Presented pursuant to the GRA Act 2000, c.20. s.6

Department for International Development

Resource Accounts 2004–05

LONDON: The Stationery Office
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(For the year ended 31 March 2005)

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Contents

ANNUAL REPORT

SCOPE

1. Coverage of the Accounts

The Department for International Development (DFID) is responsible for leading the Government's efforts to promote international development and the reduction of poverty. The Department was created in 1997 under the Secretary of State for International Development; it succeeded the former Overseas Development Administration but with a wider role. These accounts cover DFID activities carried out from headquarters offices in London and East Kilbride; and offices in many developing countries. They do not consolidate the results of the limited number of non-departmental bodies or other organisations for which DFID has policy responsibility (see paragraph 3 below).

DFID also administers pensions and related benefits under the provisions of various Acts of Parliament. These accounts include the administrative costs associated with this function. A separate resource account reports expenditure and other information about the schemes administered by DFID.

For public expenditure control purposes, the Departmental Expenditure control Limit (DEL) for DFID includes the UK share of spending from the budget of the European Communities on development purposes. These costs are attributed to DFID's DEL, although the EC budget is funded from the Consolidated Fund. In accordance with the Resource Accounting Manual rules on treatment of payments out of the Consolidated Fund, amounts attributed in this way are not included in schedules 1-5. They are included in the reconciliation between outturn and DFID's DEL in Note 5. The cost of capital charge for our investment in the CDC Group is now shown in Annually Managed Expenditure (AME) following a reclassification.

The International Development Act, which came into force in June 2002, established the legal basis for UK development assistance. The Secretary of State for International Development can provide development assistance for sustainable development and welfare, provided that he is satisfied that the assistance is likely to contribute to poverty reduction. The Act also gives the Secretary of State additional powers to provide support for development awareness and advocacy work, and to use a wider range of financial instruments including securities and guarantees. At the same time, it ensures that the UK can continue giving assistance to its Overseas Territories and provide rapid humanitarian assistance around the world.

2. Aims, Objectives and Targets

DFID is committed to working with developing countries and the international community to achieve the eight "Millennium Development Goals" endorsed at the UN Millennium Summit in September 2000. The Goals are milestones against which the international community can judge global progress in tackling poverty. They are to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID pursues these goals through providing financial and technical support directly to poor countries, or through multilateral and other institutions, and by seeking to ensure that the international system works more effectively for poor people. DFID also has responsibility for helping those who are victims of natural or man-made disasters. More details on activities are in the Departmental Report 2005 (Cm 6534).

DFID's aims, objectives and targets are set out in the Public Service Agreement (PSA). The overall aim of the PSA is the elimination of poverty in particular through achievement by 2015 of the Millennium Development Goals. The 2003-06 PSA contains 5 objectives:

1. Reduce Poverty in Sub-Saharan Africa.

2. Reduce Poverty in Asia.

3. Reduce Poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.

4. Increase the impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises.

5. Develop evidence-based, innovative approaches to international development.

We are also committed to achieving Value for Money in our programme delivery. The 2003-06 PSA contains 6 targets under these objectives. The objectives are closely aligned to DFID's management structure, ensuring clear accountability for delivery. Individual Directors have been given responsibility for PSA targets and objectives, providing direct accountability for delivery. Directors produce Directors' Delivery Plans annually, in which they set out how they will use their resources to deliver their objectives/targets and how they will delegate responsibility through their Divisions to assist them in this. DFID's Management Board considers these plans in January each year.

The Public Service Agreement sets targets that we need to reach by 2006. This will help us to assess whether we are on track to meet the Millennium Development Goals. These include targets on conflict prevention, shared with the Foreign and Commonwealth Office and the Ministry of Defence (spending on this is reported under a separate request for resources), on debt relief shared with the Treasury and on reducing trade barriers and improving trading opportunities for developing countries, shared with the Foreign and Commonwealth Office and the Department for Trade and Industry. As part of the 2004 Spending Round DFID agreed a new 2005-08 PSA for this spending period. This new PSA will overlap with the current Agreement that runs until 2006.

Progress against PSA targets is detailed in Annex 3 of DFID's Departmental Report 2005. Note 7 and Schedule 5 to the Accounts analyse the use of resources against PSA objectives.

3. Other public sector bodies

DFID has policy responsibility for the following Non-Departmental Public Bodies. None of these bodies employ any staff or have any facilities.

- Commonwealth Scholarship Commission

- Crown Agents Holding and Realisation Board

- Overseas Service Pensions Scheme Advisory Board

DFID, on behalf of the Government, owns 100 per cent of the issued share capital of the CDC Group plc (formerly the Commonwealth Development Corporation). In 2004, fund management activities previously carried out by CDC were transferred to a newly formed limited liability partnership (Actis llp). Both CDC and Actis publish their own annual report and accounts. DFID's resource account includes as assets the Governments shareholding in CDC and its capital contribution to Actis.

The Secretary of State has nominated a permanent member (presently Mark Lowcock) to the governing Council of the Crown Agents Foundation, the parent body of the Crown Agents for Oversea Governments and Administrations. The Foundation and Crown Agents publish their own reports and accounts. Outstanding loans to the Crown Agents are included in other loans.

4. Significant events since the end of the Financial Year

Following the UK General Election on 5th May both Hilary Benn and Gareth Thomas were re-appointed to the ministerial positions they held with DFID prior to the election.

5. Departmental Report

A Departmental Report is produced each year and provides information for Parliament and the public about DFID's activities, which supplement these Accounts. The report published in June 2005 (Cm 6534) provides details of DFID's work and key developments in 2004-05 together with agreed budget allocations for years to 2007-08. A further update on performance will be provided in the Autumn Performance Report (December 2005).

DFID also publishes a separate report; "Statistics on International Development" which contains a detailed breakdown of development expenditure. The report covering the period 2004-05 will be published in October 2005.

6. Pensions

Details of arrangements for pension provision for employees are given in Note 2 to the Accounts.

7. Operating and Financial Review

During 2004-05, DFID continued to invest in efforts to reduce poverty both through its own financial commitments and by supporting action designed to enhance the impact of the international system as set out in White Papers published in 1997 and 2001. Additional emphasis was placed on focusing support to individual countries around Poverty Reduction Strategies and sector programmes. Whilst the elimination of abject poverty is a long-term goal DFID has also responded to humanitarian and development challenges around the globe and to a range of other disasters in response to specific crises.

In terms of how we are performing against PSA targets it is too early to say whether PSA Targets 1, 2 and 3 will be met by 2006; Target 4, on international trade, is off-track to be met by its target date of 2005, although a significant step forward was made in July 2004 and the prospects of the target being successfully met at a later date are improving; we are on course to deliver Target 5. Full details of progress against each of our PSA targets and sub-targets can be found in Annex 3 of DFID's Departmental Report 2005.

Resource spending for each of the main objectives is shown in Note 7 to the accounts. Some notable features are:

- In 2004-05 the Departmental Expenditure Limit was £3,924m. This includes some £605m arising from the attribution of EC spending on overseas aid. Budgets for future years announced in the spending review in July 2004 are for increases to £5,323 million by 2007-08. The overall resource budget for the year was originally £3,150 million. After taking account of end-year flexibility (EYF) and allocations from the Reserve, the final budget was £3,349 million.

- Actual resources for reducing poverty were £3,213 million (2003-04 £2,829 million). Resources used for conflict prevention were £44 million (2003-04 £45 million). The underspend against budget was £91.6 million; this will be available for spending in 2005-06 and later years under EYF arrangements.

- £878 million (27%) of total resources were devoted to Africa. We are on course with our aim of spending £1 billion in Africa by 2005-06.

- Following the earthquake and subsequent tsunami in the Indian Ocean that struck on 26 December the Secretary of State announced a commitment of £75 million to meet immediate humanitarian needs. The £75m consisted of DFID humanitarian contingency funds (£20m), departmental contingency funds (£30m), and HMT's Reserve (£25m). This was all allocated to the emergency humanitarian relief effort. By 31 March 2005, £55m had been programmed and is included in these accounts. The balance of available funds will be expensed in 2005-06.

- We are committed to spending at least 90% of bilateral resources in low-income countries in the period 2005-08. This is reflected in budget decisions agreed during the year for 2005-08. It is estimated that 84% of country-specific bilateral expenditure (excluding humanitarian assistance) went to low-income countries in 2004-05. We have made provision to ensure that we reach the 90% target by 2006 (PSA Target 5).

- Two joint Conflict Prevention Pools were set up in 2001-02 with the Foreign and Commonwealth Office and Ministry of Defence; these are subject to joint decision-making but with each department being accountable for those projects within its sphere of responsibility. Total spending by DFID was £43.9m against an Estimate of £45.8m.

Administration costs

- Staff costs increased by 16% to £83.1m. This is the result of the 3.5% indexation to salaries and the increased number of home civil service posts in the last 12 months.

- Other administration costs increased by 4.1% (£5.3m). Within this £3.1m million is an exceptional charge arising from the revaluation of DFID's offices in East Kilbride and Kigali.

On the balance sheet:

- Capital spending remained steady, £30.8m compared with £29.8m in 2003-04. This largely reflects the ongoing investment in the office refurbishment programme for our East Kilbride Headquarters and the further IT investments including those through the Catalyst programme.

- The net value of tangible fixed assets increased from £70m to £75m. 35% of our total assets fall within the IT equipment/systems or office furniture/equipment categories.

- There was little movement in the balance sheet value of investments in International Financial Institutions. Note 11 to the Accounts provides details of the individual investments, which after adjustment for exchange rate movements, reveals an overall net value change of just under £13.5m.

- The decrease in our short-term debtors (deposits and advances) was offset by an increase in prepayments that resulted from more extensive data capture. Excluding loans due within one year short-term debtors stand at £152m at 31 March 2005 compared with £142m at 31 March 2004.

- Creditors, excluding the Consolidated Fund, reduced from £786m to £738m, leading to a decrease from 27% to 23% in Creditors against Net Resource Outturn.

- Two new provisions for liabilities were identified at the balance sheet date. A new provision of £22m was made for debt relief for HIPC countries on long term loans made with EU partners through the International Development Association following the decision that these should now be regarded as bilateral rather than joint funds. Secondly, within administration costs a new provision for £1.2m was taken to reflect the terminal gratuity arrangements that many of our country offices make available to our staff appointed in country.

- As in previous years, DFID entered into a range of financial commitments in the normal course of operations that, subject to various terms and conditions, will be discharged in future periods. There were no major new risks and uncertainties such as potential environmental liabilities and contingent liabilities, during the year or subsequently that materially affect DFID's future position.

During the year DFID continued to invest in its future effectiveness and efficiency. Key elements of this investment were:

- Investment has continued with a major refurbishment programme to our Headquarter premises in Scotland. This investment is promoting both economy and improved working methods through better design of working spaces. The expenditure incurred has been allocated to capital and current expense taking account of an open market valuation of the refurbished offices.

- Offices were opened or planned in a number of countries; this is because programmes can be more effectively managed and have greater impact if based in partner countries. This provides efficiencies relating to reduced travel and office space.

- Continued further investment in IT enabled change is providing better and timelier information both in the UK and in offices overseas. During the next three years we expect to invest around £60 million in this programme.

- Management development programmes continued and new programmes were extended, including on diversity.

- DFID supports a significant amount of research designed both to inform its own future policies and programmes and those of others in the field of international development. Improved ways of working also continue to be developed. Important examples of significant work related to DFID's effectiveness include developments in policy related to direct budgetary support to poor countries and work to enhance evaluation and performance management.

- As part of the 2004 Spending Review settlement DFID has developed an Efficiency Plan for the spending period. It is summarised in a published Efficiency Technical Note, which details how gains will be measured. Our proposals cover some £422m over the next three years, representing savings of 2.7%. Of these, £30m are administration costs and include specific targets to reduce total staff by 294 posts, of which 170 will be UK based, and to move 85 posts from London to East Kilbride. Across Government, gains of over £20bn are expected by 2007/8. Our Programme gains are based on improving the effective use of resources through increasing the resources committed through direct budget support, procurement savings, our Portfolio Quality Strategy, increasing the poverty focus of EC Aid and increasing our support for IDA. Responsibility for delivering the efficiency programme rests with Directors whose plans to achieve it are set out in their annual Delivery Plans.

8. Financial instruments

The department's overall approach to management of risk is described in the statement on internal control. The department is funded from Parliamentary Supply with funds provided through Paymaster and therefore has no significant exposure to liquidity and cash-flow risk. The department's equity interest in CDC Group plc is subject to market performance risk and currency risk: numerical disclosures and a description of measures taken to manage these risks are in CDC's own financial statements. DFID's ownership interest in International Financial Institutions and part of the loan portfolio are denominated in foreign currencies and subject to currency risk. In line with HMG policy, DFID does not undertake any hedging or derivative transactions to manage this risk. Numerical disclosures required by Financial Reporting Standard 13 are included in relevant notes showing the value of financial instruments. As permitted by the Standard, these disclosures do not cover short-term debtors and creditors.

MANAGEMENT

9. Ministers in charge of the department during the year

The following Ministers served during the year to 31 March 2005:

Hilary Benn, Secretary of State for International Development

Gareth Thomas, Parliamentary Under-Secretary of State for International Development

Baroness Valerie Amos – Spokesperson in the House of Lords

10. Permanent Head of Department and composition of Management Board

Suma Chakrabarti, Permanent Secretary and Principal Accounting Officer, is the official Head of Department.

Note 2 to the Accounts provide the names of the most senior members of the Department. DFID has a 6-member Management Board comprising the Permanent Secretary, 3 Directors General and two non-executive members.

The Permanent Head of the Department was appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service, with the agreement of the Secretary of State for International Development. Mr Chakrabarti's appointment is for an indefinite term under the terms of the Senior Civil Service Contract. Provisions for termination are those in Chapter 11 of the Civil Service Management Code.

The Permanent Secretary appoints members to the Management Board. Those who are also civil servants serve under the terms of the Senior Civil Service Contract; rules for termination are set out in Chapter 11 of the Civil Service Management Code.

Remuneration of Management Board members is determined in line with recommendations of the Senior Salaries Review Body. Details of remuneration of Ministers and the most senior managers is given in Note 2 to the Accounts.

PUBLIC INTEREST AND OTHER

11. Diversity

DFID launched a diversity strategy in June 2004 following the appointment of a full time Diversity Adviser. This outlines our vision of a global organisation with international staff which makes a more effective contribution to poverty elimination across the world because it:

- actively promotes equality and sees diversity as an opportunity not a problem
- consistently acts to eliminate all forms of discrimination and challenges negative behaviour
- has an open culture and behaves inclusively
- unlocks the energy and potential of every member of staff.

This strategy aims to mainstream diversity into DFID's business, both in the UK and overseas. DFID has a Diversity Champion at Management Board level who provides leadership on diversity and encourages wider accountability for the agenda. Diversity awareness training has been provided to most staff and we are now giving consideration to follow-up training that targets specific development needs and enhances skills around managing diversity. We will also establish staff networks for women and ethnic minority staff in 2005.

12. Policy on equal opportunities and recruitment

DFID operates a diversity and equal opportunities policy, which states that everyone should be considered for employment and progression on the basis of their suitability for the work alone. DFID values the diversity of its staff and encourages an organisational culture where difference is respected, where individuals are valued regardless of their background, experience or characteristics (visible or non-visible). All staff are given the opportunity to contribute to DFID's work to the best of their ability.

The Cabinet Office is responsible for developing, formulating and disseminating equal opportunities policies for the Civil Service as a whole but operational policy lies with DFID. DFID has a Corporate HR department with responsibility for developing and promoting our internal equal opportunities policies and acting as an inter-departmental liaison with the Cabinet Office as necessary. Line Managers are responsible for ensuring that all staff for whom they have a responsibility are aware of the diversity and equal opportunities policy and that there is no unlawful discrimination of any kind or contravention of DFID's policies on discrimination.

The DFID equal opportunity policy states that there shall be no discrimination against staff on grounds of gender, marital status, race, colour, nationality, ethnic origin, religion or belief, disability, sexual orientation, working pattern, gender re-assignment, age or background. Employment, promotion and recruitment are solely on merit.

13. Policy on employment of disabled persons

DFID continues to meet its obligations to disabled staff under the Disability Discrimination Act 1995. 43 of our staff have declared themselves as disabled (2.2% of staff). We support the Civil Service wide bursary scheme organised by the Cabinet Office for staff with disabilities to help develop their skills and competences. DFID will be undertaking disability awareness events through 2005 for its staff. We have established a DFID Disability Group to ensure DFID provides appropriate support to disabled people and is making progress against four key areas: employability, access, culture change and integrating diversity into our mainstream programme work. We will also be setting up a Disability Forum to allow staff to discuss disability issues in an open and comfortable atmosphere.

14. Staff Relations

We continue to have good employee relations. We work closely with the Departmental Trade Union Side, and successfully negotiated another multi year pay deal for staff below the Senior Civil Service for the period to July 2007. We conducted a stress audit in 2004 in which the overall pattern of result was positive – commitment is high, stress levels are normal or low and reported risks to physical and psychological health are within the normal range. We are working hard to maintain positive relations as the Department reduces its overall staffing numbers by 10% over the next three years as part of the Whitehall Gershon Efficiency Review. We regularly contribute to current Whitehall concerns on issues such as pension provision and retirement age. We are developing a DFID wide People Strategy focusing on world class leadership, professionalism and career development for all; healthy, safe and inclusive workplaces worldwide and smart people processes that support the business.

15. Health and Safety

DFID's policy with respect to the health and safety at work of employees complies with Section 2(3) of the Health and Safety at Work etc Act, 1974.

The Permanent Secretary recognises and accepts responsibility for providing a safe and healthy workplace and working environment for all staff and will take all practicable steps to meet that responsibility. The day-to-day responsibility for ensuring that we comply fully with the Act and all other relevant statutory provisions and maintain a safe and healthy workplace for staff is delegated to the Human Resources Director. We also employ a full time Health and Safety Adviser.

DFID has established an overall Health and Safety Committee responsible for systems and procedures. Additionally, Safety Committees have been established at both DFID HQs, consisting of representatives of management and staff whose function is to promote and develop measures to ensure health and safety at work and to check their effectiveness. Equally it is the duty of every member of staff to take reasonable care for the health and safety of themselves and of their colleagues or other persons who may be affected by their actions at work and to co-operate with DFID managers to enable them to fulfil statutory requirements.

16. Environmental Policy

DFID continues to improve its internal environmental performance making good progress towards the targets set out in the Framework for Sustainable Development on the Government Estate. We have met the targets for water usage and renewable energy. We have also published delivery plans; the London and East Kilbride offices have 100% green electricity; energy and water consumption is carefully monitored and the new Building Management Systems minimise consumption and identify opportunities for further improvement. Both offices use waste contractors who re-cycle at least 40% of all office waste, and at the East Kilbride office we have also conducted an audit of local habitats and species.

The design for refurbishing the East Kilbride office earned an “Excellent” BREEAM rating (Building Research Establishment Environmental Assessment Methodology). The office has a range of green features including high efficiency boilers, natural ventilation for office areas and movement sensors replacing light switches.

Both UK offices have implemented Environment Management Systems which we plan to roll out to our principal overseas offices. Meanwhile, all country offices are encouraged to adopt best environmental practice.

17. Policy on Payment of suppliers

DFID is committed to the Better Payment Practice Code. In line with Government policy, DFID's procurement procedures comply with BS 7980, the British Standard for achieving good payment performance in commercial transactions. Our aim is to pay bills in accordance with agreed contractual conditions, or where no such conditions exist, within 30 days of receipt of the goods or services or the presentation of a valid invoice. The percentage of invoices settled within the 30-day period in financial year 2004-05 was 95.86%. No payments in respect of interest were paid during 2004-05 under the Late Payment of Commercial Debts (Interest) Act 1988.

18. Auditors

The accounts are audited by the Comptroller and Auditor General. Fees charged were £230,000 for the audit of the main account and £32,000 for other audit services.

Suma Chakrabarti
Accounting Officer for the Department for International Development July 2005

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

3. The Treasury has appointed me, as Permanent Secretary, Principal Accounting Officer for the Department for International Development, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

4. In preparing the accounts I am required to comply with the Resource Accounting Manual prepared by the Treasury and in particular to:

   (a) observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

   (b) make judgements and estimates on a reasonable basis;

   (c) state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed and disclose and explain any material departures in the account;

   (d) prepare the accounts on a going concern basis.

5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of 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 Treasury and published in *Government Accounting.*

Suma Chakrabarti
Accounting Officer for the Department for International Development 28 July 2005

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for International Development's (DFID) 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 Government Accounting.

Senior managers take an active lead in supporting and promoting improvements in risk management. Ministers decide on high-level policy risks based on advice from officials. The Secretary of State takes decisions on the Department's overall policy, and key components of policy on the basis of submissions, which usually include an assessment of risk. There are clear lines of delegation covering both policy and expenditure.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, 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 has been in place in DFID for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

I chair the DFID Management Board that has overall responsibility for leading on risk management for both strategic level risks and key delivery risks. The Board has adopted a risk management policy framework. All staff have been notified of this and given guidance on handling fiduciary and delivery risks. The Board is responsible for the Corporate Risk Register (CRR) which it assesses every quarter and reviews in detail every year. The CRR identifies the key strategic risks to achieving the PSA targets. Each of the strategic risks in the register has a risk owner at Management Board level. The Management Board undertakes a review of Divisional plans including the risk management strategies set out in these.

To strengthen risk assessment and rating across the organisation we published new guidance on risk assessment in March. This guidance includes Terms of Reference that have been developed to explicitly define the role and responsibility of risk owners at different levels of the organisation. We continue to look for opportunities to enhance training for staff, and have updated our performance management training course to improve our risk training. Lesson learning takes place through the Project Reporting Information System for Management database. Since November 2004 identifying lessons in project completion reports has been mandatory and these are divided into three key categories, management, technical and cross-cutting lessons.

The risk and control framework

The Department Risk Policy Framework and Corporate Risk Register consider the risks we face, our attitude to them and a process for managing them. Although we are averse to risks that would damage DFID's reputation or the quality of our financial management, we are increasingly ready to allocate financial resources to activities which have a high risk of not achieving their objectives provided that the potential benefits to success (such as in contributing to the achievement of the MDGs) are proportionately high and that risks are managed sensibly. We want to encourage a greater risk appetite in frontline policy/spending departments, in particular to encourage innovation and experimentation and therefore we consider it is important to enhance our capacity to both rigorously assess and manage risks.

We have decentralised risk management as far as possible. The Management Board focuses on risks to reputation and organisational capability to achieve our high-level goals. Directors for line and functional Divisions are accountable to the Management Board for delivery of specific objectives and targets linked to DFID's Public Service Agreement. The Directors' Delivery Plans (DDPs), which are reviewed annually, include explicit consideration of risk. The plans are informed by risk assessments for country and institutional programmes and departments within Divisions. There is a close interplay between the CRR and the DDPs: risks feed up to the CRR or are managed off the register through DDPs.

An Audit Committee, chaired by a non-executive member of the Management Board, leads on ensuring that DFID is a financially sound and efficient organisation which makes full and effective use of resources in support of DFID objectives.

In the course of 2004-05 revised guidance on rules governing DFID's key corporate activities was developed and issued to all staff as DFID's Essential Guide to Rules and Tools. This focuses on mandatory requirements and represents a significant rationalisation and streamlining of existing guidance. Its publication is intended to further strengthen compliance with corporate procedures within DFID. Consistent compliance is also promoted and supported through training programmes, Help Desks, and central scrutiny and checks. There are clear guidelines for design, appraisal and approval of programme spending proposals, including assessments of risks and how these should be managed. Clear delegations of authority to approve spending proposals and for other purposes are in place.

We have further developed our systems for assessing and monitoring fiduciary risk in relation to Poverty Reduction Budget Support (PRBS). This is a good example of an area which can carry high risks but where, as described above, the potential development benefits are considerable. áWe work with partner governments and other donors to undertake thorough fiduciary risk assessments, and to ensure that there is a credible programme of reform in place to address identified weaknesses in public financial management. Once programmes are underway, we and other donors support partner governments and their Auditors General to improve the availability of appropriate audit assurance on the use of funds, particularly where public financial management systems are weak. We have also instituted a systematic annual review of both fiduciary risk and progress on strengthening local systems which will inform the risk reporting of the responsible Directors. We will continue to reportáseparately to Parliament and others on the wider impact and effectiveness of PRBS, as well as on fiduciary and public financial management issues, in our Departmental Report.

Infrastructure and systems development and procurement comply with standard Government procedures that require full risk assessment and risk management processes. Project boards, reporting to senior managers and Management Board committees, oversee new developments.

Contingency plans have been drawn up for offices overseas and in the UK for threats to the security and effectiveness of our staff and key systems overseas and where possible to maintain continuity of operations.

Review of effectiveness

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

The Management Board leads on financial and risk management procedures within DFID. It receives Quarterly Management Reports on performance in these areas, and approves and advises Ministers on the recommendations of the annual internal resource allocation exercise. It is supported by a network of sub-Committees whose Terms of Reference, Workplans and performance are reviewed by the Board on an annual basis to complement on-going dialogue throughout the year.

The Audit Committee provides assurance to me, as the Accounting Officer, by monitoring and reviewing the risk, control and governance systems in the organisation, and the associated assurance processes. It is also a sub-Committee of the Management Board and will ordinarily report to the Accounting Officer through the Board. The Committee provides oversight and guidance, where necessary, on the work of Finance and Corporate Performance Division. It also reviews the work programme of Internal Audit Department, discusses external audit strategies, and provides a key interface between DFID and the National Audit Office.

The risk improvement manager (RIM) has been working over the last year to embed risk management into good management practice. The Risk Management Assessment Framework (RMAF) was completed in October 2004 through a peer review with the Foreign and Commonwealth Office (FCO). This review identified examples of successful risk management and areas where we need to concentrate efforts in the future. These have been built into the risk work plan for Corporate Strategy Group for next year. An update of the RMAF is currently being prepared and we have new evidence of good risk management and embedding risk across the organisation, for example in launching the People Strategy and DFID's Essential Guide to Rules and Tools. Following a discussion with the FCO we have improved our score in managing risk with partners.

Internal Audit Department (IAD) provides me, as the Accounting Officer, with an independent and objective opinion on the adequacy of systems of risk management, control and governance, by measuring and evaluating their effectiveness in achieving DFID's objectives. In addition, IAD's findings and recommendations are beneficial to line management in the audited areas.

All Directors provide me with an annual statement covering identification and management of risk and an assurance on compliance with management and control systems. These statements include key performance data, an outline of action undertaken or planned to remedy shortfalls in performance, and a reconsideration of delivery risks. Directors' assurance statements are informed by Departmental systems on management of performance and by in-year monitoring of these systems including sample testing.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

No significant control issues have arisen in DFID for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts. Plans are in place to maintain and reinforce the internal control environment in order to meet the challenges arising from continuing increases in DFID's budget. In particular, a substantial upgrade of the Department's financial management systems is planned over the next few years.

Suma Chakrabarti
Accounting Officer for the Department for International Development 28 July 2005

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

I certify that I have audited the financial statements on pages 16 to 47 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 22 to 25.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 10, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on page 11 reflects the Department's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department for International Development at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and

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

I have no observations to make on these financial statements.

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

5 October 2005

SCHEDULE 1

Summary of Resource Outturn
for the year ended 31 March 2005

	Estimate			Outturn			Net total outturn compared with Estimate	
	Gross Expenditure	A-in-A	Net Total	Gross Expenditure	A-in-A	Net Total	Saving/ (excess)	Prior-year Outturn
	1	2	3	4	5	6	7	8
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1: Eliminating Poverty in Poorer Countries	3,308,945	5,683	3,303,262	3,219,198	5,683	3,213,515	89,747	2,829,156
Request for Resources 2: Conflict Prevention	45,812	–	45,812	43,930	–	43,930	1,882	44,929
Total Resources	**3,354,757**	**5,683**	**3,349,074**	**3,263,128**	**5,683**	**3,257,445**	**91,629**	**2,874,085**
Non-operating cost A-in-A (note 8)	**–**	**30,574**	**30,574**	**–**	**30,574**	**30,574**	**–**	**28,600**
Net cash requirement	**–**	**–**	**3,350,365**	**–**	**–**	**3,207,731**	**142,634**	**3,144,053**

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 the Consolidated Fund (cash receipts in italics):

		Forecast 2004-05		Outturn 2004-05	
		Income	*Receipts*	Income	*Receipts*
	Note	£000	*£000*	£000	*£000*
Total	6	**3,000**	***3,000***	**9,648**	***9,917***

Explanation of the variation between Estimate and outturn (net total resources):

(i) Request for Resources 1 (favourable variance £89,747k)

Multilateral Aid Effectiveness – The reduction arises mainly from expenditure on debt relief, contributions to international financial institutions, and humanitarian assistance programmes being lower than expected. Generally, the planned spending has moved forward into 2005-06.

Gibraltar Social Insurance Fund – The Estimate provision is based on a forecast for payments to beneficiaries of the Gibraltar Social Insurance Fund. Although the provision was reduced at Spring Supplementary to reflect lower levels of payments in the first part of the year, the decline in the levels of payments in the second part of the year exceeded the forecast reduction.

(ii) Request for Resources 2 (favourable variance £1,882k)

Conflict Prevention Africa – The variance arises mainly from a delay in the delivery of vehicles and other equipment for projects in Sierra Leone. Expenditure planned for 2004-05 will now fall in 2005-06.

Post Conflict Reconstruction – The underspend on administration (£230k) reflects the fact that the appointment of full-time staff to the new unit occurred later in the year than originally planned. The delay in appointing staff contributed to the reduction in programme spending (£345k) as some of the initial equipment of the unit was ordered too late for it to be delivered in 2004-05.

Explanation of the variation between Estimate Net Cash and outturn (net Cash requirement)

(i) The favourable variance/underspend (£142.634 k) against the Net Cash Requirement reflects resource underspend and lower than anticipated accruals adjustments.

SCHEDULE 1 (continued)

Reconciliation of resources to cash requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate Saving/ (excess)	Restated Prior-year Outturn
		£000	£000	£000	£000
Net Total Resources		**3,349,074**	**3,257,445**	**91,629**	**2,874,085**
Capital					
Acquisition of fixed assets	8	30,063	30,804	(741)	29,810
Additions to loans and investments	8	39,362	35,086	4,276	38,310
Non-operating A-in-A					
Loan Repayments	8	(30,574)	(30,472)	(102)	(28,493)
Proceeds of fixed asset disposals	8	–	(102)	102	(107)
Accruals adjustments:					
• Cost of Capital charges	3/4	(112,630)	(106,163)	(6,467)	(81,509)
• Depreciation	3/4	(20,000)	(20,066)	66	(14,617)
• Other non-cash items		(4,980)	(13,981)	9,001	3,324
• New provisions	12/17	(2,000)	(24,781)	22,781	(6,543)
• Use of provisions	17	22,826	16,622	6,204	18,771
• Other changes in working capital	16	79,224	63,339	15,885	225,622
Prior Year adjustment	5	–	–	–	85,400
Net cash requirement (Schedule 4)		**3,350,365**	**3,207,731**	**142,634**	**3,144,053**

SCHEDULE 2

Operating Cost Statement
for the year ended 31 March 2005

	Notes	2004-05 £000	2004-05 £000	2003-04 £000
Administration Costs				
Eliminating Poverty in Poorer Countries				
Staff Costs	2	83,038		71,416
Other admin costs	3	134,180		129,139
			217,218	200,555
Conflict Prevention				
Staff Costs	2	87		–
Other admin costs	3	283		–
			370	–
Gross administration costs			**217,588**	**200,555**
Operating income	6		(5,212)	(5,154)
Net administration costs			**212,376**	**195,401**
Programme Costs				
Eliminating Poverty in Poorer Countries				
Staff Costs	2	9,300		12,401
Other Expenditure	4	2,992,680		2,706,933
Income	6	(7,721)		(2,700)
			2,994,259	**2,716,634**
Conflict Prevention				
Staff Costs	2	416		52
Other Expenditure	4	43,144		44,877
Income	4	–		–
			43,560	**44,929**
Non voted				
Expenditure	4	1,973		2,292
Income		–		–
			1,973	**2,292**
Net Programme Costs			**3,039,792**	**2,763,855**
Net Operating Cost			**3,252,168**	**2,959,256**
Net Resource Outturn	5		**3,257,445**	**2,874,085**

All income and expenditure are derived from continuing operations.

There were no material acquisitions or disposals in the year.

Statement of Recognised Gains and Losses
for the year ended 31 March 2005

	2004-05 £000	2003-04 £000
Net gain/(loss) on revaluation of fixed asset investments	(3,627)	(17,200)
Net gain on revaluation of land	–	210
Gain/(loss) on revaluation of fixed assets other than land and buildings	321	37
Gain/(loss) on long term loans	–	–
Total recognised gains and losses for the financial year	**(3,306)**	**(16,953)**
Prior Period Adjustment	–	(245,400)
Total recognised gains and losses since the previous account	**(3,306)**	**(262,353)**

SCHEDULE 3

Balance Sheet
as at 31 March 2005

	Notes	31 Mar 2005 £000	31 Mar 2005 £000	31 Mar 2004 £000
Fixed Assets				
Tangible Assets	9	75,411		70,290
Intangible Assets (Software Licences)	10	350		550
Investments	11	2,521,400		1,751,249
			2,597,161	**1,822,089**
Debtors falling due after more than one year	12		**307,300**	**1,094,206**
Current Assets				
Debtors and Prepayments	13	173,556		169,997
Cash at Bank and in hand	14	43,570		15,250
		217,126		**185,247**
Creditors (amounts falling due within one year)	15	(528,169)		(584,915)
Net Current Assets			**(311,043)**	**(399,668)**
			2,593,418	**2,516,627**
Creditors (amounts falling due after one year)	15	(258,118)		(216,408)
Provisions for Liabilities and Charges	17	(109,523)		(127,127)
			(367,641)	**(343,535)**
			2,225,777	**2,173,092**
Taxpayers Equity				
General Fund	18		(1,832,161)	(1,775,919)
Revaluation reserve	19		(393,616)	(397,173)
			(2,225,777)	**(2,173,092)**

Suma Chakrabarti
Accounting Officer for the Department for International Development 28 July 2005

SCHEDULE 4

Cash Flow Statement
for the year ended 31 March 2005

	Note	2004-05 £000	2003-04 £000
Net cash outflow from operating activities	a	**(3,175,436)**	**(3,110,912)**
Capital expenditure and financial investment	b	**(22,377)**	**(18,328)**
Other Receipts due to the Consolidated Fund		**–**	**640**
Payment of amounts due to the Consolidated Fund		**(17,393)**	**(20,574)**
Financing	c	**3,243,526**	**3,124,555**
Increase/(decrease) in cash in the period	14	**28,320**	**(24,619)**

Notes:

a Reconciliation of operating cost to operating cash flows		**2004-05**	**2003-04**
Net Operating Cost		**(3,252,168)**	**(2,959,256)**
Adjustments for non-cash charges	3/4	413,350	346,975
Movements in working capital other than cash	16	14,409	34,287
Use of provisions	17	(16,622)	(18,771)
Draw down of promissory notes	15	(334,405)	(514,147)
Net cash outflow from operating activities		**(3,175,436)**	**(3,110,912)**

b Analysis of capital expenditure and financial investment		**2004-05**	**2003-04**
Intangible fixed-asset additions	10	(9)	(14)
Tangible fixed-asset additions	9	(30,137)	(30,393)
Proceeds of disposal of fixed assets	8	102	107
Additions to investments	8	(8,859)	(7,486)
Additions to Loans	8	(16,344)	(21,212)
Repayment of loans to other bodies	12	32,870	40,670
Net cash outflow from investing activities		**(22,377)**	**(18,328)**

c Analysis of financing, and reconciliation to the net cash requirement		**2004-05**	**2003-04**
From the Consolidated Fund (Supply) – Current Year[1]		3,243,526	3,124,555
From the Consolidated Fund (Supply) – Prior Year		–	–
Net financing		**3,243,526**	**3,124,555**
(Increase)/decrease in cash	14	**(28,320)**	**24,619**
Net cash flows other than financing		**3,215,206**	**3,149,174**
Adjust for payments and receipts not related to Supply			
Amounts due to the Consolidated Fund – received in a prior year and paid over		(12,352)	(17,473)
Amounts due to the Consolidated Fund – received and not paid over		1,616	9
Amounts due to the Consolidated Fund – Excess A-in-A		3,261	12,343
Net cash requirement (Schedule 1)		**3,207,731**	**3,144,053**

[1]*Amount of grant actually issued to support the net cash requirement* *£3,243,525,834.55*

SCHEDULE 5

Resources by Departmental Aim and Objectives
for the year ended 31 March 2005

Public Services Agreement objectives	2004-05 Gross	2004-05 Income	2004-05 Net	2003-04 Gross	2003-04 Income	2003-04 Net
	£000	£000	£000	£000	£000	£000
Short description (full objective noted below)						
1. Africa	895,756	(250)	895,506	718,041	(551)	717,490
2. Asia	715,163	(1,113)	714,050	655,434	(550)	654,884
3. Europe, Central Asia and elsewhere	290,385	(141)	290,244	470,880	(616)	470,264
4. Impact of multilateral agencies	933,513	(365)	933,148	732,283	(653)	731,630
5. Evidence based policy	202,060	(187)	201,873	250,721	(478)	250,243
6. Other and unclassifiable	228,224	(10,877)	217,347	139,751	(5,006)	134,745
TOTAL	**3,265,101**	**(12,933)**	**3,252,168**	**2,967,110**	**(7,854)**	**2,959,256**

DFID's Aim is to Eliminate Poverty in Poorer Countries through achievement of the Millennium Development Goals.

Within this it has the following objectives:

1. Reduce poverty in sub Saharan Africa (includes target shared for conflict reduction shared with FCO and MOD).

2. Reduce poverty in Asia.

3. Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.

4. Increase the impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises (includes target for debt relief shared with HM Treasury and target for reduction in trade barriers shared with FCO and DTI).

5. Develop evidence-based, innovative approaches to international development.

Numbers of staff employed by objective are shown in Note 2. Some support and other activities cannot readily be allocated to objectives and have been shown as a separate line.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2004-05 *Resource Accounting Manual (RAM).* The particular accounting policies adopted by DFID are described below. Policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to DFID by reference to their current costs and the revaluation of fixed asset investments by reference to their current estimated value.

1.2 Coverage of Accounts

These accounts cover the activities of DFID only. DFID is the sponsor department for CDC Group plc (CDC), a self-financing Public Corporation and Actis llp, a fund management company. CDC and Actis results are not consolidated in these accounts since under RAM rules Public Corporations are outside the departmental resource accounting boundary. DFID's ownership interest is recognised as fixed asset investments.

In line with RAM rules on activities charged direct to the Consolidated Fund, the primary statements in these accounts do not include amounts attributed to DFID for the purpose of public expenditure control to reflect spending on development activities by the European Community from the EC budget. The EC also supports development activities through the extra-budgetary European Development Funds (EDF). UK contributions to EDF are included in programme expenditure in Schedule 2.

Operating costs in Schedule 2 include a non-voted, non-cash amount representing the loss of interest income to the Consolidated Fund from conversion of loans to grants under a programme of retrospective terms adjustment (RTA).

1.3 Value Added Tax (VAT)

Expenditure is shown net of VAT where output tax is charged or input tax is recoverable. Amounts owed to or by Customs and Excise for VAT at the balance sheet date are included in creditors and debtors. Irrecoverable VAT is included in amounts shown in the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.4 Foreign Exchange

Transactions in foreign currencies are accounted for at the sterling equivalent at the exchange rate for the date of each transaction. Realised gains and losses on transactions, including discharge of creditors where the obligation is expressed in foreign currency are charged or credited to operating costs. Fixed asset investments and other balance sheet items where the underlying value is expressed in foreign currencies are re-translated into sterling at the exchange rates for the balance sheet date. Changes in value arising from exchange rate movements are dealt with as part of other changes in value (Note 1.7).

1.5 Fixed Assets

Title to freehold land and buildings is held in the name of, or on behalf of, the Secretary of State for International Development. Land and buildings are shown at current cost based on professional valuations carried out at not less than five year intervals.

Refurbishments to freehold and leasehold properties are capitalised at the actual costs incurred. Other tangible fixed assets are recognised in the accounts where they are used for general administration and acquired from administrative or programme capital funds. Asset costs include salaries and expenses of departmental staff arising directly from the development, construction and acquisition of the asset. Tangible fixed assets do not include items purchased from programme expenditure on behalf of overseas governments and others with the intention that ownership will in due course be transferred to them.

Fixed assets are capitalised above a threshold of £1,000 for individual assets. Items of office and domestic furniture and IT equipment and systems, some of which may individually cost less than £1,000, are capitalised on a grouped basis. IT systems in development are capitalised on the basis of actual costs incurred during the period until the work is completed and the asset is available for use and reclassified accordingly.

Fixed assets are valued at current replacement cost.

1.6 Depreciation

Freehold land is not depreciated. Depreciation is provided on other tangible fixed assets on a straight line basis over the remaining useful lives of the assets. Depreciation on improvements to leaseholds and systems under development is provided from the point at which these come into use. The useful lives for main asset categories are as follows:

Office accommodation (freeholds)	30 years
Domestic property (freeholds)	20 years
Improvements to freeholds	15 years
Improvements to leaseholds	Over the remaining term of the lease
Motor vehicles	5 years
Office and domestic furniture and equipment	Mainly at 5 and 10 years
IT equipment	3 years
IT systems	Over individually assessed estimated useful lives.

1.7 Investments

Investments include the United Kingdom interest in certain International Financial Institutions (IFIs). Shares in these bodies are not traded securities and these investments are valued on the basis of the UK share of the net assets attributable to shareholders taken from audited accounts taking account of any further contributions to capital during the year.

Increases in the value of investments, including those arising from retranslation to sterling of underlying values of investments which account in foreign currencies or from market movements are taken to revaluation reserve. Reductions in value are taken to revaluation reserve to the extent that value is no lower than that at which assets were taken into the balance sheet, or to the extent that the reduction below this cost is judged to be of a temporary nature which will be recovered in the medium term. Permanent impairments below this cost are charged to the operating cost statement.

In accordance with the RAM, investments in public corporations falling outside the resource accounting boundary are recognised at cost.

1.8 Intangible Assets

Software licences are valued at purchase cost or replacement cost if materially different. Depreciation is provided on a straight line basis generally over five years.

1.9 Long Term Loans

Loans to overseas governments, including a portfolio of public sector loans managed for DFID by Actis llp are shown at realisable principal values net of provisions. These provisions include amounts which the UK has formally agreed will not be repaid under a programme to convert loans to grants. Repayments forecast to be made within one year are included in debtors.

1.10 Stocks

DFID does not hold material levels of stock items. Purchases of stock items such as stationery and office supplies are charged to the operating cost statement when acquired.

1.11 Cash: Third Party Monies

Cash balances in the primary statements exclude amounts held for third parties as custodian or trustee but in which neither DFID nor Government more generally has a direct beneficial interest. Amounts held at the balance sheet date are disclosed by way of note.

1.12 Provisions and Contingent Liabilities

Provisions are made where at the balance sheet date DFID has present obligations from past events to make future transfers of economic benefit and reasonable estimates of the value of the obligations can be made.

In addition to contingent liabilities disclosed in accordance with FRS12 the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

(a) items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement;

(b) all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *Resource Accounting Manual* to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.13 Administration and Programme Expenditure

The operating cost statement illustrates administration and programme costs. Administration costs are those which fall within the administration cost control regime, together with associated operating income. Income is analysed between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administrative cost limit and other operating income.

Programme costs reflect payments of grants and other disbursements by the department and certain staff costs where they relate directly to service delivery.

1.14 Research and development

Expenditure by DFID from programme budgets in support of research and development is charged to the operating cost statement in the period in which it is incurred.

1.15 Operating Leases

Costs in relation to premises and equipment held under operating leases are charged to the operating cost statement in the period to which costs relate.

1.16 Capital charge

Operating costs include a charge for the cost of capital utilised by the department. The charge is calculated at the government's standard rate of 3.5 per cent on all assets less liabilities except for assets and liabilities for amounts due from or due to be surrendered to the Consolidated Fund and cash balances, where the charge is at a nil rate and investments in public corporations where the charge is at a percentage rate agreed with the Treasury applied to net assets of the corporation.

1.17 Grants payable

Grants payable which are provided to support a particular activity or expenditure are recognised in the period in which the activity or expenditure occurs provided eligibility criteria have been met and a reasonable estimate of the amount can be made. Criteria vary with the terms and conditions of individual grant agreements.

Grants made to governments or international organisations where UK contributions are pooled with others and cannot therefore be matched directly with particular activities or expenditures are recognised in the period when agreed conditions for payment have been met.

In certain cases, grant contributions to international organisations are made in the form of promissory notes. The full amount of the promissory note is recognised as an expense in the period in which the note is deposited. Amounts not drawn down in cash from promissory notes at the balance sheet date are included in creditors.

1.18 Pensions

Most past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a multi-employer defined benefit scheme and is un-funded. Liability to pay future benefits is a charge on the PCSPS rather than DFID; in accordance with FRS17, contributions by DFID are accounted for as for a defined contribution scheme. The expected cost of providing pensions is recognised on a systematic and rational basis over the period which benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Details of rates and amounts of contributions during the year are given in Note 2.

1.19 Early Departure Costs

DFID is responsible for the additional cost of benefits up to normal retirement age for employees who retire early. These costs are provided in full as an expense in the operating cost statement when early retirements have been agreed and arrangements are binding. In previous years part of the liability has been covered by an advance payment to the pension paying body (Office of the Paymaster General). Liability for future payments is shown under provisions net of amounts accounted for by such advance payments.

2. STAFF NUMBERS AND RELATED COSTS

2.1 Staff costs

	2004-05					Restated 2003-04
	Total	Permanently employed staff	Others	Ministers	Special Advisors	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries+	82,228	79,643	2,428	91	66	73,888
Social security costs	3,860	3,841	–	11	8	3,575
Other pension costs	8,077	8,062	–	–	15	7,709
Sub Total*	**94,165**	**91,546**	**2,428**	**102**	**89**	**85,172**
Less recoveries in respect of outward secondments	(465)	–	(465)	–	–	(300)
Total net costs	**93,700**	**91,546**	**1,963**	**102**	**89**	**84,872**

*Of the gross total: £83,038,158 has been charged to Administration
£9,299,892 has been charged to RfR1 Programme
£87,365 has been charged to RfR2 Administration
£415,967 has been charged to RfR2 Programme
£1,323,590 has been charged to Capital

+ Prior year comparison restated to show inward secondments and agency staff as part of wages and salaries in accordance with RAM 8.5.5.

Pensions for most employees are provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but DFID is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource account of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2004-05, employers' contributions of £8,506,262 were payable to the PCSPS (2003-04 £7,673,693) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. From 2005-06, the salary bands will be revised and the rates will be in a range between 16.2 per cent – 24.6 per cent.

The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £117,729 (2003-04 £33,332) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2003-04: 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 £6,482, 0.8 per cent (2003-04, 0.8 per cent) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

Two persons (2003-04: 2 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4,798 (2003-04: £1,630).

2.2 Average number of persons employed during the year (whole-time-equivalents)

	2004-05					2003-04
Objectives	**Total**	**Permanently employed staff**	**Others**	**Ministers**	**Special Advisors**	**Total**
	£000	£000	£000	£000	£000	£000
Reduce poverty in sub Saharan Africa	**704**	678	26	–	–	**650**
Reduce poverty in Asia	**463**	446	17	–	–	**465**
Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa	**393**	377	16	–	–	**423**
Increase the impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises	**193**	179	14	–	–	**171**
Develop evidence based innovative approaches to international development	**417**	394	23	–	–	**399**
Other expenditure and expenditure unallocable to individual objectives	**691**	644	43	2	2	**722**
Staff engaged on Capital projects	**41**	40	1	–	–	**44**
Total	**2,902**	**2,758**	**140**	**2**	**2**	**2,874**
Request for Resources 2 Conflict Prevention	**15**	15	–	–	–	**2**
Total	**15**	**15**	**–**	**–**	**–**	**2**

Staff numbers have been notionally assigned to each objective.

2.3 Salary and pension entitlements

(a) Remuneration

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

Ministers	**2004-05 Salary**	**2003-04 Salary**
	£	£
Hilary Benn, *Secretary of State*	72,862	49,499
Gareth Thomas, *Minister of State*	28,688	21,248
Baroness Amos, *Secretary of State (to October 2003)*	–	46,089
Sally Keeble, *Minister of State (to June 2003)*	–	5,781
Clare Short, *Secretary of State (to May 2003)*	–	8,257

No benefits in kind were provided.

2.3 Salary and Pension entitlements *(continued)*

Officials	2004-05 Salary £000	2003-04 Salary £000
Suma Chakrabarti*, *Permanent Secretary*	155-160	150-155
Masood Ahmed*#1, *Director General*	215-220	145-150 (part year)
Mark Lowcock*+, *Director General*	95-100	95-100
Nemat Shafik*#1, *Director General (from 1/10/04)*	65-70 (125-130 full year equivalent)	N/A
Nicola Brewer, *Director General (to 31/8/04)*	40-45 (95-100 full year equivalent)	95-100
Martin Dinham, *Director*	115-120	100-105
Graham Stegmann+, *Director*	95-100	90-95
Dave Fish+, *Director*	90-95	85-90
Jim Drummond, *Director*	90-95	40-45 (part year)
Peter Grant+, *Director*	80-85	75-80
Sharon White+, *Director*	75-80	65-70
Richard Calvert, *Director*	75-80	70-75
Carolyn Miller, *(Director to 31/12/04)*	60-65 (75-80 full year equivalent)	75-80
Liz Davis, *Director (from 19/7/04)*	45-50 (70-75 full year equivalent)	N/A
Owen Barder, *Director (to 26/7/04)*	25-30 (75-80 full year equivalent)	70-75
Charlotte Seymour-Smith, *Director (from 4/1/05)*	20-25 (85-90 full year equivalent)	N/A
Adrian Wood, *Acting Director (from 31/1/05)*	15-20 (85-90 full year equivalent)	N/A
John Burton, *Acting Director (from 1/2/05)*	10-15 (70-75 full year equivalent)	N/A
Joy Hutcheon+, *Director (from 17/1/05)*	10-15 (70-75 full year equivalent)	N/A

Non-executive directors

Bill Griffiths* *(Chair of Audit Committee)*
Helen Ghosh*

* Member of the Management Board.
\+ Member of the Audit Committee.
#1 On secondment to DFID from World Bank, on their terms and conditions, DFID reimburse the World Bank with a portion of the salary costs.

Salary

'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.

In some countries, staff appointed in country are entitled to receive gratuities on leaving service which accrue with length of service. Provision is made for the accruing liability for such gratuities by a charge to staff costs for the year. Amounts provided are included in Other Provisions in Note 17.

No benefits in kind were provided.

2.3 Salary and Pension entitlements *(continued)*

(b) Pension benefits

Ministers	Real increase in pension at age 65	Total accrued pension at age 65 at 31 March 2005	CETV at 31 March 2005	CETV at 31 March 2004	Real increase in CETV
	£000	£000	£000	£000	£000
Hilary Benn, *Secretary of State*	0-2.5	0-5	32	20	7
Gareth Thomas, *Minister of State*	0-2.5	0-5	9	4	2
Baroness Amos, *Secretary of State (to October 2003)*	N/A	N/A	N/A	68	5
Sally Keeble, *Minister of State (to June 2003)*	N/A	N/A	N/A	14	1
Clare Short, *Secretary of State (to May 2003)*	N/A	N/A	N/A	100	1

As the House of Commons and not DFID meets the Exchequer contribution to the cost of pension provision for all Ministers, the pension details are included in the Resource Account on a 'for information basis'.

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

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution).

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 on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

The above table show the cash equivalent transfer value (CETV) of the member's pension benefits accrued at the beginning and the end of the reporting period. 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. It 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.

The final column reflects the real increase in the value of the CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

2.3 Salary and Pension entitlements *(continued)*

Officials	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31 March 2005 and related lump sum	CETV at 31 March 2005	CETV at 31 March 2004	Real increase in CETV
	£000	£000	£000	£000	£000
Suma Chakrabarti*, *Permanent Secretary*	2.5-5 plus 7.5-10 lump sum	35-40 plus 110-115 lump sum	513	449	34
Mark Lowcock*+, *Director General*	0-2.5 plus 2.5-5 lump sum	20-25 plus 65-70 lump sum	277	244	17
Nicola Brewer, *Director General (to 31/8/04)*	0-2.5 plus 0-2.5 lump sum	20-25 plus 70-75 lump sum	358	334	–1
Masood Ahmed* #1, *Director General*	–	–	–	–	–
Nemat Shafik* #1, *Director General (from 1/10/04)*	–	–	–	–	–
Jim Drummond, *Director*	5-7.5 plus 15-17.5 lump sum	35-40 plus 95-100 lump sum	572	433	109
Martin Dinham, *Director*	2.5-5 plus 12.5-15 lump sum	40-45 plus 125-130 lump sum	724	613	81
Richard Calvert, *Director*	0-2.5 plus 5-7.5 lump sum	15-20 plus 55-60 lump sum	252	214	23
Graham Stegmann+, *Director*	0-2.5 plus 5-7.5 lump sum	35-40 plus 105-110 lump sum	632	573	32
Dave Fish+, *Director*	0-2.5 plus 5-7.5 lump sum	40-45 plus 125-130 lump sum	744	678	33
Peter Grant+, *Director*	0-2.5 plus 2.5-5 lump sum	15-20 plus 45-50 lump sum	216	191	12
Sharon White+, *Director*	0-2.5 plus 0-2.5 lump sum	10-15 plus 25-30 lump sum	134	111	10
Carolyn Miller, *Director (to 31/12/04)*	0-2.5 plus 0-negative 2.5 lump sum	25-30 plus 65-70 lump sum	421	386	9
Liz Davis, *Director (from 19/7/04)*	0-2.5 plus 0-2.5 lump sum	15-20 plus 45-50 lump sum	238	218	8
Owen Barder, *Director (to 26/7/04)*	0-2.5 plus 0-2.5 lump sum	10-15 plus 40-45 lump sum	162	151	3
Charlotte Seymour-Smith, *Director (from 4/1/05)*	0-2.5 plus 0-negative 2.5 lump sum	15-20 plus 35-40 lump sum	230	201	4
Adrian Wood, *Acting Director (from 31/1/05)*	0-2.5 plus 0-negative 2.5 lump sum	30-35 plus 85-90 lump sum	585	539	18
John Burton, *Acting Director (from 1/2/05)*	0-2.5 plus 0-2.5 lump sum	15-20 plus 45-50 lump sum	186	172	9
Joy Hutcheon+, *Director (from 17/1/05)*	0-2.5 plus 2.5-5 lump sum	10-15 plus 30-35 lump sum	125	99	19

* Member of the Management Board.
\+ Member of the Audit Committee.
#1 Has opted out of the Civil Service Pension Scheme.

2.3 Salary and Pension entitlements *(continued)*

Civil Service pensions

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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).

Further details about CSP arrangements can be found at the website (www.civilservice-pension.gov.uk).

The above table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. This reflects the increase in CETV effectively funded by the employer. It takes account of 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 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.

Employer contributions to partnership pension accounts was £nil.

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, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

3. NON-STAFF AND TOTAL ADMINISTRATION COSTS

	2004-05		2003-04	
	£000	£000	£000	£000
Eliminating Poverty in Poorer Countries				
Operating leases rentals	21,031		16,700	
Hire of plant and machinery	46		56	
		21,077		16,756
Other current expenditure		86,139		80,858
Non Cash costs				
Depreciation: Tangible Fixed Assets	19,859		14,327	
Depreciation: Intangible Fixed Assets	207		290	
Impairment/Revaluation of Fixed Assets	4,862		15,875	
Audit fees – resource account*	230		220	
Audit fees – other*	32		30	
Cost of capital charge *(includes civil estate)**	956		920	
Movement in provisions	526		(904)	
		26,672		30,758
Loss on disposal of fixed assets		292		767
Total Eliminating Poverty in Poorer Countries Other Administration Costs		**134,180**		**129,139**
Administration income (Note 6)		(5,212)		(5,154)
Staff Costs (Note 2)		**83,038**		**71,416**
Net Eliminating Poverty in Poorer Countries Administration Costs		**212,006**		**195,401**
Post Conflict Reconstruction Unit				
Staff Costs	87		–	
Other Admin Costs	283		–	
		370	–	–
Net Administration Cost		**212,376**		**195,401**

*notional expense taken to General Fund.

Outturn within the administration costs control regime against the administration cost limit

The outturn within the administration costs control regime, shown against the administration cost limit, is as follows:

2004-05	**Limit**	**Outturn**
	£000	£000
	232,024	212,638

4. PROGRAMME COSTS

	2004-05		2003-04	
	£000	£000	£000	£000
Eliminating Poverty in Poorer Countries				
Staff Costs	9,300		12,401	
Grants/current expenditure – Bilateral	2,122,840		1,972,210	
Grants and other current expenditure – Multilateral	487,549		414,066	
Other bilateral grants and payments+	6,211		8,461	
Contributions to international financial institutions: promissory notes	256,270		254,951	
Loan management charges	4,461		1,805	
		2,886,631		2,663,894
Non Cash costs				
Cost of capital charge*	105,207		80,589	
Movements in provisions	17,681		(34,342)	
Losses on asset disposal	894		–	
		123,782		46,247
Loss/(Gain) on foreign exchange	(8,433)		9,193	
		(8,433)		9,193
Total: Eliminating Poverty in Poorer Countries		3,001,980		2,719,334
Conflict Reduction				
Africa Staff Costs	176		–	
Africa Other Expenditure	19,814		19,312	
Global Staff Costs	240		52	
Global Other Expenditure	22,115		25,565	
Post-conflict reduction Expenditure	1,215		–	
Total: Conflict Reduction		43,560		44,929
Charge for loss of interest income to Consolidated Fund on conversion of loans to grants**		1,973		2,292
Total Gross expenditure		3,047,513		2,766,555
Programme income (Note 6)		(7,721)		(2,700)
Total Net Programme Costs		**3,039,792**		**2,763,855**

* Notional expense.

** Notional expense and not included in voted resource.

\+ Other grants and payments relate to payments for Gibraltar Social Insurance Fund of £6.211 million (2003-04 £6.995 million).

5. RECONCILIATION OF NET OPERATING COST TO NET RESOURCE OUTTURN

	2004-05		2003-04	
	£000	£000	£000	£000
Net Administration Costs (Note 3)	212,376		195,401	
Net Programme Costs (Note 4)	3,039,792		2,763,855	
Net Operating Costs (Schedule 2)		**3,252,168**		**2,959,256**
Adjust for:				
Operating income not treated as Resource A-in-A (Note 6)		6,387		2,355
Operating expenditure not included in voted Resource (Note 4)		(1,973)		(2,292)
Excess Operating A-in-A		863		166
Resource adjustment for accounting policy change		–		(85,400)
Net Resource Outturn (Schedule 1)		**3,257,445**		**2,874,085**

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. Schedule 1 shows the resource outturn in relation to the amounts voted for the year in Supply Estimates.

Resource budget Outturn	**2004-05**	**2003-04**
	£000	£000
Voted resource	3,257,445	2,874,085
Non-voted resource (EU spending attributed to DFID budget)	606,973	871,885
Total Resource	**3,864,418**	**3,745,970**

6. INCOME AND APPROPRIATIONS IN AID

	2004-05 Resource Outturn		Operating Cost Statement	
	Netted off Gross expenditure to Subhead	**Appropriated in aid**	**Payable to Consolidated Fund**	**Income included in the Operating Cost Statement**
	£000	£000	£000	£000
Administrative Income				
Rents from non-Government bodies	–	(3,976)	(262)	(4,238)
Other	–	(842)	–	(842)
Profit on Sale of Fixed Assets	–	–	–	–
Recovery of salary – EBRD Director	–	(132)	–	(132)
Sub total	**–**	**(4,950)**	**(262)**	**(5,212)**
Programme Income				
Non-capital appropriations in aid	–	(733)	(601)	(1,334)
Loan Interest	–	–	(6,387)	(6,387)
Sub total	**–**	**(733)**	**(6,988)**	**(7,721)**
Total	**–**	**(5,683)**	**(7,250)**	**(12,933)**

Non-capital appropriations in aid have been restricted to the amount voted in Estimates; the balance of income received is surrenderable to the Consolidated Fund.

6. INCOME AND APPROPRIATIONS IN AID *(continued)*

	2003-04			
	Resource Outturn		Operating Cost Statement	
	Netted off Gross expenditure to Subhead	Appropriated in aid	Payable to Consolidated Fund	Income included in the Operating Cost Statement
	£000	£000	£000	£000
Administrative Income				
Rents from non-Government bodies	–	(4,513)	–	(4,513)
Other	–	(526)	–	(526)
Profit on Sale of Fixed Assets	–	(50)	–	(50)
Recovery of salary – EBRD Director	–	(65)	–	(65)
Sub total	**–**	**(5,154)**	**–**	**(5,154)**
Programme Income				
Non-capital appropriations in aid	–	(179)	(166)	(345)
Loan Interest	–	–	(2,355)	(2,355)
Other programme income	–	–	–	–
Sub total	**–**	**(179)**	**(2,521)**	**(2,700)**
Total	**–**	**(5,333)**	**(2,521)**	**(7,854)**

In 2004-05 and 2003-04 all income transferred to the Consolidated Fund was included in public expenditure.

Analysis of income and receipts payable to the Consolidated Fund

	Forecast 2004-05		Outturn 2004-05	
	Income	*Receipts*	Income	*Receipts*
	£000	*£000*	£000	*£000*
Operating income – excess A-in-A	–	–	(863)	*(863)*
Non-operating income – excess A-in-A	–	–	(2,398)	*(2,398)*
Subtotal	–	–	(3,261)	*(3,261)*
Other operating income not classified as A-in-A	(2,500)	*(2,500)*	(6,387)	*(6,656)*
Other non-operating income not A-in-A	–	–	–	–
	(2,500)	***(2,500)***	**(9,648)**	***(9,917)***
Other amounts collectable on behalf of the Consolidated Fund	(500)	*(500)*	–	–
Total	**(3,000)**	***(3,000)***	**(9,648)**	***(9,917)***

Actual receipts surrenderable to the consolidated fund were £9,917,319.15.

7. ANALYSIS OF OPERATING RESOURCE OUTTURN BY OBJECTIVE

	Admin	Other current	Grants	Gross resource	A-in-A	Net total	Estimate	Net Total Against Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
Eliminating Poverty in Poorer Countries								
A: Sub-Saharan Africa	46,046	(550)	813,004	858,500	(42)	858,458	880,661	22,203
B: Asia	33,100	(415)	659,145	691,830	(976)	690,854	684,333	(6,521)
C: Rest of the World	29,785	(164)	232,952	262,573	(25)	262,548	261,134	(1,414)
D: Multilateral Aid effectiveness	11,131	50,854	811,110	873,095	(578)	872,517	956,024	83,507
E: Innovative Approaches to Development	21,833	(151)	170,146	191,828	(63)	191,765	184,410	(7,355)
F: Multiple Objectives	2,729	(63)	205,246	207,912	–	207,912	200,229	(7,683)
G: Central Departments	72,594	894	(1,934)	71,554	(3,999)	67,555	74,164	6,609
H: Gibraltar Social Insurance Fund	–	6,211	–	6,211	–	6,211	7,000	789
K: Anti money-laundering	–	–	–	–	–	–	1	1
Spending in Annually Managed Expenditure (AME)								
L: Multiple objectives (AME)	–	55,695	–	55,695	–	55,695	55,305	(390)
Non-budget								
EU Research Grants (Net)	–	–	–	–	–	–	1	1
Total RfR1	**217,218**	**112,311**	**2,889,669**	**3,219,198**	**(5,683)**	**3,213,515**	**3,303,262**	**89,747**
Conflict Prevention								
A Africa	–	–	19,990	19,990	–	19,990	22,152	2,162
B Global	–	–	22,355	22,355	–	22,355	21,500	(855)
C: Post conflict reconstruction	370	–	1,215	1,585	–	1,585	2,160	575
Total RfR 2	**370**	**–**	**43,560**	**43,930**	**–**	**43,930**	**45,812**	**1,882**
Total RfR 1&2 (Schedule 1)	**217,588**	**112,311**	**2,933,229**	**3,263,128**	**(5,683)**	**3,257,445**	**3,349,074**	**91,629**

8. ANALYSIS OF CAPITAL EXPENDITURE, FINANCIAL INVESTMENTS AND ASSOCIATED A-IN-A

	2004-05			
	Fixed assets	Investments	A-in-A	Net total
	£000	£000	£000	£000
Administration	30,804	–	–	30,804
Programme: Long term loans	–	16,344	(32,870)	(16,526)
Programme: Investments	–	8,859	–	8,859
Programme: Investments non cash	–	9,883	–	9,883
Programme: CDC	–	755,036	–	755,036
Other Receipts	–	–	(102)	(102)
Total	**30,804**	**790,122**	**(32,972)**	**787,954**
Excess A-in-A to be surrendered to the Consolidated Fund			2,398	
Non Operating A-in-A (schedule 1)			(30,574)	

	2003-04			
	Fixed assets	Investments	A-in-A	Net total
	£000	£000	£000	£000
Administration	29,810	–	–	29,810
Programme: Long term loans	–	21,211	(40,670)	(19,459)
Programme: Investments	–	17,099	–	17,099
Other Receipts	–	–	(107)	(107)
Total	**29,810**	**38,310**	**(40,777)**	**27,343**
Excess A-in-A to be surrendered to the Consolidated Fund			12,177	
Non Operating A-in-A (schedule 1)			(28,600)	

9. TANGIBLE FIXED ASSETS

	Freehold Land and buildings	Leasehold related assets	Vehicles	Furniture and equipment	IT equipment and systems	Assets being constructed	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2004	**9,726**	**35,821**	**5,928**	**13,642**	**41,218**	**2,338**	**108,673**
Additions	3,806	494	2,471	2,559	17,751	3,714	30,795
Revaluation	(3,145)	–	(56)	369	(3,827)	(54)	(6,713)
Brought into use	–	–	10	2	391	(393)	10
Disposals	–	–	(1,565)	(1,646)	(1,292)	(62)	(4,565)
At 31 March 2005	**10,387**	**36,315**	**6,788**	**14,926**	**54,241**	**5,543**	**128,200**
Depreciation							
At 1 April 2004	**(132)**	**(4,439)**	**(3,088)**	**(5,433)**	**(25,291)**	**–**	**(38,383)**
Charged in year	(555)	(2,267)	(1,147)	(1,255)	(14,634)	–	(19,858)
Depreciation on revaluation	309	–	36	(48)	1,874	–	2,171
Disposals	–	–	1,058	1,041	1,182	–	3,281
At 31 March 2005	**(378)**	**(6,706)**	**(3,141)**	**(5,695)**	**(36,869)**	**–**	**(52,789)**
Net book value at 31 March 2005	**10,009**	**29,609**	**3,647**	**9,231**	**17,372**	**5,543**	**75,411**
At 31 March 2004	**9,594**	**31,382**	**2,840**	**8,209**	**15,927**	**2,338**	**70,290**

Additions (accruals basis)	30,795
Movement in Capital creditor	(658)
As shown in Cash flow (Schedule 4)	30,137

9. TANGIBLE FIXED ASSETS *(continued)*

The department's freehold property in East Kilbride was valued at 1 April 2001. Overseas properties were valued at 31 March 2002. The valuation of the East Kilbride property was updated as at 31 March 2004 taking account of extension and refurbishment of the existing building to that date. The valuation was carried out by G V Grimley using RICS guidelines and reported a revised existing use valuation of £9,000,000 (land £1,000,000, buildings £8,000,000).

10. INTANGIBLE ASSETS – SOFTWARE LICENCES

	2004-05
	£000
Cost	
At 1 April 2004	1,846
Additions	9
Disposals	(6)
At 31 March 2005	**1,849**
Depreciation	
At 1 April 2004	(1,295)
Charged in year	(207)
Disposals	3
At 31 March 2005	**(1,499)**
Net book value at 31 March 2005	**350**
Net book value at 31 March 2004	**550**

11. FIXED ASSET INVESTMENTS

	International Financial Institutions	**CDC Group Plc**	**Actis llp**	**Total**
	£000	£000	£000	£000
At 1 April 2004	**1,741,249**	**10,000**	**–**	**1,751,249**
Additions	17,065	755,036	1,677	**773,778**
Revaluations	(3,627)	–	–	**(3,627)**
At 31 March 2005	**1,754,687**	**765,036**	**1,677**	**2,521,400**
Additions (accruals basis)	17,065	755,036	1,677	**773,778**
Non-cash adjustments including capital subscriptions made in the form of Promissory Notes	(9,883)	(755,036)	–	**(764,919)**
Amounts included in Note b in Schedule 4	7,182	–	1,677	**8,859**

In July 2004 management activities previously conducted by CDC Group plc (CDC) were transferred to a new limited liability partnership (Actis Capital llp). CDC is now an investment company, responsible for holding cash and other assets; DFID retains full beneficial ownership of the assets invested through CDC. On 7 July 2004, DFID acquired a 40 per cent ownership interest in Actis. Turnover and other information about CDC and Actis is stated below.

On 30 June 2004 the Secretary of State, with the consent of the Treasury, issued Directions under Sections 14 and 16 of the Commonwealth Development Corporation Act 1999. These directions (a) extinguished the liability of CDC Group plc to repay previous advances of £755 million (see Note 12) and (b) directed CDC to issue to him £755 million of new shares (now included at cost above).

11. FIXED ASSET INVESTMENTS *(continued)*

During 2004-05 the UK agreed with the International Bank for Reconstruction and Development to enhance the usability of the paid-in element of its capital subscription by substituting US dollars for the sterling element of this. The IBRD therefore used £170 million of paid-in sterling to purchase $US 323 million for the UK's account (an average rate of £1=$1.90). This does not affect the value of the UK paid up shareholding in the Bank measured in the Bank's reporting currency and does not therefore affect the sterling effect reported above. The exchange crystallised the UK's obligation to maintain the value of its subscription in terms of the Bank's standard of value and gave rise to a maintenance of value liability of US$ 63.5 million. This liability has been discharged by issue to the Bank of a non-interest bearing promissory note. This note would not be called for payment until after claims on the UK's current callable capital obligations; the value of this note is included in contingent liabilities for callable capital disclosed in Note 23.

Subsidiaries and associates: key data

	CDC Group plc		Actis llp	
	2004	**2003**	**2004**	**2003**
	£m's	£m's	$m's	$m's
Revenue	52.0	68.5	28.6	–
Surplus on revenue account	43.7	36.1	3.9	–
Capital return (before tax)	133.1	9.0	–	–
Total return after tax	200.2	36.8	3.3	–
	2004	**2003**	**2004**	**2003**
	£m's	£m's	$m's	$m's
Total assets (valuation basis)	1,247.4	1,047.2	3.9	–
Loan from Government	–	(755.0)	–	–
Ownership interest at valuation	1,247.4	292.2	1.6	–

Programme operating costs include capital charges of £55,665,901 which represents 5.0% of CDC annual average assets of £1,113,318,022 (2003-04 £36,008,000 @ 3.5 per cent) and £29,348 which represents 3.5% of Actis annual average assets of £838,500. There were no dividend or interest payments (2003-04 £nil).

International financial institutions

Base currencies of investments in International Financial Institutions are shown below. $(US) figures include those bodies for which US$ are used as the working equivalent for units of account formally expressed in Special Drawing Rights (SDR). Revaluations for IFIs include £29 million (net) of unrealised losses arising from changes in exchange rates.

	2004-05		2003-04	
	Currency	**£**	**Currency**	**£**
	'000	'000	'000	'000
International Bank for Reconstruction and Development	$1,564,982	827,857	$1,674,459	911,071
International Finance Corporation	$398,750	210,934	$348,140	189,423
European Bank for Reconstruction and Development	€575,300	395,586	€482,998	323,033
Asian Development Bank	$273,959	144,921	$265,403	144,405
Inter-American Development Bank	$178,261	94,298	$164,787	89,660
African Development Bank (in Units of Account)	53,682	42,788	59,521	47,645
Caribbean Development Bank	$43,063	22,780	$41,061	22,342
Multilateral Investment Guarantee Agency	$29,346	15,523	$25,124	13,670
		1,754,687		1,741,249

12. LONG TERM LOANS

	CDC Group plc	Bilateral and other	Loans managed by Actis llp	Total
	£000	£000	£000	£000
Gross Value less provisions for debt relief and non-payment				
At 1 April 2004	755,036	342,684	23,822	1,121,542
Additions	–	16,344	–	16,344
Additions re Actis	1,677	–	–	1,677
Repaid	(1,677)	(35,957)	(6,777)	(44,411)
Extinguished Loan*	(755,036)	–	–	(755,036)
(Increase)/Decrease in provision	–	(22,072)	–	(22,072)
Utilisation of Provision	–	699	12,124	12,823
Written off (incl foreign exchange gain/(loss))	–	8,622	(11,611)	(2,989)
At 31 March 2005	**–**	**310,320**	**17,558**	**327,878**
Due within one year (Note 13)	–	20,390	188	20,578
Total: Debtors falling due after more than 12 months (Schedule 3)**	**–**	**289,930**	**17,370**	**307,300**
At 31 March 2004	**755,036**	**318,511**	**20,659**	**1,094,206**
*** of which*				
falling due after 1 year less than 2 years	–	21,232	5,930	27,162
falling due after 2 years less than 5 years	–	53,715	8,698	62,413
falling due after 5 years	–	214,983	2,742	217,725
	–	289,930	17,370	307,300
Repayments included above	(1,677)	(35,957)	(6,777)	(44,411)
Management charges deducted from repayments – included in expenditure	–	6,161	1,504	7,665
Other expenses deducted from repayments – included in expenditure	–	–	3,471	3,471
Principal repayments accrued 2003/04	–	–	(476)	(476)
Principal repayments accrued 2004/05	–	–	881	881
Included in cash flow statement (Note b)	**(1,677)**	**(29,796)**	**(1,397)**	**(32,870)**

* Loans to CDC at 1 April 2004 were non-interest bearing, and repayable in half-yearly instalments between 2004 and 2024. On 30 June 2004 the Secretary of State, with the consent of the Treasury, issued Directions under Sections 14 and 16 of the Commonwealth Development Corporation Act 1999 extinguishing the liability of CDC Group plc to repay previous advances of £755 million and directing CDC to issue to him £755 million of new shares (Note 11).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004-05	2003-04
	£000	£000
Loans repayable within one year*:	21,459	27,812
Deposits and advances	45,573	52,552
Prepayments and accrued income**	106,524	89,633
Total	**173,556**	**169,997**
Increase/(decrease) in working capital debtors (excluding loans)	9,912	(1,041)

* Of which £881,340 relates to Principal repayments accrued 2004/05 (Note 12).
** Accrued income includes £165,388 which will be surrendered to the Consolidated Fund when received (2003-04 £434,993).

14. CASH AT BANK AND IN HAND

	2004-05	2003-04
	£000	£000
Balance at 1 April 2004	15,250	39,869
Net Cash (outflow)/inflow	28,320	(24,619)
Balance at 31 March 2005	**43,570**	**15,250**
Balances at 31 March 2005 were held at:		
HM Paymaster General	35,388	7,240
Imprest accounts	8,182	8,010
Total	**43,570**	**15,250**
Analysis of Balances at 31 March		
Consolidated Fund creditor for Supply (Note 15)	38,693	2,898
Due to the Consolidated Fund Other Receipts (Note 15)	1,616	9
Due to the Consolidated Fund; Excess A-in-A (Note 15)	3,261	12,343
Total	**43,570**	**15,250**
	£	£
Other CFER		
Held at 1 April	9,230	17,473,285
Arising during the year (Schedule 4)	6,221,696	3,109,543
Paid over during the year (Schedule 4)	(4,614,912)	(20,573,598)
Held at 31 March	**1,616,014**	**9,230**

Cash balances at Paymaster in 2004-05 and 2003-04 were held in sterling. Imprest balances are held in a variety of local currencies, none individually greater than £945k.

At 31 March 2005, in addition to the amounts shown above, the Department held £7,320,874 of cash provided by other development agencies as part of jointly funded programmes.

15. CREDITORS

Amounts Falling Due Within One Year

	2004-05		2003-04	
	£000	£000	£000	£000
Taxation	1,047		77	
Social Security	614		24	
Other creditors	959		6,984	
Accruals and deferred income	103,300		73,857	
		105,920		80,943
Promissory Notes: due within 12 months		378,514		488,287
Consolidated Fund creditor:				
Supply issued and not used	38,693		2,898	
Other amounts received – to be paid over	1,616		9	
Other amounts receivable – to be paid over	165		435	
Excess Appropriations in Aid	3,261		12,343	
		43,735		15,685
Total		**528,169**		**584,916**
Decrease in working capital creditor (excludes Promissory Notes and Consolidated Fund)		24,978		32,650
Amounts Falling Due After More Than One Year				
Promissory notes: due after 12 months		**258,118**		**216,408**

Promissory note creditor: Movement during the year	£000	£000
Balance at 1 April 2004		**(704,695)**
Charge to operating costs in 2004-05 – new deposits (Note 4)	(256,270)	
Increase in subscriptions to International Financial Institutions (Note 8)	(9,883)	
Cash drawn down against notes previously issued (Schedule 4)	334,405	
Foreign Exchange gains/losses	(189)	
		68,063
Balance at 31 March 2005		**(636,632)**
of which		
Forecast to be drawn within 12 months		(378,514)
Forecast to be drawn after 1 year less than 2 years		(126,084)
Forecast to be drawn after 2 years less than 5 years		(129,748)
Forecast to be drawn after 5 years		(2,286)
		(636,632)

Promissory note creditor: analysis by institution at 31 March 2005

	Capital	Resource
	£000	£000
European Bank for Reconstruction and Development	19,766	
Other capital	1,826	
International Development Association		303,140
African Development Fund		167,418
Global Environment Fund		43,990
Asian Development Fund		64,819
Other (CDB, IADB, Montreal Fund)		35,673
Total	**21,592**	**615,040**

15. CREDITORS *(continued)*

Amounts Falling Due Within One Year

CF Creditor for Unused Supply	2004-05	2003-04
	£000	£000
2004-05 Supply drawn down	(3,243,526)	(3,124,555)
"Deemed" supply (retained from 2003-04)	(2,898)	(22,396)
	(3,246,424)	(3,146,951)
Net Cash required (Schedule 1)	3,207,731	3,144,053
Supply creditor	(38,693)	(2,898)
Actual supply creditor:	(£38,693,315.33)	(£2,898,337.61)

16. MOVEMENTS IN WORKING CAPITAL OTHER THAN CASH

	2004-05	2003-04
	£000	£000
(Increase)/decrease in debtors (Note 13)	(9,912)	1,041
Increase/(decrease) in creditors (Note 15)	24,978	32,649
Movement in working capital	15,066	33,690
Movement in debtors for accrued income to be surrendered to the Consolidated Fund	(270)	(115)
Net increase/(decrease) included in working capital movement in Resource Outturn	**14,796**	**33,575**
Movement in working capital as above	15,065	33,690
Movement in creditor for capital purchases not included in cash flows	(657)	597
Net increase/(decrease) in working capital other than cash (Schedule 4)	**14,409**	**34,287**
Capital accruals	657	(597)
Movement in accrued interest	(270)	(115)
PN deposits	256,270	254,950
PN drawn down	(334,405)	(514,147)
Other changes in working capital (Schedule 1)	**(63,339)**	**(225,622)**

17. PROVISIONS FOR LIABILITIES AND CHARGES

	ATP Agreements	Early Retirement Costs	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2004	**87,441**	**2,369**	**37,317**	**127,127**
Arising during year	–	1,468	1,241	2,709
Release of provision	(3,691)	–	–	(3,691)
Use of provision	(12,919)	(1,257)	(2,446)	(16,622)
Balance at 31 March 2005	**70,831**	**2,580**	**36,112**	**109,523**
Pre-funded Early Retirement costs		186		
Gross Early Retirement Provision		2,766		

Provisions for ATP agreements represent sums which DFID is committed to pay to the Export Credit Guarantees Department (ECGD) for interest make-up and insurance premiums under former mixed credit agreements (Aid and Trade Provision) projects. The ATP scheme is effectively closed and will not significantly affect the amount of the provision.

17. PROVISIONS FOR LIABILITIES AND CHARGES *(continued)*

Provisions for early retirement represent the full estimated cost of payments to be made by DFID to early retirees up to the normal retirement age. The timing of calls on the provision can be forecast with reasonable accuracy. The amount provided is uncertain only to the extent that adjustments may need to be made for up-rating of benefits and for unexpected changes in the number of beneficiaries. Amounts provided are likely to be used within at most 10 years.

Other provisions represent (a) sums for rents payable by the University of Greenwich for property occupied by a former Executive Agency of the Department, when the work of the Agency was taken over by the University. The rent received is lower than payments by the Department under the main lease. The provision covers the shortfall of rents receivable against rents payable over the main lease period to 2014; (b) certain non-statutory pension obligations (most pension obligations for which DFID is responsible are included in the separate overseas superannuation account; (c) estimated liabilities at the 31 March of overseas offices in respect of terminal gratuity payments to staff appointed in country. This is a new provision in 2004-05, estimated liability has been calculated based on staff numbers and service to 31 March 2005.

18. GENERAL FUND

	2004-05	
	£000	£000
General fund at 1 April 2004 (Schedule 3)		**(1,775,919)**
Net operating costs for the year (Schedule 2)		**3,252,168**
Net parliamentary funding	(3,243,526)	
Supply Reissued	(2,898)	
Creditor for Supply	38,693	
Financing provided		**(3,207,731)**
Notional costs within operating costs (Notes 3 and 4)		(108,102)
Charge for loss of income to CF for conversion of loans to grants		(1,973)
Realised element of revaluation reserve		(252)
Operating income payable to Consolidated Fund		6,387
Excess A-in-A payable to the Consolidated Fund		3,261
Net (increase)/decrease in General Fund		**(56,242)**
General fund at 31 March 2005 (Schedule 3)		**(1,832,161)**

19. REVALUATION RESERVE

	2004-05
	£000
Reserve at 1 April 2004	**(397,173)**
Loss/(Gain) on revaluation – International Financial Institutions	3,627
Loss/(Gain) on revaluation – Land	–
Loss/(Gain) on revaluation – Furniture and Equipment	(321)
Long term loans: revaluation	–
Realised element to General Fund	251
Balance at 31 March 2005	**(393,616)**

20. FINANCIAL INSTRUMENTS

Bilateral and other loans include gross principal amounts denominated in Euro of £284 million (2003-04, £287 million).

Financial Liabilities: Interest and currency risk

	2004-05	2003-04
	£000	£000
	No interest	No interest
Sterling	615,729	684,124
Euro	19,766	19,225
US Dollars	1,137	1,346
Total	**636,632**	**704,695**

21. CAPITAL COMMITMENTS

	31 March 2005	31 March 2004
	£000	£000
Contracted capital commitments at 31 March 2005 for which no provision has been made	6,833	4,100

22. COMMITMENTS UNDER OPERATING LEASES

	31 March 2005	31 March 2004
	£000	£000
Payments due within 12 months on leases expiring		
Within 1 year	3,754	2,764
Between two and five years	10,700	5,237
After 5 years	6,358	5,652

23. CONTINGENT LIABILITIES

Contingent liabilities with an approximate value of £1.446 million exist in respect of guarantees to the European Investment Bank's lending to UK Overseas Territories. Additional contingent liabilities of £483 million exist in respect of contributions due to international organisations which have been subject to formal approval by Parliament but which are not yet supported either by promissory notes or cash payments.

In addition to contingent liabilities disclosed above in accordance with FRS 12, the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These amount to £6,730.5 million and comprise:

Guarantees, including callable capital, to international banks, financial institution, and for contractor performance (£6,711.2 million);

Maintenance of the value of subscriptions paid to capital stock of regional development banks and funds (unquantifiable);

Indemnities in respect of the transfer of ownership of the Natural Resources Institute (unquantifiable);

Other items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement (£19.33 million).

24. RELATED PARTY TRANSACTIONS

DFID is the 100 per cent shareholder in CDC Group plc. DFID has had various material transactions with CDC throughout the year.

DFID has a 40 per cent interests in Actis llp. Actis manages loans on behalf of DFID (Note 12) for which Actis received fees of £1.504 million.

In addition DFID has had a small number of transactions with other Government Departments and other Central Government bodies, including the National Audit Office (NAO). Most of these transactions have been with the Foreign and Commonwealth Office.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with DFID during the year.

25. ACCOUNTABILITY NOTES

	£000
Losses Total (182 Cases)	1,722
Of which: Bookkeeping loss due to accounting documentation lost in transit from overseas office, resulting in unvouched expenditure but no physical losses	419
Interest on a loan which an overseas government states was repaid in 1996 however the department cannot trace as records from this period are no longer available	107
Fruitless payments and constructive losses Total (42 cases)	34
Claims waived or abandoned Total (1 case)	4
Special Payments Total (17 Cases)	49

Other Notes

Audited statements are required from overseas Governments to cover advances.

Final audited statements that were due to be certified covering issues totalling £36.36m had not been certified at 31 March 2005.

Gifts

In January 2005 DFID presented two prints to the Government Art Collection. The prints were originally purchased at a cost of £23,000 in 1993 as an intended gift for a multilateral institution but were not donated at that time.

26. INTRA-GOVERNMENT BALANCES

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	2,121	–	(55,087)	–
Balances with local authorities	–	–	–	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Balances with bodies external to government	–	–	–	–
At 31 March 2005	**2,121**	**–**	**–**	**–**
Balances with other central government bodies	3,354	–	(35,956)	–
Balances with local authorities	–	–	–	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations and trading funds	–	755,036	–	–
Balances with bodies external to government	–	–	–	–
At 31 March 2004	**3,354**	**755,036**	**(35,956)**	**–**

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