costs from offenders of crimes in respect of which criminal compensation has been paid (Note 31 refers). Recovery is not normally sought from earnings or assets of an offender. However, recovery is sought from an offender who subsequently becomes entitled to State compensation and any amounts so recovered are included as programme income.

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

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

- Administration costs
- Programme costs

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

1.16 Administration and Programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure as administration or as programme follows the definitions set out in HM Treasury's *Consolidated Budgeting Guidance*. Broadly, administrative expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

For the purposes of these financial statements, income and expenditure relating to Compensation Agency, Forensic Science Northern Ireland and Youth Justice Agency is regarded as administrative whilst Northern Ireland Prison Service is regarded as both administrative and programme.

1.17 Grants payable and paid

The Department recognises grants due to its executive Non Departmental Public Bodies in the period in which they are paid.

The Department also makes a small number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point in which an authorised request is received from the recipient body, in accordance with the relevant financial memoranda.

1.18 Government grants receivable

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

1.19 Leases

Finance leases

Leases of property, plant and equipment where the Department holds substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are capitalised at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease commitment is included in the statement of financial position as a finance lease obligation. Depreciation on capitalised leased assets is charged in line with the depreciation policy for similar assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities.

Operating leases

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the operating cost statement on a straight-line basis over the period of the lease.

1.20 Public Private Partnership (PPP)/Public Finance Initiatives (PFI) transactions

PPP/PFI transactions have been accounted for in accordance with IFRIC 12 entitled *Service Concession Arrangements* as required by FReM. Where the balance of control of the PPP/PFI property is borne by the Department, the property is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

Further details of on-going agreements are shown in Note 27 to the accounts.

1.21 Provisions

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

1.22 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.23 Capital charge

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

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

1.24 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

1.25 Value Added Tax

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

1.26 Insurance

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

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

1.27 Notional charges

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

1.28 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the year end. The cost of untaken leave has been determined using data from staff leave records.

1.29 Third-party assets

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

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

The Youth Justice Agency holds a private cash facility for young people in custody.

The Compensation Agency administers bank accounts for minors, under the Criminal Injuries Compensation (Northern Ireland) Order 2002, until they reach the age of 18.

1.30 Financial Instruments

Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Department no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management. Financial assets held in this category are initially recognised and subsequently measure at fair value, with changes in value recognised in the income statement in the line which most appropriately reflects the nature of the item or transaction.

Loans and receivables

Loans and receivables are non derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the operating cost statement in a manner which most appropriately reflects the nature of the item or transaction.

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

For the purposes of the consolidated cash flow statement, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

Impairment of financial assets

The Department assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the operating cost statement. The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Operating Cost Statement and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Operating Cost Statement to the extent a provision was not previously recognised.

Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transactions costs. Where loans and other borrowings contain a separable embedded derivative, the fair value of the embedded derivative is the difference between the fair value of the hybrid instrument and the fair value of the loan or borrowing. The fair value of the embedded derivative and the loan or borrowing is recorded separately on initial recognition.

1.31 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Department's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

(i) - Depreciation of property, plant and equipment

Depreciation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.5.

(ii) - Impairment of property, plant and equipment

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

(iii) - Injury on Duty Awards life expectancy assumption

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to the Northern Ireland Prison Service are payable to former employees for life. Analysis work has been undertaken during 2009-10 to provide statistical base data for life expectancy of prison officers and the Northern Ireland Prison Service has arrived at an estimated life expectancy of 70 years, which has been applied to awards payable in order to determine an estimate of the net present cost of liabilities at the end of this reporting period.

(iv) - Provisions for compensation

Provisions have been made for compensation which will be payable at a future date. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

(v) - Pension and other post retirement benefits

The Department accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 23.

1.32 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2010

The Department implemented IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS) with the date of transition to IFRS being 1 April 2008 for the purposes of preparing the opening IFRS statement of financial position.

The following standards had a material impact on the financial statements:

- IAS 19 - Employee Benefits;
- IFRIC 12 - Service Concession Arrangements; and
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Details of the financial impact of these standards are contained in Notes 2 and 35. Any adjustments arising from differing accounting policies resulting from the application of IFRS for the first time have been taken through the General Fund.

The Department has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2009-10 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the Department's financial position or results.

1.33 Accounting standards, interpretations and amendments to published standards not yet effective

The Department has considered the additional or revised accounting standards and new (or amendments to) interpretations contained within the *Government Financial Reporting Manual (FReM) 2010-11*. Other than as outlined in the table below, the Department considers that these changes are not relevant to its operations.

Chapter in FReM 2010-11	Area affected	Description of revision	Comments
6	Tangible non-current assets	FRS 30 Accounting for Heritage Assets is to be applied.	Additional disclosures required for Hillsborough Castle. Unlikely to have a significant impact.
8	Impairments	An adaptation of IAS 36 Impairment of Assets to allow the scoring of all impairments that are caused by a clear consumption of economic benefit to the Operating Cost Statement.	Clarification surrounding budgetary treatment. Unlikely to have a significant impact.
11	Income and Expenditure	The removal of Cost of Capital charging from accounts.	Applies to all public sector bodies. Guidance issued by HM Treasury means that this change is budgetary neutral. No impact on the Department other than disclosure.

The application date for these FReM changes is 1 April 2010.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Department's accounting periods beginning on or after 1 April 2010 or later periods, but which the Department has not adopted early. Other than as outlined in the table below, the Department considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Clarification surrounding disclosures. Unlikely to have a significant impact.
IFRS 8	Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Segment assets not required to be disclosed unless regularly reported to the Chief Operating Decision Maker.
IAS 7	Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Clarification that only cash flows resulting in the recognition of an asset can be classified as investing activities. Unlikely to lead to change.
IAS 17	Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Leases of land to be classified according to general principles of the standard rather than assumed to be operating leases.
IAS 24	Related Party Disclosures - Revised definition of related parties	Annual periods beginning on or after 1 January 2011	Inclusion of a partial exemption for government-related entities. Given that the FReM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact.

2. First-time adoption of IFRS

2.1 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008

CORE DEPARTMENT	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP	114,616	34,058
Adjustments for:		
Employee Benefits	(1,259)	-
PPP/PFI	25	-
Assets held for sale	-	-
Taxpayers' equity at 1 April 2008 under IFRS	113,382	34,058
CONSOLIDATED	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP	164,184	101,432
Adjustments for:		
Employee Benefits	(5,393)	-
PPP/PFI	25	-
Assets held for sale	-	-
Taxpayers' equity at 1 April 2008 under IFRS	158,816	101,432

Further details are contained in Note 35.

2.2 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the end of final UK GAAP reporting period 31 March 2009

CORE DEPARTMENT	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP	265,789	26,941
Adjustments for:		
Employee Benefits	(1,512)	-
PPP/PFI	(677)	-
Assets held for sale	27	-
Taxpayers' equity at 1 April 2009 under IFRS	263,627	26,941

CONSOLIDATED	General Fund £000	Revaluation Reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP	196,424	77,188
Adjustments for:		
Employee Benefits	(5,985)	-
PPP/PFI	(677)	-
Assets held for sale	27	-
Taxpayers' equity at 1 April 2009 under IFRS	189,789	77,188

The adoption of IFRS had no impact on the cash position of the Northern Ireland Office. No reconciliation is therefore required for prior year cashflow.

2.3 Reconciliation of UK GAAP reported net operating cost to IFRS for the year ended 31 March 2009

	Core Department £000	Consolidated £000
Net operating cost for 2008-2009 under UK GAAP	12,503,192	12,716,239
Adjustments for:		
Employee Benefits	253	593
PPP/PFI	701	701
Assets held for sale	(27)	(27)
Net operating cost for 2008-2009 under IFRS	12,504,119	12,717,506

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

3. Analysis of net resource outturn by section

						2009-10 £000	2008-09 £000		
						Outturn	Estimate		
						Net Total	Net Total	Net Total Outturn compared with Estimate: saving/ (excess)	Prior-year Outturn
Admin	Other current	Grants	Gross Resource expenditure	A in A					
Request for Resources 1									
Spending in Departmental Expenditure Limits (DEL)									
Central government spending									
Central Administration	20,658	(554)	-	20,104	(3,791)	16,313	54,667	38,354	25,366
Ministers	2,388	(2)	-	2,386	-	2,386	2,408	22	2,745
Political Directorate	14,922	20,051	-	34,973	(797)	34,176	37,196	3,020	46,176
Public Prosecution Service	2,210	29,321	-	31,531	(367)	31,164	34,405	3,241	33,472
Forensic Science Northern Ireland	-	11,645	-	11,645	(10,379)	1,266	1,467	201	1,510
Criminal Justice Compensation Agency	4,982	15,801	3,465	24,248	(473)	23,775	23,804	29	25,891
Policing and Security	-	1,451	15,774	17,225	(167)	17,058	21,134	4,076	53,240
Policing - non severance	5,476	10,206	3,046	18,728	(3,886)	14,842	14,132	(710)	13,038
Northern Ireland Prison Service	-	64	1,968	2,032	-	2,032	3,460	1,428	2,076
Youth Justice Agency	13,160	126,856	298	140,314	(2,346)	137,968	141,759	3,791	137,444
Bloody Sunday	-	21,077	-	21,077	(150)	20,927	21,702	775	21,249
	379	2,874	-	3,253	-	3,253	3,353	100	4,307
Non-budget									
Police Service of Northern Ireland	-	-	813,000	813,000	-	813,000	842,271	29,271	804,600
Police Pensions	-	-	114,283	114,283	-	114,283	120,663	6,380	89,557
Police Ombudsman for Northern Ireland	-	-	9,009	9,009	-	9,009	9,040	31	8,807
Probation Board for Northern Ireland	-	-	19,045	19,045	-	19,045	19,735	690	16,986
Northern Ireland Policing Board	-	-	7,855	7,855	-	7,855	8,701	846	8,073
Northern Ireland Human Rights Commission	-	-	1,657	1,657	-	1,657	1,667	10	1,650
Criminal Justice Inspection Northern Ireland	-	-	1,475	1,475	-	1,475	1,441	(34)	1,379
Criminal Justice	-	4,034	-	4,034	-	4,034	3,770	(264)	-
Spending in Annually Managed Expenditure (AME)									
Central government spending									
Central Administration	-	303	-	303	-	303	230	(73)	-
Youth Justice Agency	-	2,125	-	2,125	-	2,125	2,000	(125)	-
Total RfR1	64,175	245,252	990,875	1,300,302	(22,356)	1,277,946	1,369,005	91,059	1,297,566
Request for Resources 2									
Non Budget									
Grants to the Northern Ireland Consolidated Fund	-	-	11,836,000	11,836,000	-	11,836,000	12,827,000	991,000	11,420,000
European Institutions (net)	-	-	-	-	-	-	1	1	-
Total RfR2	-	-	11,836,000	11,836,000	-	11,836,000	12,827,001	991,001	11,420,000
Resource Outturn	64,175	245,252	12,826,875	13,136,302	(22,356)	13,113,946	14,196,006	1,082,060	12,717,566

Explanation of the variation between Estimate and Outturn for each Request for Resource

A saving of £1,082m was made on the net total outturn as compared to estimate with regard to the consolidated figures. The main reasons for this saving are outlined below.

(i) Request for Resources 1 - £91m**Spending in Departmental Expenditure Limits**

Central Administration - the underspend was largely because funding held centrally as a contingency was not required.

Political Directorate - the underspend was largely due to reduced expenditure on public inquiries.

Public Prosecution Service - the underspend relates to slippage in counsel fees into 2010-11, lower court costs awarded against the PPS than anticipated and an easement in Belfast Chambers fit-out costs.

Forensic Science Northern Ireland - the underspend relates to slippage in various projects.

Compensation Agency - the underspend was largely due to the timing and value of claims received and a reduction in staff costs.

Policing and Security - the overspend largely relates to a year end provision.

Policing - Non-severance - the underspend was largely due to slippage in a range of projects.

Northern Ireland Prison Service - the underspend was largely due to a delay in opening new prisoner accommodation, reduced staff costs due to vacant posts and lower levels of overtime, lower prisoner related costs and reduced expenditure on materials.

Youth Justice Agency - the underspend largely relates to vacant posts and a pay settlement being less than budgeted for, combined with contingency funding held for a possible swine flu break-out in the Juvenile Justice Centre which was not required.

Bloody Sunday Inquiry - the underspend relates to the winding down of the inquiry resulting in reduced costs.

Non-Budget

Police - the underspend is largely due to savings in pay costs and a range of other non staff costs, slippage in some capital projects and working capital changes.

Police Pensions - the underspend is largely due to officers leaving at a lower rate than forecast.

Probation Board for Northern Ireland - the underspend is largely due to lower than budgeted employer pension contributions and slippage in capital projects.

Northern Ireland Policing Board - the underspend is largely due to delay in a number of projects and lower District Policing Partnership costs.

Criminal Justice - the overspend relates to Causeway PFI. Initial workings assumed a negative indexation of IT assets however the actual indexation was positive resulting in an increased indexation and depreciation charge.

Spending in Annually Managed Expenditure

Central Administration - the overspend largely relates to higher than forecast costs associated with the Broadly by Analogy pension scheme.

Youth Justice Agency - the overspend is largely due to a lower than estimated Land and Property Services revaluation figure for the Juvenile Justice Centre.

(ii) Request for Resources 2 - £991m**Non-Budget**

Underspend in funding requirement of the Northern Ireland Consolidated Fund which is used to fund expenditure for the Northern Ireland Executive.

Further details regarding financial performance are contained within section 3 of the Management Commentary.

4. Reconciliation of outturn to net operating cost and against Administration Budget

4.1 Reconciliation of net resource outturn to net operating cost

	Note	Outturn	Supply Estimate	2009-10 £000 Outturn compared with Estimate: saving/ (excess)	2008-09 £000 <i>Restated</i> Outturn
Net Resource Outturn	3	13,113,946	14,196,006	1,082,060	12,717,566
IFRS adjustment	35	-	-	-	1,267
Operating Income payable to CF (<i>Note a</i>)	6	(2,849)	-	2,849	(1,457)
Non-supply Expenditure (<i>Note b</i>)	12	2,767	-	(2,767)	130
Net Operating Cost		13,113,864	14,196,006	1,082,142	12,717,506

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 Estimate is shown in the Summary of Resource Outturn (Statement of Parliamentary Supply). Net operating cost is the total expenditure and income appearing in the Operating Cost Statement.

See also Note 35 for further details of the restated balances for 2008-09.

Notes:

- Operating Income payable to Consolidated Fund is included as income in the Operating Cost Statement.
- Non-supply expenditure comprises costs in respect of Chief Electoral Officer and election expenses funded directly by the Consolidated Fund and expenditure from non-supply funding.

4.2 Outturn against final Administration Budget

	Core Department		Consolidated		2009-10 £000	2008-09 £000 <i>Restated</i>
	Budget	Outturn	Budget	Outturn	Core Department Outturn	Consolidated Outturn
Gross Administration Budget	62,121	51,015	75,795	64,175	54,954	67,761
Income allowable against the Administration Budget	(3,957)	(6,772)	(4,116)	(6,917)	(5,118)	(5,263)
Net outturn against final Administration Budget	58,164	44,243	71,679	57,258	49,836	62,498

5. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	2009-10 £000	Net Total Outturn compared with estimate: saving/(excess)
Resource Outturn	3	14,196,006	13,113,946		1,082,060
<i>Capital:</i>					
Acquisition of non-current assets:	15,16	39,012	17,173		21,839
<i>Non-operating A in A:</i>					
Proceeds of non-current asset disposals		(2,486)	(902)		(1,584)
Financial Assets		-	(460)		460
<i>Accruals adjustments:</i>					
Non-cash items	11b	(86,496)	(57,494)		(29,002)
Changes in working capital other than cash		41,592	11,531		30,061
Changes in other payables falling due after more than one year	22	-	1,504		(1,504)
Movement on fair value of PFI liability		-	163		(163)
Use of provision	23	38,541	34,744		3,797
Net cash requirement		14,226,169	13,120,205		1,105,964

Further details regarding financial performance are contained within section 3 of the Management Commentary.

6. Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2009-10 £000		Outturn 2009-10 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess A in A	7	-	-	2,849	2,849
Non-operating income and receipts – excess A in A	8	-	-	-	-
		-	-	2,849	2,849
Other non-operating income not classified as A in A	9	-	-	184	182
Total income payable to the Consolidated Fund		-	-	3,033	3,031

7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2009-10 £000	2008-09 £000
Operating income	13	25,205	21,485
Adjustments for transactions between RfRs		-	-
Gross income		25,205	21,485
Income authorised to be appropriated in aid	3	(22,356)	(20,028)
Operating income payable to the Consolidated Fund	6	2,849	1,457

8. Non-operating income – Excess A in A

	Note	2009-10 £000	2008-09 £000
Proceeds on disposal of non-current assets	6	-	174
Non-operating income – excess A in A		-	174

9. Non-operating income not classified as A in A

	Note	Income	2009-10 £000 <i>Receipts</i>	Income	2008-09 £000 <i>Receipts</i>
Consolidated Fund Extra Receipts	6	184	182	67	56

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

10. Staff numbers and related costs

10.1 Staff costs

Staff costs consist of:

	2009-10 £000					2008-09 £000 <i>Restated</i>
	Total	Ministers	Special Advisors	Permanently Employed Staff	Others	Total
Administration staff costs						
Wages and salaries	30,184	41	103	29,489	551	30,053
Social security costs	2,205	4	11	2,186	4	2,351
Other pension costs	5,057	-	25	5,032	-	5,032
Sub Total	37,446	45	139	36,707	555	37,436
Inward Secondments	31	-	-	31	-	61
Total Administration	37,477	45	139	36,738	555	37,497
Programme staff costs						
Wages and salaries	101,514	-	-	100,334	1,180	100,079
Social security costs	7,573	-	-	7,571	2	7,662
Other pension costs	17,664	-	-	17,663	1	17,099
Sub Total	126,751	-	-	125,568	1,183	124,840
Outward secondments	(56)	-	-	(56)	-	-
Total Programme	126,695	-	-	125,512	1,183	124,840
Total Staff Costs*	164,172	45	139	162,250	1,738	162,337
Core Department:						
Administration	28,802	45	139	28,222	396	28,854
Programme	21,609	-	-	21,264	345	20,839
Core Department	50,411	45	139	49,486	741	49,693

*Of the total, £75,708 (2008-09: £17,922) has been charged to capital

The Principal Civil Service Pension Scheme (PCSPS) and PCSPS(NI) are unfunded multi-employer defined benefit schemes but the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities. Full actuarial valuations of both the PCSPS and PCSPS(NI) were carried out as at 31 March 2007. Details of the PCSPS can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk). Details of the PCSPS(NI) can be found in the resource accounts of the Department of Finance and Personnel; Superannuation and Other Allowances (Principal Civil Service Pension Scheme (Northern Ireland)).

For 2009-10, total employers' contributions of £21,865,011 (2008-09: £21,732,795) were payable to the PCSPS (NI) and PCSPS at rates in the range 16.7 to 24.3 per cent of pensionable pay for PCSPS and 16.5 to 23.5 per cent of pensionable pay for PCSPS(NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff and pension provisions detailed below. The PCSPS actuary reviews employer contributions every four years following a full scheme valuation. Employer contribution rates are to be reviewed every four years for PCSPS(NI) following full scheme valuations by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account; a stakeholder pension with an employer contribution. Employers' contributions of £41,409 (2008-09: £26,854) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5 per cent (2008-09: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent (2008-09: 0.8 per cent) of the individuals pensionable earnings were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting date were £nil, as the contributions are paid over to the pension providers on a monthly basis. Contributions prepaid at that date were £nil.

28 persons (2008-09: 27 persons) retired early on ill-health grounds and the total additional accrued pension liabilities in the year amounted to £38,105 (2008-09: £34,243).

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in both the PCSPS and PCSPS(NI). A review of the existing Departmental pension arrangements was completed during 2007-08 and this identified a requirement to account for the liability arising from BBA schemes which had not previously been included within the Department's Resource Accounts but which it had an obligation to meet. The scheme liabilities were calculated by the Government Actuary's Department in April 2010 and amount to £6.560m at 31 March 2010 (2008-09: £5.008m).

In relation to the Youth Justice Agency, the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) is a defined benefits scheme, and the fund is invested in suitable investments, managed by the Committee. For 2009-2010 the employers' contribution rate was 16% (2008-09: 15%) and the employees' contribution rate was in the range 5.25% to 7.5% (2008-09: 6%). The total cost charged to the operating cost statement in 2009-10 was £0.810m (2008-09: £1.132m). The total employer contributions paid under the Scheme were £2.718m (2008-09: £1.141m).

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education on behalf of the Youth Justice Agency. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the scheme. The scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel. For 2009-10 the contribution rates were 13.6% employer's, and 6.4% employee's (2008-09: 13.6% and 6.4% respectively). From 2010-11, the rates will be 13.6% for employers and 6.4% for employees. The total employer pension cost under the Scheme was £0.064m (2008-09: £0.092m).

The Youth Justice Agency pension costs are assessed in accordance with the advice of independent qualified actuaries using the market led approach. The latest actuarial valuations of the Scheme were at 31 March 2007.

Provisions included within Note 10 - Staff Costs

	2009-10 £000	2008-09 £000
Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC)	810	1,132
Broadly By Analogy (BBA) pension schemes	163	162
Pension provisions provided in year - Notes 11a & 11b	973	1,294
Early departure costs - Teachers' Superannuation Scheme	(27)	-
Provisions written back in year - Notes 11a & 11b	(27)	-

Further details are contained in Note 23.

10.2 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in agencies and other bodies included within the consolidated Departmental resource account (including senior management, ministers, special advisors, staff on secondment or loan into the Department and agency/temporary staff, but excluding staff on secondment to other organisations).

	Total	Ministers	Special Advisors	Senior Management	Officials	Staff on inward secondment	2009-10 Number Agency, temporary and contract staff	2008-09 Number <i>Restated</i> Total
RfR1								
Objective 1	249	1	1	6	238	1	2	236
Objective 2	2,367	-	-	1	2,345	1	20	2,305
Objective 3	1,452	-	-	1	1,397	2	52	1,481
Objective 4	200	1	-	1	186	-	12	219
RfR2								
Objective 1	-	-	-	-	-	-	-	-
Total	4,268	2	1	9	4,166	4	86	4,241
Of which:								
2009-10 Core Department	1,230	2	1	8	1,193	1	25	
2008-09 Core Department	1,281	2	2	9	1,224	1	43	

*Of the total, 2 staff (2008-09: 1) were engaged on capital projects.

11. Other Administration Costs

		2009-10 £000		2008-09 £000 <i>Restated</i>	
	Note	Core Department	Consolidated	Core Department	Consolidated
Rentals under operating leases:					
Hire of plant and machinery		88	88	91	91
Other operating leases		2,774	2,971	3,252	3,450
		2,862	3,059	3,343	3,541
Non-cash items (Notes a & b):					
Depreciation and amortisation of non-current assets:					
Property, plant and equipment	15	4,138	4,138	3,878	3,878
Intangible assets	16	932	932	867	867
(Profit)/Loss on disposal of non-current assets	8,15,16	40	40	77	77
Permanent diminution	15,16	(244)	(244)	73	73
Cost of capital charge		2,301	2,301	3,050	3,050
Auditor's remuneration and expenses		109	165	96	150
Provisions:					
Provided in year	23	444	474	266	266
Written back in year		(267)	(273)	-	-
Other notionals		-	-	198	198
		7,453	7,533	8,505	8,559
Other expenditure		11,898	16,106	14,252	18,164
Total		22,213	26,698	26,100	30,264

Notes:

a. The total of non-cash transactions included in the Statement of Cash Flows comprises:

		2009-10 £000		2008-09 £000 <i>Restated</i>	
		Core Department	Consolidated	Core Department	Consolidated
Other administration costs - non-cash (as above)		7,453	7,533	8,505	8,559
Pension provisions - provided in year - non-cash (Note 10)		163	973	162	1,294
Early departure costs - provisions written back in year - non-cash (Note 10)		-	(27)	-	-
Programme costs - non-cash (Note 12)		6,959	49,148	5,866	81,213
Total non-cash transactions		14,575	57,627	14,533	91,066

11. Other Administration Costs (continued)

b. The total of non-cash transactions included in the Reconciliation of net resources outturn to Net cash requirement (Note 5) comprises:

	2009-10		2008-09	
	Core Department	Consolidated	Core Department	Consolidated
		£000		£000
				<i>Restated</i>
Administration non-cash (as above)	7,453	7,533	8,505	8,559
Pension provisions - provided in year - non-cash (Note 10)	163	973	162	1,294
Early departure costs - provisions written back in year - non-cash (Note 10)	-	(27)	-	-
Programme non-cash (Note 12)	6,959	49,148	5,866	81,213
Less non-cash charges in respect of Consolidated Fund Standing Services (Note 12a)	(133)	(133)	(130)	(130)
Total non-cash transactions (Note 5)	14,442	57,494	14,403	90,936

12. Programme Costs

	Note	2009-10 £000		2008-09 £000 <i>Restated</i>	
		Core Department	Consolidated	Core Department	Consolidated
Current grants and other expenditure – RfR 1		1,021,600	1,052,450	1,003,859	1,036,196
Northern Ireland Consolidated Fund – RfR 2		11,977,737	11,977,737	11,563,119	11,563,119
		12,999,337	13,030,187	12,566,978	12,599,315
Rentals under operating leases:					
Hire of plant and machines		61	88	94	148
Other operating leases		3,994	5,067	5,282	6,298
		4,055	5,155	5,376	6,446
Interest charges					
On “balance sheet” PFI contracts		230	230	277	277
PFI Service charges					
Service element of on “balance sheet” contracts		2,582	2,582	2,258	2,258
Non-cash items:					
Cost of capital charge		693	6,527	331	6,805
Depreciation and amortisation of non-current assets:					
Property, plant and equipment	15	4,938	18,903	3,620	16,185
Intangible assets	16	622	796	475	896
Permanent Diminution	15,16	(696)	(1,596)	201	323
Impairment of non-current assets	15,16	-	2,125	-	685
Write-off of non-current assets	15,16	-	150	-	5
(Profit)/Loss on disposal of non-current assets	8,15,16	153	170	36	34
Provisions:					
Provided in year	23	988	23,248	685	59,981
Unwinding of discount	23	-	101	-	-
Interest	23	303	940	230	441
Written back in year	23	(424)	(2,550)	(45)	(4,408)
Notional interest on loans	18	-	(102)	-	(116)
Movement on fair value of PFI liability		163	163	203	203
Consolidated Fund Standing Services (<i>Note a</i>)		133	133	130	130
Auditor’s remuneration and expenses		-	54	-	49
Other programme notional excluding auditor’s remuneration		86	86	-	-
		6,959	49,148	5,866	81,213
Consolidated Fund Standing Services		2,634	2,634	-	-
Programme costs (see below)		13,015,797	13,089,936	12,580,755	12,689,509
Less: programme income	13.1	(147,002)	(160,025)	(147,311)	(159,341)
Total		12,868,795	12,929,911	12,433,444	12,530,168

Programme costs analysed by Request for Resources

	2009-10 £000		2008-09 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
Request for Resources 1	1,038,060	1,112,199	1,017,636	1,126,390
Request for Resources 2	11,977,737	11,977,737	11,563,119	11,563,119
Total Programme Costs	13,015,797	13,089,936	12,580,755	12,689,509

Note:

- a. By statute the remuneration and associated employers earnings-related National Insurance Contributions of the Chief Electoral Officer (CEO) are met directly from the Consolidated Fund, rather than Parliamentary Supply. These costs are included under Other Programme Costs and are referred to as Consolidated Fund Standing Services. As the cash does not pass through the Department's accounts, the expenditure is accounted for as a non-cash item.

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

13. Income

Operating income not appropriated in aid (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not. In 2009-10, all operating income not classified as A in A was within public expenditure.

13.1 Analysis of operating income

	2009-10 £000		2008-09 £000	
	Core Department	Consolidated	Core Department	Consolidated
Administration income:				
<i>RfR 1</i>				
Fees and charges to external customers	101	192	87	232
Fees and charges to other departments	2,165	2,165	1,161	1,161
Estimate cover A in A	4,506	4,506	2,678	2,678
Other	-	54	1,192	1,192
	6,772	6,917	5,118	5,263
Programme income:				
<i>RfR 1</i>				
Fees and charges to other departments	-	639	-	715
Fees and charges to external customers	-	9,740	-	8,507
Recovery of Compensation	-	167	-	171
Recovery of court and conference costs	861	861	897	897
Other	4,404	6,881	3,295	5,932
	5,265	18,288	4,192	16,222
<i>RfR 2</i>				
National Loans Fund interest	97,519	97,519	106,235	106,235
Income from EU for NI programmes	44,218	44,218	36,884	36,884
	141,737	141,737	143,119	143,119
Total	153,774	166,942	152,429	164,604

13.2 Fees and charges

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

	2009-10 £000				2008-09 £000 <i>Restated</i>		
	Income	Full Cost	Surplus/ (deficit)		Income	Full Cost	Surplus/ (deficit)
Access NI	3,290	(3,223)	67	Access NI	2,823	(2,206)	617
Crown Solicitor's Office	6,039	(5,237)	802	Crown Solicitor's Office	4,829	(4,829)	-
Forensic Science NI	10,491	(11,674)	(1,183)	Forensic Science NI	9,599	(10,811)	(1,212)
Total	19,820	(20,134)	(314)		17,251	(17,846)	(595)

Access NI commenced operations on 1 April 2008, delivering a criminal history disclosure service for Northern Ireland under powers legislated in Part V of the Police Act 1997. The Access NI Business Model requires for the organisation to operate on a Full Cost Recovery Basis, in doing so, generating sufficient income to recover non-capital set up costs over the first 5 years of operations.

The Crown Solicitor's Office generates income through the issue of hard charges for work carried out on their behalf. The majority of this recovery relates to work carried out by the CSO on behalf of the NIO, and for which no charges are raised. However, costing and charging procedures within the CSO do not facilitate an exact calculation to be made. In 2009-10 income generated from work carried out on behalf of other departments and public sector bodies amounted to £6.039m (2008-09: £4.001m) resulting in a balance funded by the NIO of £Nil (£0.828m).

Forensic Science Northern Ireland is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £1.183m (2008-09: £1.212m) on its Operating Cost Statement, this is offset by non-cash charges. Funding is provided by NIO to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation and cost of capital charges.

The above information is provided for fees and charges purposes, and not for IFRS 8 *Operating Segments* purposes.

14. Analysis of net operating cost by spending body

	2009-10 £000				2008-09 £000 <i>Restated</i>	
	Core Department		Consolidated		Core Department	Consolidated
	Estimate	Outturn	Estimate	Outturn		Outturn
Request for Resources 1						
Spending body:						
Core Department	168,547	123,844	168,547	123,844	144,490	144,490
Forensic Science Northern Ireland	-	-	1,467	1,154	-	1,184
Compensation Agency	-	-	21,134	17,058	-	53,240
Northern Ireland Prison Service	-	-	141,759	137,959	-	137,803
Youth Justice Agency	-	-	23,702	23,046	-	21,160
Non-departmental public bodies:						
Police Service of Northern Ireland	962,934	927,283	962,934	927,283	894,157	894,157
Office of the Police Ombudsman for Northern Ireland	9,040	9,009	9,040	9,009	8,807	8,807
Probation Board for Northern Ireland	19,735	19,045	19,735	19,045	16,986	16,986
Northern Ireland Policing Board	8,701	7,855	8,701	7,855	8,073	8,073
Northern Ireland Human Rights Commission	1,667	1,657	1,667	1,657	1,650	1,650
Criminal Justice Inspection Northern Ireland	1,441	1,475	1,441	1,475	1,379	1,379
Northern Ireland Police Fund	1,899	1,770	1,899	1,770	1,849	1,849
RUC George Cross Foundation	158	158	158	158	150	150
Voluntary Bodies:						
Police Rehabilitation and Retraining Trust	3,310	3,046	3,310	3,046	2,932	2,932
Widows Association	40	40	40	40	40	40
Victim Support	2,154	2,154	2,154	2,154	1,972	1,972
NIACRO	496	496	496	496	483	483
NSPCC	373	373	373	373	359	359
Northern Ireland Womens Aid Federation	-	-	-	-	350	350
Extern	343	343	343	343	342	342
Community Restorative Justice Ireland	55	47	55	47	50	50
Northern Ireland Alternatives	50	52	50	52	50	50
	1,180,943	1,098,647	1,369,005	1,277,864	1,084,119	1,297,506
Request for Resources 2						
Northern Ireland Consolidated Fund	12,827,001	11,836,000	12,827,001	11,836,000	11,420,000	11,420,000
Total	14,007,944	12,934,647	14,196,006	13,113,864	12,504,119	12,717,506

15. Property, plant and equipment

	Heritage Assets & Antiques £000	Land £000	Buildings £000	Vehicles Plant & Machinery £000	Computer Equipment £000	Assets Under Constr- uction £000	Total £000	Total £000 Core
	Consolidated						Department	
Cost or valuation								
At 1 April 2009	81,104	9,337	284,230	56,391	41,453	12,952	485,467	142,823
Additions	-	-	18	2,373	2,391	12,035	16,817	5,507
Completed assets under construction	-	-	5,675	1,677	7,746	(15,098)	-	-
Disposals	(82)	-	-	(921)	(2,355)	-	(3,358)	(2,500)
Transfer to assets held for sale	-	(510)	(399)	-	-	-	(909)	(399)
Impairment	-	(154)	(2,326)	-	-	-	(2,480)	-
Write off	-	-	-	(2)	-	(148)	(150)	-
Permanent diminution	-	-	-	-	2,659	-	2,659	940
Revaluations (Notes a & b)	(16,478)	(1,459)	(24,011)	1,394	4,483	-	(36,071)	(12,236)
At 31 March 2010	64,544	7,214	263,187	60,912	56,377	9,741	461,975	134,135
Depreciation								
At 1 April 2009	3,831	-	53,236	28,898	22,087	-	108,052	25,655
Charged in year	1,266	-	9,648	3,983	8,144	-	23,041	9,075
Disposals	-	-	-	(820)	(2,263)	-	(3,083)	(2,246)
Impairment	-	-	(355)	-	-	-	(355)	-
Permanent diminution	-	-	-	-	835	-	835	-
Revaluations	(516)	-	(3,024)	710	3,028	-	198	2,580
At 31 March 2010	4,581	-	59,505	32,771	31,831	-	128,688	35,064
Net book value at 31 March 2010	59,963	7,214	203,682	28,141	24,546	9,741	333,287	99,071
Net book value at 31 March 2009	77,273	9,337	230,994	27,493	19,366	12,952	377,415	117,168
Asset financing:								
Owned	59,963	7,214	203,682	28,141	23,291	9,741	332,032	97,816
PFI contracts	-	-	-	-	1,255	-	1,255	1,255
Net book value at 31 March 2010	59,963	7,214	203,682	28,141	24,546	9,741	333,287	99,071

Capital additions during the year were £1.160m (2008-09: £1.211m) in respect of the PFI contract (Note 27) for computer equipment £0.608m (2008-09: £1.119m) and intangible assets £0.552m (2008-09: £0.092m).

The net book value of land and buildings comprises the following balances in respect of Dwellings:

	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Core Department	238	659	2,883
Agencies	1,790	1,864	2,447
Total	2,028	2,523	5,330

15. Property, plant and equipment (continued)

	Heritage Assets & Antiques £000	Land £000	Buildings £000	Vehicles Plant & Machinery £000	Computer Equipment £000	Assets Under Constr- uction £000	Total £000 <i>Restated</i>	Total £000 <i>Restated</i> Core Department
Cost or valuation								
At 1 April 2008	84,610	10,573	260,924	53,720	32,354	32,681	474,862	142,542
Additions	-	-	(41)	2,291	3,703	25,720	31,673	7,448
Disposals	-	-	(14)	(1,758)	(975)	-	(2,747)	(1,691)
Completed assets under construction	-	-	36,337	1,573	7,423	(45,333)	-	-
Transfer to intangible assets	-	-	-	-	-	(116)	(116)	-
Impairment	-	(109)	(936)	-	-	-	(1,045)	-
Write off	-	-	-	(1)	(4)	-	(5)	-
Permanent diminution	-	-	(10)	(2)	(756)	-	(768)	(520)
Revaluations (Notes a & b)	(3,506)	(1,127)	(12,030)	568	(292)	-	(16,387)	(4,956)
At 31 March 2009	81,104	9,337	284,230	56,391	41,453	12,952	485,467	142,823
Depreciation								
At 1 April 2008	2,694	-	46,058	26,589	17,667	-	93,008	20,426
Charged in year	1,347	-	8,962	3,702	6,052	-	20,063	7,497
Disposals	-	-	(18)	(1,712)	(965)	-	(2,695)	(1,662)
Impairment	-	-	(360)	-	-	-	(360)	-
Permanent diminution	-	-	-	-	(372)	-	(372)	(247)
Revaluations	(210)	-	(1,406)	319	(295)	-	(1,592)	(359)
At 31 March 2009	3,831	-	53,236	28,898	22,087	-	108,052	25,655
Net book value at 31 March 2009	77,273	9,337	230,994	27,493	19,366	12,952	377,415	117,168
Net book value at 31 March 2008	81,916	10,573	214,866	27,131	14,687	32,681	381,854	122,116
Asset financing:								
Owned	77,273	9,337	230,994	27,493	17,008	12,952	375,057	114,810
PFI contracts	-	-	-	-	2,358	-	2,358	2,358
Net book value at 31 March 2009	77,273	9,337	230,994	27,493	19,366	12,952	377,415	117,168

15. Property, plant and equipment (continued)

Analysis of Property, plant and equipment

The net book value of property, plant and equipment comprises:

	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Core Department	99,071	117,168	122,116
Agencies	234,216	260,247	259,738
Total	333,287	377,415	381,854

Notes:

- a. The Core Department's land and buildings were externally valued, by the Land and Property Services (LPS), at 1 April 2006 on the basis of existing use value. All assets, including land and buildings, were revalued on the basis of the latest available indices as at 28 February 2010. In addition, the properties owned by the Department have been valued by the LPS and an independent estate agent for the purposes of these accounts. The next valuation of land and buildings by the LPS will be effective from 1 April 2011.
- b. The Northern Ireland Prison Service value properties regarded as operational on the basis of existing use, or where this could not be assessed because there is no market value for the property, its depreciated replacement cost. Properties regarded as non-operational are valued on the basis of open market value. A full valuation of land and buildings was last carried out by the LPS at 1 April 2006, in accordance with the RICS Appraisal and Valuation Manual. The next full valuation of land and buildings will be 1 April 2011.
- c. Heritage assets and antiques comprise Hillsborough Castle and its surrounding estate. It has historical importance as the principal seat in Ireland of the Marquesses of Downshire for well over 200 years. The present building dates from the 1770s with 19th and 20th century additions. It passed into public ownership in the 1920s and was used, until direct rule, as the residence of the Governors of Northern Ireland. Currently, the Castle is the venue for official functions including supporting many Royal and other distinguished visitors and is also open to the public in the summer months.
- d. The value of non-depreciable land at 31 March 2010 was £15.187m (2008-09: £27.213m) included within property, plant and equipment (Note 15) and assets held for sale (Note 17).

16. Intangible assets

The Department's intangible assets comprise purchased software licences with a finite life.

	2009-10 £000	
	Core Department	Consolidated
Cost or valuation		
At 1 April 2009	7,259	10,163
Additions	1,428	1,517
Disposals	(570)	(583)
Permanent diminution	-	92
Revaluation (<i>Note a</i>)	1,164	1,172
At 31 March 2010	9,281	12,361
Amortisation		
At 1 April 2009	5,378	7,801
Charged in year	1,554	1,728
Disposals	(549)	(561)
Permanent diminution	-	76
Revaluation (<i>Note a</i>)	900	909
At 31 March 2010	7,283	9,953
Net book value at 31 March 2010	1,998	2,408
Net book value at 31 March 2009	1,881	2,362

	2008-09 £000 <i>Restated</i>	
	Core Department	Consolidated
Cost or valuation		
At 1 April 2008	6,916	9,562
Additions	1,027	1,182
Disposals	(684)	(683)
Transfer from property, plant and equipment	-	116
Revaluations (<i>Note a</i>)	-	(14)
At 31 March 2009	7,259	10,163
Amortisation		
At 1 April 2008	4,635	6,649
Charged in year	1,343	1,763
Disposals	(600)	(600)
Revaluations (<i>Note a</i>)	-	(11)
At 31 March 2009	5,378	7,801
Net book value at 31 March 2009	1,881	2,362
Net book value at 31 March 2008	2,281	2,913

Capital additions during the year were £1.160m (2008-09: £1.211m) in respect of the PFI contract (Note 27) for computer equipment £0.608m (2008-09: £1.119m) and intangible assets £0.552m (2008-09: £0.092m).

16. Intangible assets (continued)**Analysis of intangible assets**

The net book value of intangible assets comprises:

	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Core Department	1,998	1,881	2,281
Agencies	410	481	632
Total	2,408	2,362	2,913

Note:

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

17. Assets classified as held for sale

	Total £000
Cost or valuation	
At 1 April 2009	1,312
Disposals	(829)
Transfer from property, plant and equipment	909
Revaluation	(79)
At 31 March 2010	1,313
Depreciation	
At 1 April 2009	25
Charged in year	-
Disposals	(15)
Revaluation	(10)
At 31 March 2010	-
Net book value at 31 March 2010	1,313
Net book value at 31 March 2009	1,287
	Total £000 <i>Restated</i>
Cost or valuation	
At 1 April 2008	4,509
Disposals	(2,488)
Transfers	-
Revaluations	(709)
At 31 March 2009	1,312
Depreciation	
At 1 April 2008	64
Charged in year	-
Disposals	(39)
Revaluations	-
At 31 March 2009	25
Net book value at 31 March 2009	1,287
Net book value at 31 March 2008	4,445

The net book value of assets classified as held for sale comprises:

	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Core Department	803	1,287	4,445
Agencies	510	-	-
Total	1,313	1,287	4,445

These represent properties identified for disposal as part of the Department's Asset Management Strategy for 2008-09 to 2010-11.

18. Financial assets

CORE DEPARTMENT	2009-10 £000			2008-09 £000 <i>Restated</i>		
	National Loans Fund	Home Loans	Total	National Loans Fund	Home Loans	Total
Balance at 1 April	1,485,804	-	1,485,804	1,589,123	-	1,589,123
Additions	113,103	-	113,103	16,600	-	16,600
Disposals	-	-	-	-	-	-
Repayments	(119,628)	-	(119,628)	(119,919)	-	(119,919)
Impairments	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Balance at 31 March	1,479,279	-	1,479,279	1,485,804	-	1,485,804

CONSOLIDATED	2009-10 £000			2008-09 £000 <i>Restated</i>		
	National Loans Fund	Home Loans	Total	National Loans Fund	Home Loans	Total
Balance at 1 April	1,485,804	2,864	1,488,668	1,589,123	3,253	1,592,376
Additions	113,103	7	113,110	16,600	7	16,607
Disposals	-	(1)	(1)	-	(7)	(7)
Repayments	(119,628)	(467)	(120,095)	(119,919)	(503)	(120,422)
Impairments	-	-	-	-	(2)	(2)
Revaluations	-	102	102	-	116	116
Balance at 31 March	1,479,279	2,505	1,481,784	1,485,804	2,864	1,488,668

The balances within Core Department represent the principal element of National Loans Fund advances on lent by the Secretary of State for Northern Ireland to the Northern Ireland Executive. Interest has been excluded from the disclosure due to the disproportionate amount of work required to calculate an accurate figure, which has as overall nil net impact on the Statement of Financial Position.

Included within the Consolidated figures are the Northern Ireland Prison Service Home Loans. These are classified as loans and receivables and are included in the Statement of Financial Position at their amortised cost, being the carrying value amount discounted to present value at the effective rate of interest of 3.5%.

The balances above can be further analysed as:

	2009-10 £000		2008-09 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
Current assets	113,759	114,160	119,315	119,726
Non-current assets	1,365,520	1,367,624	1,366,489	1,368,942
Balance at 31 March	1,479,279	1,481,784	1,485,804	1,488,668
Balance at 31 March comprises:				
Carrying value	1,479,279	1,482,136	1,485,804	1,489,123
Less Discount	-	(327)	-	(429)
Less Impairment	-	(25)	-	(26)
Amortised amount (fair value)	1,479,279	1,481,784	1,485,804	1,488,668

19. Inventories

CORE DEPARTMENT	2009-10 £000	2008-09 £000	1 April 2008 £000
Consumables and equipment	-	95	116
Total	-	95	116

CONSOLIDATED	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Consumables and equipment	1,216	1,144	1,145
Trade stores	267	251	244
Fuel stores	418	385	513
Total	1,901	1,780	1,902

20. Trade receivables and other current assets

20.1 Analysis by type

CORE DEPARTMENT	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Amounts falling due within one year:			
Trade receivables	1,749	2,532	2,373
Work in progress	3,769	2,001	1,173
Other receivables	5,248	3,999	8,451
Prepayments and accrued income	2,570	2,437	2,016
Current part of PFI prepayment	1,550	1,160	1,211
VAT	1,057	1,053	1,346
	15,943	13,182	16,570
Amounts falling due after more than one year:			
Non-current part of PFI prepayment	26	1,576	2,736
	26	1,576	2,736
Total	15,969	14,758	19,306

CONSOLIDATED	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Amounts falling due within one year:			
Trade receivables	1,784	2,568	2,462
Work in progress	3,769	2,001	1,173
Other receivables	3,610	5,273	7,829
Prepayments and accrued income	3,187	2,869	2,395
Current part of PFI prepayment	1,550	1,160	1,211
VAT	1,229	1,271	1,549
	15,129	15,142	16,619
Amounts falling due after more than one year:			
Other receivables	49	21	14
Non-current of PFI prepayment	26	1,576	2,736
	75	1,597	2,750
Total	15,204	16,739	19,369

Included within Other receivables is £29,088 (2008-09: £26,806) that will be due to the Consolidated Fund once the debts are collected in relation to the recovery of Northern Ireland Prison Service Home Loans. The amount due to the Consolidated Fund relating to the Core Department is £Nil (2008-09: £Nil).

20.2 Intra-Government Balances

Amounts falling due within one year	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Balances with other central government bodies	9,351	9,361	11,924
Balances with local authorities	1	-	-
Balances with NHS Trusts	152	829	66
Balances with public corporations and trading funds	1	-	11
Subtotal: Intra-government balances	9,505	10,190	12,001
Balances with bodies external to government	5,624	4,952	4,618
Total Receivables at 31 March	15,129	15,142	16,619

Amounts falling due after more than one year	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Balances with other central government bodies	-	-	-
Balances with local authorities	-	-	-
Balances with NHS Trusts	-	-	-
Balances with public corporations and trading funds	-	-	-
Subtotal: Intra-government balances	-	-	-
Balances with bodies external to government	75	1,597	2,750
Total Receivables at 31 March	75	1,597	2,750

The above table details the Receivables shown in Note 20.1 and the Statement of Financial Position. Balances between the Core Department and the consolidated entities have been eliminated on consolidation. The eliminated amounts totalled £3.056m (2008-09: £1.642m) - being Compensation Agency £0.300m (2008-09: £0.183m), Forensic Science Northern Ireland £2.369m (2008-09: £1.075m), Northern Ireland Prison Service £0.039m (2008-09: £0.045m) and Youth Justice Agency £0.348m (2008-09: £0.339m).

21. Cash and cash equivalents

	2009-10 £000		2008-09 £000	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	202,544	201,912	72,632	69,878
Net change in cash balance	(188,133)	(191,215)	129,912	132,034
Balance at 31 March	14,411	10,697	202,544	201,912
The following balances at 31 March are held at:				
Office of HM Paymaster General	15,683	15,683	203,999	203,999
Commercial banks and cash in hand	(1,272)	(4,986)	(1,455)	(2,087)
Balance at 31 March	14,411	10,697	202,544	201,912

Cash and cash equivalent balances are disclosed in the Statements of Financial Position as follows:

CORE DEPARTMENT	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Current assets	16,508	205,308	79,630
Current liabilities	(2,097)	(2,764)	(6,998)
Net position	14,411	202,544	72,632

CONSOLIDATED	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Current assets	18,782	206,172	83,259
Current liabilities	(8,085)	(4,260)	(13,381)
Net position	10,697	201,912	69,878

22. Trade payables and other current liabilities

22.1 Analysis by type

CORE DEPARTMENT	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Amounts falling due within one year:			
Trade payables	714	4,097	25,229
Other payables	922	742	689
Accruals and deferred income	16,525	22,972	27,817
Property, plant and equipment accruals	1,779	2,679	2,240
Current part of imputed finance lease element of PFI contracts	1,592	1,592	1,592
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:			
Received	2,922	1,234	968
Repayment of National Loans Fund	113,759	119,315	119,919
Excess Appropriations in Aid	-	149	213
	138,213	152,780	178,667
Amounts falling due after more than one year:			
Other payables	616	921	1,395
Imputed finance lease element of PFI contracts	3,224	4,423	5,534
Repayment of National Loans Fund	1,365,520	1,366,489	1,469,204
	1,369,360	1,371,833	1,476,133
Total	1,507,573	1,524,613	1,654,800

22.1 Analysis by type (continued)

CONSOLIDATED	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Amounts falling due within one year:			
Other taxation and social security	-	1,835	255
Trade payables	2,603	5,908	31,271
Other payables	369	344	5,508
Accruals and deferred income	29,039	32,038	38,298
Property, plant and equipment accruals	2,927	6,538	9,721
Intangible assets accruals	41	103	53
Current part of imputed finance lease element of PFI contracts	1,592	1,592	1,592
Amounts issued from the consolidated fund for supply but not yet spent at year end	7,667	200,225	68,658
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:			
Received	3,031	1,513	968
Receivable	14	6	5
Repayment of National Loans Fund	113,759	119,315	119,919
Excess Appropriations in Aid	-	174	252
	161,042	369,591	276,500
Amounts falling due after more than one year:			
Other payables	616	921	1,395
Imputed finance lease element of PFI contracts	3,224	4,423	5,534
Consolidated Fund Extra Receipts received and receivable and due to be paid to the Consolidated Fund	15	21	12
Repayment of National Loans Fund	1,365,520	1,366,489	1,469,204
	1,369,375	1,371,854	1,476,145
Total	1,530,417	1,741,445	1,752,645

22.2 Intra-Government Balances

Amounts falling due within one year	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Balances with other central government bodies	125,343	327,582	224,073
Balances with local authorities	3	12	3
Balances with NHS Trusts	1	115	-
Balances with public corporations and trading funds	331	96	-
Subtotal: Intra-government balances	125,678	327,805	224,076
Balances with bodies external to government	35,364	41,786	52,424
Total Payables at 31 March	161,042	369,591	276,500

Amounts falling due after more than one year	2009-10 £000	2008-09 £000 <i>Restated</i>	1 April 2008 £000 <i>Restated</i>
Balances with other central government bodies	1,365,535	1,366,510	1,469,216
Balances with local authorities	-	-	-
Balances with NHS Trusts	-	-	-
Balances with public corporations and trading funds	-	-	-
Subtotal: Intra-government balances	1,365,535	1,366,510	1,469,216
Balances with bodies external to government	3,840	5,344	6,929
Total Payables at 31 March	1,369,375	1,371,854	1,476,145

The above table details the Payables shown in Note 22.1 and the Statement of Financial Position. Balances between the Core Department and the consolidated entities have been eliminated on consolidation. The eliminated amounts totalled £3.056m (2008-09: £1.642m) - being Compensation Agency £0.300m (2008-09: £0.183m), Forensic Science Northern Ireland £2.369m (2008-09: £1.075m), Northern Ireland Prison Service £0.039m (2008-09: £0.045m) and Youth Justice Agency £0.348m (2008-09: £0.339m).

23. Provisions for liabilities and charges

CORE DEPARTMENT						2009-10	2008-09
	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	£000 Total	£000 Total
Balance at 1 April	326	-	772	5,008	2,250	8,356	7,779
Provided in the year	33	-	417	163	980	1,593	1,113
Actuarial loss/(gain)	-	-	-	1,248	-	1,248	572
Provisions not required written back	(2)	-	(384)	-	(305)	(691)	(45)
Provisions utilised in the year	(164)	-	(62)	(162)	(579)	(967)	(1,293)
Interest	-	-	-	303	-	303	230
Balance at 31 March	193	-	743	6,560	2,346	9,842	8,356

CONSOLIDATED						2009-10	2008-09
	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	£000 Total	£000 <i>Restated</i> Total
Balance at 1 April	6,867	58,911	2,755	10,578	2,630	81,741	59,844
Provided in the year	3,074	15,747	3,889	973	1,009	24,692	61,541
Actuarial loss/(gain)	-	-	-	3,500	-	3,500	2,801
Provisions not required written back	(1,201)	-	(1,335)	-	(314)	(2,850)	(4,408)
Provisions utilised in the year	(1,050)	(28,559)	(1,310)	(2,880)	(945)	(34,744)	(38,478)
Interest	-	-	-	940	-	940	441
Unwinding of discount	101	-	-	-	-	101	-
Balance at 31 March	7,791	46,099	3,999	13,111	2,380	73,380	81,741

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements.

23.1 Early Departure Costs - £7.791m (2008-09: £6.867m)

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

Included within this provision is a balance of £7.205m (2008-09: £6.028m) in respect of the estimated cost of injury benefits payable to former Northern Ireland Prison Service staff who have retired early as a result of injuries sustained in the workplace. These benefits are payable for life. An estimated life expectancy of 70 years has been applied. Analysis work was undertaken during 2009-10 to provide statistical base data for life expectancy of prison officers. The Northern Ireland Prison Service has provided for the costs payable for the period between the date the allowance was awarded and 70 years of age.

During 2009-10, the Northern Ireland Prison Service was advised by HM Treasury and the Financial Reporting and Accountability Branch within DFP that the Civil Service Injury Benefit Scheme provision does not fall within the definition of a pension liability. Previously the Northern Ireland Prison Service had discounted the costs payable by the discount rate for pension liabilities of 3.2% and inflation rate of 2.75%. On the basis of the latest advice received, the costs payable have now discounted by the discount rate for general provisions of 2.2%. This change of accounting estimate has resulted in a write back of provisions not required of £1.125 million in 2009-10.

23.2 Compensation Payments - £46.099m (2008-09: £58.911m)

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

23.3 Provision for Litigation Claims - £3.999m (2008-09: £2.755m)

The litigation provision relates to claims against the Department and Agencies by staff, prisoners and third parties for injuries and other damages including fair employment and industrial tribunal cases. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

23.4 Pensions - £13.111m (2008-09: £10.578m)**(i) NILGOSC Pension Deficit £6.551m (2008-09: £5.570m)**

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC) which is a funded scheme of the defined benefit type.

The latest actuarial valuation of the scheme was carried out at 31 March 2007, the liability and cost calculations based on assumptions carried forward from the latest valuation are shown below:

Assets and Liabilities of the scheme	Long term rate of return expected at 31/03/10 %	Long term rate of return expected at 31/03/09 %	Long term rate of return expected at 31/03/08 %	Long term rate of return expected at 31/03/07 %
Equities	6.40	5.80	6.50	6.80
Property	5.90	5.30	6.00	6.30
Gilts	4.40	3.80	4.50	4.80
Cash	0.50	0.50	5.25	5.25

Assets and Liabilities of the scheme	Value at 31/03/10 £000	Value at 31/03/09 £000	Value at 31/03/08 £000	Value at 31/03/07 £000
Equities	19,648	10,937	12,685	12,135
Property	1,420	1,157	1,586	1,517
Gilts	2,178	1,100	1,269	1,213
Cash	426	1,273	317	303
Total value of scheme assets	23,672	14,467	15,857	15,168
Present value of funded scheme liabilities	(30,223)	(20,037)	(18,996)	(19,291)
Funded scheme surplus/(deficit)	(6,551)	(5,570)	(3,139)	(4,123)
Irrecoverable surplus	-	-	-	-
Unfunded liabilities	-	-	-	-
Total surplus/deficit	(6,551)	(5,570)	(3,139)	(4,123)
Related deferred tax (liability)/asset	No allowance	No allowance	No allowance	No allowance
Net asset/(liability)	(6,551)	(5,570)	(3,139)	(4,123)

In line with the amended provisions of IAS 19 *Employee Benefits*, quoted securities have been measured at their bid-values at 31 March 2009. Prior year amounts at 31 March 2007 and 2008 have not been restated as the difference is not considered to be material.

Assumptions	2009-10 %	2008-09 %	2007-08 %	2006-07 %
Rate of increase in salaries	4.00	4.30	5.00	4.70
Rate of increase in pensions in payment	3.50	2.80	3.50	3.20
Discount rate	5.50	6.70	6.30	5.30
Inflation assumption	3.50	2.80	3.50	3.20

Assumptions – average expected future life at age 65 for:	2009-10 Years	2008-09 Years	2007-08 Years	2006-07 Years
Male officers currently aged 65	21.4	21.4	18.5	18.5
Female officers currently aged 65	24.2	24.4	21.4	21.4
Male manual staff currently aged 65	18.7	18.7	16.0	18.7
Female manual staff currently aged 65	22.5	22.5	19.7	19.7

Analysis of movement in scheme assets	2009-10 £000	2008-09 £000	2007-08 £000
Scheme assets at 1 April	14,467	15,857	15,168
Movement in the year:			
Expected return	748	1,033	1,031
Actuarial gains/(losses)	5,266	(3,936)	(1,682)
Employer contributions	2,718	1,141	917
Member contributions	559	457	434
Benefits paid	(86)	(85)	(11)
Scheme assets at 31 March	23,672	14,467	15,857

Return on scheme assets	2009-10 £000	2008-09 £000	2007-08 £000
Actual return on scheme assets	6,014	(2,903)	652

The overall expected return on scheme assets have been derived as the weighted average of the expected returns on the categories of assets held by the scheme at the reporting date. The asset allocation used has been based on the most recent information available and the notional assets at the reporting date.

Analysis of movement in scheme liabilities	2009-10 £000	2008-09 £000	2007-08 £000
Scheme liabilities at 1 April	20,037	18,996	19,291
Movement in the year:			
Service cost	810	1,132	1,440
Member contributions	559	457	434
Interest on scheme liabilities	1,385	1,244	1,072
Actuarial losses/(gains)	7,518	(1,707)	(3,230)
Benefits paid	(86)	(85)	(11)
Scheme liabilities at 31 March	30,223	20,037	18,996

Expense to be recognised in the Operating Cost Statement	2009-10 £000	2008-09 £000	2007-08 £000
Current Service Cost	810	1,132	1,440

Analysis of amount charged to other finance costs	2009-10 £000	2008-09 £000	2007-08 £000
Expected return on pension scheme assets	748	1,033	1,031
Interest on pension scheme liabilities	(1,385)	(1,244)	(1,072)
Net Return	(637)	(211)	(41)

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2009-10 £000	2008-09 £000	2007-08 £000
Actuarial gain/(loss)	(2,252)	(2,229)	1,548
Cumulative gain recognised in the SOCITE	(2,240)	12	2,241

History of liabilities/assets and experience (gains)/losses	2009-10 £000	2008-09 £000	2007-08 £000	2006-07 £000	2005-06 £000
Scheme liabilities	(30,223)	(20,037)	(18,996)	(19,291)	(17,616)
Scheme assets	23,672	14,467	15,857	15,168	13,251
Surplus/(deficit)	(6,551)	(5,570)	(3,139)	(4,123)	(4,365)
Experience adjustment on liabilities – gain/(loss)	61	(2,374)	12	8	46
Experience adjustment on assets – gain/(loss)	5,266	(3,936)	(1,682)	(29)	1,992

Employer contribution

Over the coming year, the Agency expects to contribute 16% of pensionable salaries from 1 April 2010.

(ii) Broadly By Analogy Pension Schemes £6.560m (2008-09: £5.008m)

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in both the PCSPS and PCSPS (NI). The Department and members are obliged to make contributions in line with the PCSPS and the Department is responsible for paying accrued benefits.

The BBA pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the Department for service provided. There is no fund, and therefore no surplus or deficit. The scheme liabilities at 31 March 2010 were £6.560m (31 March 2009: £5.008m) as calculated by the Government Actuary's Department.

Present value of scheme liabilities

	2009-10 £000	2008-09 £000	2007-08 £000
Liability in respect of			
Active members	2,685	1,936	2,536
Deferred pensioners	1,015	751	1,394
Current pensioners	2,860	2,321	500
Total present value of scheme liabilities at 31 March	6,560	5,008	4,430

Liabilities are valued on an actuarial basis using the Projected Unit Method.

Assumptions

	2009-10 %	2008-09 %	2007-08 %
Inflation assumption	2.75	2.75	2.75
Rate of increase in salaries	4.29	4.29	4.29
Rate of increase for pensions in payment and deferred pensions	2.75	2.75	2.75
Rate used to discount scheme liabilities	4.60	6.04	5.32

Assumptions - Life expectancy at Retirement**Current Pensioners**

	2009-10 Years	2008-09 Years	2007-08 Years
Exact Age			
Male officers currently aged 60	29	29	29
Female officers currently aged 60	32	32	32
Male officers currently aged 65	24	24	23
Female officers currently aged 65	27	27	27

Future Pensioners

	2009-10 Years	2008-09 Years	2007-08 Years
Exact Age			
Male officers currently aged 60	31	30	30
Female officers currently aged 60	34	33	33
Male officers currently aged 65	26	26	25
Female officers currently aged 65	29	29	29

Analysis of movement in scheme liability	2009-10 £000	2008-09 £000	2007-08 £000
Scheme liability at 1 April	5,008	4,430	4,319
Movement in the year:			
Current service cost (net of employee contributions)	146	140	102
Interest cost	303	230	200
Employee contributions	17	22	6
Actuarial (gain)/loss	1,248	572	(138)
Benefits paid	(162)	(386)	(59)
Scheme liability at 31 March	6,560	5,008	4,430

Expense to be recognised in the Operating Cost Statement	2009-10 £000	2008-09 £000	2007-08 £000
Current service cost (net of employee contributions)	146	140	102
Interest cost	303	230	200
Total expense/(income)	449	370	302

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2009-10 £000	2008-09 £000	2007-08 £000
Experience (gain)/loss arising on the scheme liabilities	40	1,075	36
Changes in assumptions underlying the present value of the scheme liabilities	1,208	(503)	(174)
Total actuarial (gain)/loss	1,248	572	(138)

History of experience (gains)/losses	2009-10	2008-09	2007-08
Experience (gain)/loss arising on the scheme liabilities			
Amount (£000)	40	1,075	36
Percentage of scheme liabilities at the end of year	0.6%	21.5%	0.8%

Estimate of contributions expected to be paid into the scheme over the year 1 April 2010 to 31 March 2011

During the financial year 2010-11 it is estimated that total contributions to the scheme will be £131,073 analysed between Employee £16,763 and Employer £114,310.

23.5 Others - £2.380m (2008-09: £2.630 m)**(i) Miscarriages of Justice £1.646m (2008-09: £2.250m)**

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

(ii) Police Survivors Support Scheme £0.700m (2008-09: £Nil)

The Police Survivors Support Scheme (PSSS) was launched on 8 February 2010 as a special discretionary grant established by the Home Office, with the intention of providing financial assistance to eligible police adult survivors in England, Wales and Northern Ireland. The Police Dependents' Trust has been appointed as trustees to administer the Scheme on a not-for-profit basis. The provision represents the estimated cost of grants payable arising from the loss of adult survivor benefits, where a special or augmented award was originally given under the injury benefit regulations.

(iii) Other Provisions £0.033m (2008-09: £0.375m)

This includes a provision of £0.015m (2008-09: £0.010m) in relation to an estimated HM Revenue and Customs liability arising from the additional housing cost payments to prison officers under the Assisted Home Removals Scheme. In addition there is a further £0.018m (2008-09: £0.018m) contractor provision.

The £0.347m provision at 31 March 2009 in respect of a pension liability was settled by the Northern Ireland Prison Service during 2009-10.

(iv) Staff Reduction Programme £0.001m (2008-09: £0.005m)

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

24. Notes to the Consolidated Statement of Operating Costs by Departmental Strategic Objectives

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

	2009-10 £000	2008-09 £000 <i>Restated</i>
RfR1		
Objective 1	41,557	94,696
Objective 2	127,153	127,327
Objective 3	107,987	104,424
Objective 4	959,430	924,653
RfR2		
Objective 1	11,977,737	11,563,119
Total	13,213,864	12,814,219

25. Capital commitments**CORE DEPARTMENT**

	2009-10 £000	2008-09 £000
Contracted capital commitments at 31 March for which no provision has been made	787	410
Authorised capital commitments at 31 March for which no provision has been made	6,715	6,649

CONSOLIDATED

	2009-10 £000	2008-09 £000
Contracted capital commitments at 31 March for which no provision has been made	3,162	1,718
Authorised capital commitments at 31 March for which no provision has been made	6,715	6,649

26. Commitments under leases**26.1 Operating leases**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2009-10		2008-09	
	£000		£000	
	Core		Core	Restated
Obligations under operating leases comprise:	Department	Consolidated	Department	Consolidated
<i>Land and buildings:</i>				
Due within 1 year	5,005	6,168	5,655	6,864
Due after 1 year but not more than 5 years	9,826	12,159	9,977	13,146
Due thereafter	17,154	17,930	16,936	17,589
	31,985	36,257	32,568	37,599
<i>Photocopiers and vehicles:</i>				
Due within 1 year	165	192	191	218
Due after 1 year but not more than 5 years	71	109	88	138
Due thereafter	-	-	-	-
	236	301	279	356
Total	32,221	36,558	32,847	37,955

26.2 Finance leases

The Department has no obligations under finance leases other than the PPP/PFI commitments contained in Note 27.

27. Commitments under PPP/PFI contracts

27.1 On "Balance Sheet"

The following PPP/PFI transactions have been accounted for in accordance with IFRIC 12 entitled *Service Concession Arrangements* as being on "balance sheet".

Causeway Programme - Core Department

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

This contract has an estimated value of approximately £34m of which £13.2m is estimated to be the capital value. Amounts relating to prepayments totalling £0.68m at 31 March 2010 (2008-09: £0.8m) are released over the estimated life of the project - these are accounted for in Note 20.

27.2 Accounting treatment

The PFI assets described above are included in the Department's accounts as Property, plant and equipment and Intangible assets. The liabilities to pay for the assets are in substance finance lease obligations. Contractual payments therefore comprise two elements, imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:-

	2009-10 £000	2008-09 £000 <i>Restated</i>
Imputed finance lease obligations under on "balance sheet" PFI contracts comprises:		
Not later than one year	1,592	1,592
Later than one year and not later than five years	3,848	5,440
Later than five years	-	-
	5,440	7,032
Less interest element	(412)	(642)
Total	5,028	6,390

27.3 Charge to the Operating Cost Statement and future commitments

The total amount charged in the operating cost statement in respect of the service element of on "balance sheet" PFI transactions was £2.582m (2008-09: £2.258m) and the payments to which the Department is committed, analysed by the period during which the commitment expires, are as follows.

	2009-10 £000	2008-09 £000 <i>Restated</i>
Not later than one year	-	-
Later than one year and not later than five years	1,608	1,608
Later than five years	-	-
Total	1,608	1,608

28. Other financial commitments

The Youth Justice Agency has entered into non cancellable contracts (which are not leases or PFI contracts) for reception, security duties and planned maintenance at the Juvenile Justice Centre, service fees relating to its leasehold properties, and funding payable to certain voluntary and community sector organisations for the delivery of programmes and initiatives.

The Northern Ireland Prison Service is committed to making grant payments to the Northern Ireland Prison Service Trust.

The payments to which the Agencies are committed during 2010-11, analysed by the period during which the commitment expires are as follows:

	2009-10 £000	2008-09 £000 <i>Restated</i>
Not later than one year	727	401
Later than one year and not later than five years	306	657
Later than five years	14	46
Total	1,047	1,104

29. Financial Instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Northern Ireland Office is not exposed to the degree of financial risk faced by business entities.

The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

Classification of financial instruments

All departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 20) and cash and cash equivalents (Note 21). The Department's financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 22). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Operating Cost Statement. Interest on financial instruments is recognised in finance costs (Note 12) under Programme Costs.

Risk Management

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the department wishes to trade with. Publically available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the statement of financial position.

Liquidity risk

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

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department acts as an agent in transferring funds from HM Treasury to the Northern Ireland Consolidated Fund in respect of European Union (EU) grants. However payments are only made by the Department based on the sterling value of funding received and there was therefore no exposure to currency risk. The Department does not have the authority to manage currency risk through hedging.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

Northern Ireland Prison Service Home Loans

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* balances in respect of Northern Ireland Prison Service Home Loans are stated in the statement of financial position at their amortised cost, being the carrying amount discounted to present value at the effective rate of interest of 3.5%. Further details are disclosed in Note 18.

These financial assets represent 1.2% of the agency's total asset value on the statement of financial position. They have not been affected by current credit risk as repayments are deducted directly from payroll and are not considered a significant medium or long-term risk to the Northern Ireland Prison Service.

29.1 Financial Guarantees, Indemnities and Letters of Comfort

The Department has entered into the following unquantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 39 *Financial Instruments: Recognition and Measurement* since the likelihood of a transfer of economic benefit in settlement is too remote.

The Department has indemnified members of the public inquiries and commissions against any civil liability which is incurred in the execution of their functions, unless they acted recklessly and provided that they have acted in good faith.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort that fall to be measured under IAS 39 *Financial Instruments: Recognition and Measurement*.

30. Contingent liabilities disclosed under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

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

- (i)**
- Description of liability: Supplier contracts, employment and personnel cases outstanding against the NIO Core Department.
- There are a number of Remission of Sentences Act cases being reviewed by the Commissioners. The plaintiffs may or may not pursue a judicial review and there is uncertainty over whether a judicial review will proceed.
- Expected date of Settlement: Settlement dates are unknown.
- Uncertainties and major assumptions: These claims have not been provided for in the Department's financial statements as they are considered unlikely to be successful.
- (ii)**
- Description of liability: Litigation claims against the Northern Ireland Prison Service that are expected to be unsuccessful.
- Expected date of Settlement: 2010 onwards (considerable number of individual cases).
- Uncertainties and major assumptions: The Northern Ireland Prison Service has estimated contingent liabilities of £0.605m (2008-09: £0.587m) in respect of litigation claims. These claims have not been provided for in the financial statements as the Prison Service believes it unlikely that they will be successful.
- (iii)**
- Description of liability: A claim against the Compensation Agency in respect of potential future care costs for an applicant under the Criminal Injuries Compensation (Northern Ireland) Order 1998.
- Expected date of Settlement: Settlement date unknown.
- Uncertainties and major assumptions: This arises from a formal legal agreement entered into as part of the resolution of a claim, which would otherwise have had to be paid in anticipation of potential future care costs for an applicant under the Criminal Injuries Compensation (Northern Ireland) Order 1988. The health authority does not at present envisage seeking reimbursement of costs; however should that circumstance arise the Compensation Agency would be liable for 20% of the care costs incurred on an annual basis. This contingent liability is currently estimated at £0.040m per annum (2008-09: £0.040m).

(iv)

Description of liability:

The Youth Justice Agency is currently contesting a number of personal injury or industrial tribunal claims brought by staff or young people.

Expected date of Settlement:

Settlement date unknown.

Uncertainties and major assumptions:

These cases are being defended by the Youth Justice Agency. The possible cost to the Agency has been estimated at £0.063m (2008-09: £0.148m). These claims have not been provided for in the financial statements as the Youth Justice Agency believes it unlikely that they will be successful. If payments materialise, they will do so during the 2010-11 financial year.

31. Losses and special payments**31.1 Losses Statement**

CONSOLIDATED	2009-10		2008-09	
	Number of cases	£000	Number of cases	£000
Details of cases				
Cash losses	13	7	1	511
Administrative write-offs	19	156	29	201
Fruitless payments	3	892	5	1,848
Store losses	-	-	1	1
Total	35	1,055	36	2,561

Fruitless Payments

i - Under the PPP Managed Services Contract between Fujitsu Services and the Department, Fujitsu Services are entitled to additional payments for delays caused outside its control. These payments primarily covered the costs of retaining the Fujitsu Project Development and Programme Management staff for a longer period than originally anticipated. Following the re-planning undertaken, the delivery of the most recent phase of the Programme, Data Sharing Mechanism 1, was rescheduled from June to November 2009. As a result Fujitsu sought compensation totalling £432,187 to cover this delay period of 5 months.

ii - A payment was made to an energy provider as a result of NIPS renegotiating the contract for the supply of gas to Maghaberry Prison at more favourable rates than the original contract. This was a 'spend to save' initiative, and as part of the renegotiations NIPS made a payment of £0.460m to allow NIPS to benefit from reduced gas prices going forward to the end of the contract term in September 2011. As a result NIPS will benefit from projected savings of £0.851m on gas supplies to the end of September 2011, a saving to the public purse.

Northern Ireland Prison Service - building contractors

Over claiming and subsequent overpayments to a single building contractor, estimated at around £0.650m, have been identified over a five year period since 2002. Following a review of internal procedures in 2007 the over claiming was identified and remedial action taken immediately. This case is currently the subject of arbitration proceedings and the Northern Ireland Prison Service is confident that this will result in recovery of monies. A total of £0.138m is being retained on invoices submitted until resolution.

A wider review identified two other contractors who similarly have been over claiming on invoices, the combined value is estimated to be around £0.600m over a five year period since 2002. Against this a total of £0.297m is being withheld by the Northern Ireland Prison Service on invoices submitted until resolution.

These three cases were reported as losses in 2008-09.

Following discussions with legal representatives, the contractors are presently co-operating with the Northern Ireland Prison Service and both contractors have accepted that there are anomalies in their invoices and are willing to arrive at a settlement in an effort to resolve the matter amicably without recourse to litigation. The Northern Ireland Prison Service intends to claim interest on overpayments to the contractors, the quantum of which will be dependant on the time at which interest can be levied.

31.2 Special Payments

CONSOLIDATED	2009-10		2008-09	
	Number of cases	£000	Number of cases	£000
Details of cases				
Compensation payments	715	7,515	608	5,939
Ex-gratia	2	4	1	2
Total	717	7,519	609	5,941

The Secretary of State has powers to recover compensation and costs from offenders of crimes in respect of which criminal compensation has been paid. Amounts not received are treated as a loss. There were 612 cases (2008-09: 524) amounting to £6.982m (2008-09: £5.314m) where final compensation payments were made in 2009-10 and offenders identified but it was not considered economic to pursue recovery.

During 2009-10, final compensation payments were made in 2,594 cases (2008-09: 2,563) (this includes the 612 cases mentioned above). The total amount of compensation paid in these cases was £29.213m (2008-09: £32.017m). This figure incorporates interim payments made in previous years.

Included in the litigation provision in Note 23 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 103 compensation payments (2008-09: 84) totalling £0.532m (2008-09: £0.625m). No individual payment exceeded £0.250m.

32. Related-party transactions

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

Executive Agencies:

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

Non Departmental Public Bodies:

- Police Service of Northern Ireland
- Office of the Police Ombudsman for Northern Ireland
- Probation Board for Northern Ireland
- Northern Ireland Policing Board
- Northern Ireland Human Rights Commission
- Criminal Justice Inspection Northern Ireland
- Northern Ireland Police Fund
- RUC George Cross Foundation

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

The Public Prosecution Service (PPS) paid professional fees of £83k to a barrister who is married to a Senior Assistant Director in the PPS.

The Public Prosecution Service paid professional fees of £49k to an independent counsel who is married to an Assistant Director in the PPS.

The Core Department paid £8k to a Consultant Engineer who is related to Senior Legal Adviser in the Departmental Solicitors Office.

A non-executive board member of the Northern Ireland Prison Service is a board member of Business in the Community. During the year, amounts totalling £2k were paid to Business in the Community for annual subscription fees in respect of the publication Opportunity Now.

A non-executive board member of the Northern Ireland Prison Service is a council member of the University of Ulster. During the year amounts totalling £16k were paid to the University of Ulster for training and tuition fees for Northern Ireland Prison Service staff.

A non-executive board member of Northern Ireland Prison Service is also a non-executive board member of Northern Ireland Water. Amounts totalling £1.126m were paid to Northern Ireland Water in monthly water and sewage charges in respect of all the prison establishments. The balance of monies owing at 31 March 2010 was £0.313m.

A non-executive board member of Northern Ireland Prison Service is also the chair of the Preventing Possession Initiative, part of the Housing Rights Service. Amounts totalling £31k were paid to the Housing Rights Service for annual subscription fees.

A Governor in the Northern Ireland Prison Service is a board member of Opportunity Youth. During the year, a total of £176k was paid in respect of the Young Offenders Centre at Hydebank. The balance of monies owing at 31 March 2010 was £42k.

The Acting Finance Director and board member of Forensic Science Northern Ireland was contracted via CPD Financial Services Framework. Connon Associates Limited supplies his services to the Forensic Science Northern Ireland. The total amount paid to Connon Associates Limited in 2009-10 for services in addition to the services of Finance Director amounted to £29k.

The Director of the Youth Conference Service in the Youth Justice Agency is married to an individual who was involved in the design of training courses delivered by the University of Ulster to Youth Justice Agency staff. Amounts paid to the University totalled £99k.

The Assistant Director of Community Services in the Youth Justice Agency is married to an employee of Glenmona Resource Centre. During 2009-10 the Agency paid £10k to the Glenmona Resource Centre for the rental of the Youth Justice Agency West Belfast Community Services office.

The Head of Human Resources in the Youth Justice Agency is a member of the fund raising committee of the charitable organisation 'The Amy Biel Foundation' along with the owner of Jenkison Consulting. During the year the Agency paid £53k to Jenkinson Consulting for training and consultancy services provided to the Agency.

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

33. Third-party assets

The Department holds as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 21 Cash and cash equivalents.

Crown Solicitor's Office restitution monies, received for subsequent payover to other departments, are not regarded as a Departmental asset. The balance held by the Department as at 31 March 2010 amount to £Nil (31 March 2009: £nil). In 2009-10 the CSO paid out more than it recovered in respect of restitution monies, resulting in a balance owing at 31 March 2010 of £30,325 (2008-09: £55,006). This amount is wholly recoverable by CSO and is therefore included within the primary statements.

All prisoners have a private account (Prisoners' Private Cash – PPC) into which prison earnings and cash received from visits or through the post are lodged. These accounts are also used by prisoners to fund all purchases from the prison tuckshop. When prisoners are finally discharged they are paid the full balance of their PPC account. Each prison establishment also administers a Prisoners' Amenities Fund. Payments from the fund are used for the welfare/benefit of all prisoners. Fund receipts include income from the sale of tuck shop items, phone credits and donations.

Young people in custody have a private cash facility for the lodgement of their pocket money and funding of tuckshop purchases. When the young people are discharged they are paid in full the balance on their account. Where a youth conference plan requires a young person to compensate a victim, the money is collected by the Agency and also held in a separate bank account until it is paid over to the victim.

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

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

	31 March 2009	Gross Inflows	Gross Outflows	31 March 2010
	£000	£000	£000	£000
Monetary assets such as bank balances and monies on deposit	3,376	3,255	(2,830)	3,801

34. Entities within the Departmental boundary

The entities within the boundary during 2009-10 were as follows:

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

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

Non-Executive NDPBs: Boundary Commission for Northern Ireland
Independent Assessor for PSNI Recruitment Applications
Parades Commission*

Other entities:*Commissions*

Chief Electoral Office
Civil Service Commissioners
Commission for the Location of Victims' Remains
Commissioner for Hearings under Prison Rule 109B
Independent International Commission for Decommissioning
Independent Monitoring Commission*
Life Sentence Review Commissioners
Northern Ireland Law Commission*
Office of the Surveillance Commissioner
Parole Commission
Remission of Sentences Commissioners

Other Judicial Bodies/Reviews

Bloody Sunday Inquiry
Billy Wright Inquiry
Robert Hamill Inquiry
Rosemary Nelson Inquiry
Consultative Group on the Past

Others

Boards of Visitors, HMPs Maghaberry and Magilligan
NIPS Central Benevolent Fund
Northern Ireland Prison Service Sports Association*
Police Rehabilitation and Retraining Trust*
Prison Service Trust*
Prisoner Ombudsman
Security Industry Authority
Strategic Review of Parades
Visiting Committee, Young Offenders Centre, Hydebank

*Separate accruals accounts are produced for these entities.

35. Corresponding amounts

During the financial year 2009-10, the following changes took place:

i - International Financial Reporting Standards (IFRS)

The Department previously prepared its Resource Accounts in line with UK Generally Accepted Accounting Practice (UK GAAP) contained within the *Government Financial Reporting Manual* (FReM) prepared by Treasury. From 2009-10 onwards, Treasury has determined that all departments, agencies and non departmental bodies must prepare accounts in accordance with IFRS.

The Department implemented IFRS 1 *First-time Adoption of International Financial Reporting Standards* with the date of transition to IFRS being 1 April 2008 for the purposes of preparing the opening IFRS statement of financial position.

The following standards had a material impact on the financial statements:

- IAS 19 - Employee Benefits;
- IFRIC 12 - Service Concession Arrangements; and
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Any adjustments arising from differing accounting policies resulting from the application of IFRS for the first time have been taken through the General Fund. Further details are contained in Note 2.

ii - Reclassifications

The Department has also taken the opportunity to reclassify a number of balances contained within the Statement of Financial Position to better reflect circumstances and improve the overall quality of reporting within the Accounts.

In addition, the Consolidated Accounts have been restated to reflect the decision by the Northern Ireland Prison Service to include provisions for injury benefit awards, early departure costs and superannuation as Programme Costs rather than Staff Costs within the Operating Cost Statement.

There is a nil effect on the Operating Cost Statement and Statement of Financial Position as a result of these reclassifications.

Impact on Financial Statements

The tables below summarise the overall impact of the above on corresponding amounts in the Core and Consolidated Operating Cost Statement and Statement of Financial Position. Comparative figures in the Statement of Parliamentary Supply and Note 3 have not been restated as, for the purposes of Parliamentary Control, these figures are indelible.

CORE DEPARTMENT

Statement of Financial Position as at 1 April 2008

	2007-08 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	1 April 08 £000 <i>Restated</i>
Non-current assets:				
Property, plant and equipment	124,381	(2,265)	-	122,116
Intangible assets	1,258	1,023	-	2,281
Trade and other receivables	-	2,736	-	2,736
Financial assets	1,469,204	-	-	1,469,204
Current assets:				
Assets classified as held for sale	-	4,445	-	4,445
Inventories	116	-	-	116
Trade and other receivables	135,278	1,211	(119,919)	16,570
Financial assets	-	-	119,919	119,919
Cash and cash equivalents	72,632	-	6,998	79,630
Liabilities:				
Cash and cash equivalents	-	-	(6,998)	(6,998)
Trade and other payables	(175,817)	(2,850)	-	(178,667)
Provisions	(7,779)	-	-	(7,779)
Other payables	(1,470,599)	(5,534)	-	(1,476,133)
	148,674	(1,234)	-	147,440
Taxpayer's Equity:				
General Fund	114,616	(1,234)	-	113,382
Revaluation Reserve	34,058	-	-	34,058
	148,674	(1,234)	-	147,440

CORE DEPARTMENT (CONTINUED)

Operating Cost Statement for the year ended 31 March 2009

	2008-09 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	2008-09 £000 <i>Restated</i>
Administration costs				
Staff costs	28,765	89	-	28,854
Other administration costs	26,127	(27)	-	26,100
Operating Income	(5,118)	-	-	(5,118)
Programme costs				
Request for Resources 1:				
Staff costs	20,675	164	-	20,839
Programme costs	1,016,935	701	-	1,017,636
Income	(4,192)	-	-	(4,192)
Request for Resources 2:				
Programme costs	11,563,119	-	-	11,563,119
Income	(106,235)	-	-	(106,235)
EU Income	(36,884)	-	-	(36,884)
Net Operating Cost	12,503,192	927	-	12,504,119

Statement of Financial Position as at 31 March 2009

	2008-09 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	2008-09 £000 <i>Restated</i>
Non-current assets:				
Property, plant and equipment	116,752	416	-	117,168
Intangible assets	956	925	-	1,881
Trade and other receivables	-	1,576	-	1,576
Financial assets	1,366,489	-	-	1,366,489
Current assets:				
Assets classified as held for sale	-	1,287	-	1,287
Inventories	95	-	-	95
Trade and other receivables	131,337	1,160	(119,315)	13,182
Financial assets	-	-	119,315	119,315
Cash and cash equivalents	202,544	-	2,764	205,308
Liabilities:				
Cash and cash equivalents	-	-	(2,764)	(2,764)
Trade and other payables	(149,677)	(3,103)	-	(152,780)
Provisions	(8,356)	-	-	(8,356)
Other payables	(1,367,410)	(4,423)	-	(1,371,833)
	292,730	(2,162)	-	290,568
Taxpayer's Equity:				
General Fund	265,789	(2,162)	-	263,627
Revaluation Reserve	26,941	-	-	26,941
	292,730	(2,162)	-	290,568

CONSOLIDATED

Statement of Financial Position as at 1 April 2008

	2007-08 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	1 April 08 £000 <i>Restated</i>
Non-current assets:				
Property, plant and equipment	384,437	(2,583)	-	381,854
Intangible assets	1,573	1,340	-	2,913
Trade and other receivables	2,837	2,737	(2,824)	2,750
Financial assets	1,469,204	-	2,824	1,472,028
Current assets:				
Assets classified as held for sale	-	4,445	-	4,445
Inventories	1,902	-	-	1,902
Trade and other receivables	135,755	1,212	(120,348)	16,619
Financial assets	-	-	120,348	120,348
Cash and cash equivalents	69,878	-	13,381	83,259
Liabilities:				
Cash and cash equivalents	-	-	(13,381)	(13,381)
Trade and other payables	(269,515)	(6,985)	-	(276,500)
Provisions	(59,844)	-	-	(59,844)
Other payables	(1,470,611)	(5,534)	-	(1,476,145)
	265,616	(5,368)	-	260,248
Taxpayer's Equity:				
General Fund	164,147	(5,368)	37	158,816
Revaluation Reserve	101,469	-	(37)	101,432
	265,616	(5,368)	-	260,248

CONSOLIDATED (CONTINUED)

Operating Cost Statement for the year ended 31 March 2009

	2008-09 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	2008-09 £000 <i>Restated</i>
Administration costs				
Staff costs	37,326	171	-	37,497
Other administration costs	30,291	(27)	-	30,264
Operating Income	(5,263)	-	-	(5,263)
Programme costs				
Request for Resources 1:				
Staff costs	126,423	422	(2,005)	124,840
Programme costs	1,123,684	701	2,005	1,126,390
Income	(16,222)	-	-	(16,222)
Request for Resources 2:				
Programme costs	11,563,119	-	-	11,563,119
Income	(106,235)	-	-	(106,235)
EU Income	(36,884)	-	-	(36,884)
Net Operating Cost	12,716,239	1,267	-	12,717,506

Statement of Financial Position as at 31 March 2009

	2008-09 Published Resource Accounts £000	International Financial Reporting Standards £000	Reclassifi- cation £000	2008-09 £000 <i>Restated</i>
Non-current assets:				
Property, plant and equipment	377,149	266	-	377,415
Intangible assets	1,284	1,078	-	2,362
Trade and other receivables	2,473	1,577	(2,453)	1,597
Financial assets	1,366,489	-	2,453	1,368,942
Current assets:				
Assets classified as held for sale	-	1,287	-	1,287
Inventories	1,780	-	-	1,780
Trade and other receivables	133,708	1,160	(119,726)	15,142
Financial assets	-	-	119,726	119,726
Cash and cash equivalents	201,912	-	4,260	206,172
Liabilities:				
Cash and cash equivalents	-	-	(4,260)	(4,260)
Trade and other payables	(362,011)	(7,580)	-	(369,591)
Provisions	(81,741)	-	-	(81,741)
Other payables	(1,367,431)	(4,423)	-	(1,371,854)
	273,612	(6,635)	-	266,977
Taxpayer's Equity:				
General Fund	196,424	(6,635)	-	189,789
Revaluation Reserve	77,188	-	-	77,188
	273,612	(6,635)	-	266,977

36. Events after the reporting date

On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly. In line with the guidance contained in the *Government Financial Reporting Manual (FReM)*, this will be accounted for in the 2010-11 Resource Accounts of the Northern Ireland Office, Department of Justice and Public Prosecution Service using merger accounting principles. There is no impact on the 2009-10 financial statements of the Northern Ireland Office as a result of this transfer of functions. Further details are contained in section 1 of the Directors' Report and section 12 of the Management Commentary.

There were no other events occurring after the reporting date that require disclosure. The accounts were authorised for issue on the same date the Comptroller and Auditor General certified the accounts.



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