

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

Central Office of Information

Resource Accounts 2009-10

(For the year ended 31 March 2010)

Ordered by the House of Commons to be printed 26 July 2010

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

ISBN: 9780102968996

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2380765 07/10

Printed on paper containing 75% recycled fibre content minimum.

Contents

Annual Report	2
Statement of Accounting Officer's Responsibilities	5
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	10
Accounting Schedules:	
Statement of Parliamentary Supply	12
Operating Cost Statement	13
Statement of Financial Position	14
Statement of Cash Flows	15
Statement of Changes in Taxpayers' Equity	16
Notes to the Departmental Resource Accounts	17

Annual Report

Introduction

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

Entities within the Departmental Accounting Boundary

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

The Aim and Objective of the Department

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

Principal Activities

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

Bodies Outside of the Departmental Accounting Boundary

There are no bodies outside the Departmental Accounting Boundary.

Important Events which have occurred since the financial year end

The new Government, formed in May, implemented an immediate freeze on government advertising and marketing spend. Government will continue to commission campaigns this year, but only where there is an essential need to do so. However, it is clear that these measures will severely reduce our income for the current financial year. While this will have a significant short-term impact on COI's operations, it does not affect COI's ability to meet its liabilities. The Cabinet Office has confirmed that COI remains an important centre for marketing and communications expertise and an aggregator of government's buying power.

Pension Liabilities

The Department has no pension liabilities.

Management Commentary

The activities of the COI Department are funded by Parliamentary Vote. In 2009-10 the COI had a gross budget allocation of £682k for programme expenditure. During the year the COI Department incurred gross expenditure of £682k on programme expenditure in pursuit of its objectives as detailed in the "Operating Cost Statement".

As stated above, this account shows only those payments made to the trading fund to cover the cost of advice provided to government centrally that is not recoverable from individual clients. These payments amounted to £682,000 for the financial year 2009-10.

Total assets amounted to £265k as at 31 March 2010 (£265k as at 31 March 2009).

The activities of the COI trading fund are detailed in its own Annual Report and Accounts. For the 2009-10 financial year this document was published in July 2010 (HC367).

Reconciliation between resource outturn to the resource budget outturn

	2009-10	2008-09
	£000	£000
Net Resource Outturn (Estimates)	682	708
Net Operating Cost (Accounts)	682	708
Resource Budget Outturn (Budget)	682	708
Of which:		
Departmental Expenditure Limits (DEL)	682	708
Annually Managed Expenditure (AME)	-	-

Ministers

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

Mr Liam Byrne	Minister for the Cabinet Office	Apr 2009 to Jun 2009
Ms Tessa Jowell	Minister for the Cabinet Office	Jun 2009 to Mar 2010

Permanent Head of the Department and Management Board

The position of Accounting Officer of the Department is Mark Lund. The Accounting Officer of the Department is additionally Accounting Officer and Chief Executive of the COI trading fund.

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

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

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

Ministers' and Board Members' Remuneration

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2009-10 (HC367).

Employment of disabled persons

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2009-10 (HC367).

Equal Opportunities Policy

The COI department does not employ staff directly. The activities covered by this resource account are undertaken by staff employed by the COI trading fund, which falls outside the Resource Accounting boundary. These matters are, therefore, the responsibility of the COI trading fund and are included in the COI trading fund annual report and accounts for 2009-10 (HC367).

Payment of Suppliers

The department's policy is to pay all suppliers within 30 days of receipt of goods or services or a correctly documented invoice (whichever is received later) or according to contract where a different payment period is agreed. COI observes the principles of the Better Payment Practice Code.

Using the Civil Service standard measure, during 2009-10 COI paid 92% of supplier bills within 30 days (90% in 2008-09).

Disclosure of Relevant Audit Information

As far as the Accounting Officer is aware, there is no relevant audit information of which COI's auditors are unaware, and the Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that COI's auditors are aware of that information.

Auditor

COI's auditor is the Comptroller and Auditor General. The notional audit fee for the statutory audit of the 2009-10 Departmental Resource Accounts was £5,250 (2008-09 £5,000).

Mark Lund
Accounting Officer
20 July 2010

Statement of Accounting Officer's Responsibilities

Under Section 5 the Government Resources and Accounts Act 2000, HM Treasury has directed the Central Office of Information to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Central Office of Information, and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Chief Executive of the Central Office of Information as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum published by HM Treasury.

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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

The Minister for the Cabinet Office receives an annual Business Plan with an assessment of the key corporate risks facing COI in achieving its objectives. I also report to the Permanent Secretary, Government Communications on cross-government co-ordination of research, marketing and campaigns.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure in delivering policies, achieving aims and meeting objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should this happen; and
- to manage these risks efficiently, effectively and economically.

The system of internal control has been in place in COI for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

The Board

The Management Board has primary responsibility for identifying and monitoring key risks facing COI. The Terms of Reference for the Board set out their roles and responsibilities for the management of risk. Responsibility for the continuous improvement of COI's risk management framework is delegated to a nominated member of the Board. The structure and content of risk registers, risk policies and risk procedures are reviewed and updated regularly in line with the changing needs of the business.

Annually, the Management Board meets to review progress against COI objectives and to set out new or revised objectives for the forthcoming year. A risk workshop is also held annually to identify the key risks facing COI. Mitigating actions are owned at Board level, and progress towards their implementation monitored. During 2009–10, a series of podcasts were made in which Board members spoke about progress in achieving specific objectives.

From April 2010, a two-tier Board structure is being introduced to further enhance governance arrangements within COI. The two Boards – a Supervisory Board and a Management Board – are being established with clear terms of reference that will be reviewed at least annually.

Sub-committees

The Management Board has a number of established sub-committees. These include the Audit and Risk Committee, chaired by a Non-Executive Member, and the Business Investment and Improvement Group and Security Committee, chaired by a nominated Board member. The committees report to the Management Board and have clear terms of reference that are reviewed annually. A well-established Representative Council is also in place.

The Audit and Risk Committee (A&RC) examines and reviews the adequacy of arrangements for accounting, risk management, internal control and governance in liaison with internal and external audit. The A&RC obtains its assurance on risk, governance and controls from reports and updates provided at each meeting. The Non-

Executive Directors, who are also members of the A&RC, report formally to the Management Board after each meeting. From April 2010, the Audit & Risk Committee became a sub-committee of the Supervisory Board.

The Security Committee is responsible for directing and monitoring COI's compliance with the Security Policy Framework document. It is chaired by the Senior Information Risk Owner (SIRO), who is also a member of the Management Board. The SIRO is supported in her role by the Departmental Security Officer, the IT Security Manager and Information Asset Owners. Risks to personnel, and physical and information security are monitored by the Committee, which also oversees the work of the Information Security Forum, responsible for IT security risks and compliance with IT standards, including ISO27001 certification.

All proposals for improvement and investment in internal systems and business processes must follow established Project Management Standards. These require thorough risk assessments as part of the business proposals, which are scrutinised by the Business Investment and Improvement Group.

Operations

Specialist Directors and Corporate Resource Heads are responsible for the day-to-day management of risks in their area of responsibility. Risks are identified as part of the annual business planning process and are monitored on an ongoing basis. Overall strategy, including the review of risk management and reporting on it to the Management Board, lies with the Board member responsible for that area.

The Representative Council allows staff to have a say on important issues that affect COI and to provide the Board with an insight into popular thinking that can be considered as part of the decision-making process.

The risk and control framework

Framework

COI has a well-established risk and control framework underpinned by documented and established strategies, policies and processes. The risk framework is owned and managed by a Management Board member appointed by the Accounting Officer. Risk ownership and responsibility are clearly defined and cascaded to Specialist Directors and Business Managers across COI. The process is facilitated by well-established risk registers at corporate and business levels. The registers are designed to enable the identification and assessment of risks with an emphasis on monitoring actions to mitigate risks by allocating owners and target dates for action.

COI Managers are encouraged to integrate risk management into the decision-making process, both for internal and external-facing tasks, projects and initiatives. Individual business areas have also developed various job-level risk-management techniques over the years. However, the Board is encouraging business areas to follow more consistent and proportionate job-level risk-management techniques and is reviewing the need for further guidance and training in this area.

Policies

The control framework is supported by policies and procedures for all key business processes. These include HR policies, Project Management Standards, Procurement Policy and Manual, Finance Policies and Procedures, Information Security Policy and the Risk Strategy and Process Guidance. Written policies and procedures are available on Policy Matter (the COI policy store), on the COI Intranet and locally within all Business and Corporate Resource areas including HR, Finance, Procurement and IT.

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

Outlook

The two Boards coming into effect from April 2010 have distinct responsibilities for risk and control. More specifically, the Supervisory Board will support the Accounting Officer in discharging his responsibilities by exercising oversight of the Management Board with regards to the performance of COI against Ministerial targets and monitoring the application of good governance. The Supervisory Board will set the strategic goals of COI and ensure these are implemented through the Management Board. It will also be responsible for building and monitoring stakeholder relationships at Ministerial, Permanent Secretary and Industry levels. The Supervisory Board will nominate members to represent COI at the Government Strategic Marketing Board, the Client/Industry Board.

The Management Board is responsible for advising the Chief Executive on the management of COI's business. It supports the Chief Executive in the discharge of his responsibility as the Accounting Officer for the overall organisation, performance and management of COI within the policy and resource framework set by Ministers and in line with the strategic goals which the Supervisory Board has set. The Management Board will achieve this by developing plans, policies, standards, systems and procedures in line with the Strategy, Business Plan and policy goals set by the Supervisory Board.

The Management Board will also have responsibility for:

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

Risks

My most significant risks are associated with:

- a fast-evolving media landscape;
- the changing role of communications in government;
- increased emphasis on behaviour change, evaluation and digital innovation; and
- the current economic environment.

Based on my assessment of these risks, I initiated a review to improve the service that we offer to our clients. The "One COI" programme aligned management of our business by client and policy area through the use of "Theme Teams". It also re-engineered the business processes and systems to allow full integration between specialisms, with the objective to deliver the clients' required outcomes more efficiently and effectively. The programme also included providing clients with the flexible offer, allowing them access to our supplier frameworks and the capacity to determine the level of COI involvement they needed. A new governance structure was also introduced from April 2010.

We are also increasing our capacity to offer services in behaviour change, evaluation and digital innovation and striving to find ways to offer maximum value for money in the current challenging economic climate. I have also appointed a Supervisory Board member responsible for reputation.

Review of effectiveness

Controls

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 who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and in other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board and the A&RC, and a plan to address weaknesses and ensure continuous improvement of the systems is in place. It is also my belief that there are satisfactory processes in place for identifying, evaluating and managing the significant risks faced by COI.

Performance monitoring

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

Sub-committees

I receive regular reports from the sub-committees established by the Management Board including the A&RC, the Business Improvement and Investment Group, the Security Committee and the Specialist Directors Board which is being integrated into the new Board structure with effect from April 2010.

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

Operational assurance

I am informed by well-established half-yearly and year-end internal control and risk compliance assurances from Specialist Directors and Corporate Resource Heads. These provide reasonable assurance that the controls and safeguards are operating in line with established policies, procedures and standards. Internal Audit also reviews the effectiveness of controls in specific Business and Corporate Resource areas on a rotational basis.

Audit assurance

I receive regular reports from Internal Audit, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of COI's risk management, control and governance systems, together with recommendations for improvement and observations made by the external auditors in their management letter and reports.

The activities associated with upgrading our financial systems led to some weakening in post year-end controls. This was rectified and the new system is expected to lead to more enhanced system based controls in future. Other than that there were no significant internal control issues arising during the year, although areas for improvement in the control, risk and governance environment were identified in individual audit reports and summarised in the annual internal audit report, with agreed remedial actions implemented or in hand.

Outlook

Improvements associated with my review referred to earlier include the delivery of a new process for managing jobs, ensuring that briefs are delivered and evaluated using clear and simple guidelines, and making best use of the skills and resources required to deliver our offer. Other changes include the upgrade of our financial systems and the introduction of new policies on delegation of authority, timesheet recording, purchase orders and asset approval. Budgeting and cashflow monitoring processes have also been streamlined to enable more accurate forecasting and reporting for management.

Additional risk assessment processes were introduced over the course of the review and change process, led by a programme steering group under the headings of People, Process and Systems, to ensure that risks be identified at an early stage and addressed to ensure overall timescales for delivery are met.

Training on the new ways of working and finance systems took place in April and May 2010. The process of regular risk assessment and reporting will also be further developed to take account of the new governance structure and changes to business processes.

In May 2010, the Cabinet Office informed us that Ministers have decided to freeze spending on all new advertising and marketing across government. Only essential campaigns will be allowed with an approval required from the newly established government Efficiency and Reform Group. These new restrictions are designed to deliver significant savings in advertising and marketing expenditure during this year and will remain in place until March 2011 when they will be reviewed.

These measures will mean severe reductions to our income for the current financial year. To enable COI to cope with this challenge, the Supervisory Board has initiated a size and shape review which is likely to mean some headcount reduction. Staff and unions have been advised although there is some inbuilt flexibility through the use of temporary staff contracts.

Mark Lund
Chief Executive
20 July 2010

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

I certify that I have audited the financial statements of the Central Office of Information for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayer's Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

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

Opinion on other matters

In my opinion:

- the information given in Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

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

Date 22 July 2010

Statement of Parliamentary Supply

for the year ended 31 March 2010

Summary of Resource Outturn 2009-10

	2009-10			2008-09			Net Total outturn compared with Estimate: saving/ (excess)	Net Total
	Estimate	Outturn	£000	Estimate	Outturn	£000		
Request for Resources	Note	Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	
To enable central government to secure its policy objectives through maximum communication effectiveness and best value for money	2	682	-	682	682	-	682	708
Total resources	3	682	-	682	682	-	682	708
Non-operating cost A in A		-	-	-	-	-	-	-

Net cash requirement 2009-10

	2009-10			2008-09	
	Estimate	Outturn	£000	Outturn	£000
Net cash requirement	Note	Estimate	Outturn	Outturn	
	5	666	666	-	692

The notes on pages 17-21 form part of these accounts.

Operating Cost Statement

for the year ended 31 March 2010

	Note	2009-10 £000			2008-09 £000		
		Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income
Administration Costs:							
Administration costs							
Programme Costs							
Request for resources 1							
Programme costs	6	-	682	-	-	708	-
Total		-	682	-	-	708	-
Net Operating Cost	3	-	682	-	-	708	-

All expenditure is derived from continuing operations.

There are no gains and losses other than operating cost.

The notes on pages 17-21 form part of these accounts.

Statement of Financial Position

as at 31 March 2010

		2010 £000	2009 £000	2008 £000
	Note			
Non-current assets				
Financial assets	7	265	265	265
Current assets:				
Cash and cash equivalents	8	20	-	378
Total assets		<u>285</u>	<u>265</u>	<u>643</u>
Current liabilities				
Trade and other payables	9	(20)	-	(378)
Assets less Liabilities		<u>265</u>	<u>265</u>	<u>265</u>
Taxpayers' equity:				
General fund		265	265	265
Total taxpayers' equity		<u>265</u>	<u>265</u>	<u>265</u>

Mark Lund
Chief Executive
Central Office of Information

20 July 2010

The notes on pages 17-21 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
Cash flows from operating activities			
Net operating cost	4	(682)	(708)
Adjustments for non-cash transactions		16	16
Increase/(Decrease) in trade payables	9	20	378
<i>less movements in payables relating to items not passing through the OCS</i>			
Amounts due to Consolidated Fund for Supply		(20)	(378)
Net cash outflow from operating activities		<u>(666)</u>	<u>(692)</u>
Cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		666	314
Net Financing		<u>666</u>	<u>314</u>
Net increase/(decrease) in cash and cash equivalents in the period	8	20	(378)
Cash and cash equivalents at the beginning of the period		-	378
Cash and cash equivalents at the end of the period		<u>20</u>	<u>-</u>

The notes on pages 17-21 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund £000	Total Reserves £000
Balance as at 31 March 2007		265	265
Changes in accounting policy		-	-
Restated balance at 1 April 2008		<u>265</u>	<u>265</u>
Taxpayers equity for 2008-09		-	-
Total recognised income and expense for 2008-09		<u><u>265</u></u>	<u><u>265</u></u>
Balance as at 31 March 2009		265	265
Changes in accounting policy		-	-
Restated balance at 1 April 2009		<u>265</u>	<u>265</u>
Taxpayers equity for 2009-10		-	-
Total recognised income and expense for 2009-10		<u><u>265</u></u>	<u><u>265</u></u>

Notes to the Departmental Resource Accounts

1 Statement of accounting policies

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

The new Government, formed in May, implemented an immediate freeze on government advertising and marketing spend. This is to help generate savings of £6 billion during 2010/11 in order to reduce the deficit. Government will continue to commission campaigns this year, but only where there is an essential need to do so. However, it is clear that these measures will severely reduce our income for the current financial year. While this will have a significant short-term impact on COI's operations, it does not affect COI's ability to meet its liabilities. The Cabinet Office has confirmed that COI remains an important centre for marketing and communications expertise and an aggregator of government's buying power.

IFRS 1 First time adoption of International Financial Reporting Standards allows entities adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e 2008-09), The Department elected not to take any exemptions.

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

Standards adopted early by the Central Office of Information

IAS1 'Presentation of financial statements' – Amendment. This amendment aims to assist users in their ability to analyse and compare the information given in the financial statements. Changes include changes to titles of some of the financial statements and changes to the components of financial statements. The amendment is effective for periods commencing on or after 1 January 2009.

Standards issued but not yet effective

The following standards have been issued but have not yet been adopted by the company in these financial statements as they are not yet effective.

Interpretations Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted are that are not predicted to have an impact on the company are:

- IFRS 2 'Share based payment'
- IFRS 3 'Business combinations'
- IFRS 7 'Financial Instruments: Disclosures'
- IFRIC 9 'Reassessment of Embedded Derivatives'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 15 'Agreements for the Construction of Real Estate'
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'
- IFRIC 17 'Distributions of Non-cash Assets'
- IFRIC 18 'Transfers of Assets from Customers'

- IAS 1 'Presentation of financial instruments'
- IAS 23 'Borrowing Costs'
- IAS 27 'Consolidated and separate financial statements'
- IAS 28 'Investment in associates'
- IAS 31 'Investment in joint ventures'
- IAS 32 'Financial Instruments: Presentation'
- IAS 39 'Financial Instruments: Recognition and measurement'

The adoption of these amendments and revisions will not have a significant impact on the Department.

Accounting convention

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

Basis of Consolidation

1.2 These accounts are for the department only. The accounts of the Central Office of Information trading fund, which is outside of the scope of resource accounting, are published separately. The 2009-10 trading fund report and accounts were published in July 2010 (HC338).

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

Investments

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

Administration and programme expenditure

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

Capital charge

1.5 A charge, reflecting the cost of capital utilised by the department, is included in operating costs. In the absence of a separate departmental target, the charge in respect of the department's investment in the Central Office of Information trading fund is calculated at the government's standard rate of 3.5 per cent of the value of that investment.

First Time Adoption of IFRS

1.6 There is no impact on the Resource Accounts for 2009-10 as a result of the first time adoption of IFRS.

2. Analysis of net resource outturn by Strategic Aim				To meet the needs of Central Government for advice on policy matters	Total
				£000	£000
Gross Expenditure				682	682
Income				-	-
Net Expenditure				682	682
Total Assets				265	265

3. Analysis of net resource outturn by section

					2009-10	2008-09	
					£000		
				Outturn	Estimate	Estimate	
						Net Total	
						outturn	
						compared	
						with	
						Prior Year	
						Outturn	
Request for Resources	Admin	Other	Gross	A in A	Net Total	Estimate	
		Current	Resource				
			Expenditure				
Request for Resources 1	-	682	682	-	682	682	-
Resource Outturn	-	682	682	-	682	682	-
							708

4. Reconciliation of outturn to net operating cost

				2009-10
				£000
				Outturn
				compared
				with
				estimate
Net Resource Outturn	Note 2	Supply	Outturn	-
		682	682	

5. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total
		£000	£000	outturn
				compared
				with
				Estimate:
				saving/
				(excess)
				£000
Resource Outturn	2	682	682	-
Capital				
Acquisition of fixed assets		-	-	-
Investments		-	-	-
Non operating A in A				
Process of fixed assets disposals		-	-	-
Accruals adjustments		-	-	-
Non cash items		(16)	(16)	-
Changes in working capital other than cash		-	-	-
Changes in creditors falling due after more than one year		-	-	-
Use of provision		-	-	-
Excess cash receipts surrenderable to Consolidated Fund		-	-	-
Net cash requirement		666	666	-

6. Programme Costs

	2009-10	2008-09
	£000	£000
Current grants and other current expenditure	666	692
Non-cash items		
Cost of Capital Charges	9	9
Auditors' remuneration and expenses	7	7
Total	682	708

7. Financial Assets

	PDC	Total
	£000	£000
Investments		
Balance at 1 April 2008	265	265
Balance at 31 March 2009	265	265
Balance at 1 April 2009	265	265
Balance at 31 March 2010	265	265

8. Cash and cash equivalents

	2009-10	2008-09	2007-08
	£000	£000	£000
Balance at 1 April	-	378	25
Net change in cash and cash equivalent balances	20	(378)	353
Balance at 31 March	<u>20</u>	<u>-</u>	<u>378</u>

All balances held at HM Paymaster General

9. Trade payables and other current liabilities

	2009-10	2008-09	2007-08
	£000	£000	£000
9 (a) Amounts falling due within one year			
Amounts issued from Consolidated Fund for Supply but not spent at year end	<u>20</u>	<u>-</u>	<u>378</u>

9 (b) Intra-Government Balances

	2009-10	2008-09	2007-08
	£000	£000	£000
Balances with other central government bodies	-	-	378
Subtotal: intra-government balances	<u>-</u>	<u>-</u>	<u>378</u>
Balances with bodies external to government	20	-	-
Total creditors at 31 March	<u>20</u>	<u>-</u>	<u>378</u>

Amounts
falling due
within one
year

10. Capital Commitments

There were no capital commitments at 31 March 2010 (none at 31 March 2009).

11. Commitments under leases

The department had no operating leases or finance leases at 31 March 2010 (none at 31 March 2009).

12. Contingent Liabilities

There were no contingent liabilities at 31 March 2010 (none at 31 March 2009).

13. Financial instruments

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

13.1 Liquidity risk

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

13.2 Credit risk

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

13.2 Foreign currency risk

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

14. Related-party transactions

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

15. Accounting estimates and adjustments

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

16. Events after the Reporting Period

The new Government, formed in May, implemented an immediate freeze on government advertising and marketing spend. Government will continue to commission campaigns this year, but only where there is an essential need to do so. However, it is clear that these measures will severely reduce our income for the current financial year. While this will have a significant short-term impact on COI's operations, it does not affect COI's ability to meet its liabilities. The Cabinet Office has confirmed that COI remains an important centre for marketing and communications expertise and an aggregator of government's buying power.

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

The accounts were authorised for issue on 26 July 2010.



Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, telephone, fax and email

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/general enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/general enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other accredited agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Telephone orders/general enquiries: 028 9023 8451

Fax orders: 028 9023 5401

ISBN 978-0-10-296899-6

