Department for International Development

Department for International Development

Annual Report and Accounts 2010–11

Volume II: Accounts

Department for International Development

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Volume II: Accounts
This accompanies Volume I, which is the Annual Report

(For the year ended 31 March 2011)

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Contents

Annual Report

1. Coverage of the Accounts

The Department for International Development (DFID) is responsible for leading the Government's efforts to promote international development and eliminate poverty. These accounts cover DFID activities carried out from headquarter 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 (section 2 below).

DFID also pays, from separate funds, pensions and related benefits to certain former overseas civil and public servants. A separate resource account (Department for International Development: Overseas Superannuation) reports expenditure and other information about these pension schemes. DFID accounts include the administrative costs associated with this function.

For public expenditure control purposes, DFID's resource budget includes an attributed cost for the UK share of spending from the budget of the European Communities on development purposes. UK payments to the EC budget are made from the Consolidated Fund. In accordance with the Financial Reporting Manual (FReM) rules on treatment of payments out of the Consolidated Fund, attributed costs for development expenditure are not included in the primary statements. Information about the total resource budget is included in the Management Commentary.

2. Public Sector Bodies

DFID, on behalf of the Government, owns 100 per cent of the issued share capital of the CDC Group plc. In 2004, fund management activities previously carried out by CDC were transferred to a newly formed limited liability partnership (Actis LLP). Our accounts include as assets the Government's shareholding in CDC and the cost of its investment in Actis. Both CDC and Actis publish their own annual report and accounts and these can be accessed by contacting them. (www.cdcgroup.com and www.act.is respectively). Note 15 of the accounts provides key summary data.

DFID is also responsible for the following Non-Departmental Public Body:

- Commonwealth Scholarship Commission

This body does not employ any staff or have any facilities. As part of changes to the government reporting framework included in the Clear Line of Sight programme, the financial results of this body will be reported within these accounts, with effect from 2011-12 onwards.

During 2010-11 DFID was responsible for establishing an independent aid watchdog, Independent Commission for Aid Impact (ICAI). During March 2011 the status of this body was formally recognised as an Advisory Non-Departmental Public Body. ICAI is expected to become operational during 2011-12 and its expenditure will be disclosed and consolidated within DFID's accounts for 2011-12, in line with Clear Line of Sight regulations.

3. Other Reporting

DFID publishes a report each year that supplements these accounts and provides information to Parliament and the public on DFID's activities. This is in order to comply with the additional reporting requirements, most significantly those set out in the International Development (Reporting and Transparency) Act 2006. The report gives details of DFID's work and key developments in 2010-11, together with indicative budget allocations for the period to 2011-12. This report is also laid before Parliament.

In addition each year DFID also prepares "Statistics on International Development" which contains a detailed breakdown of development expenditure. The next report, including 2010-11, will be published in Autumn 2011 on DFID's website.

4. Ministers

During the year to 31 March 2011, DFID's Ministers were:

- Rt Hon Douglas Alexander MP (until 11 May 2010)
- Gareth Thomas MP (until 11 May 2010)
- Mike Foster MP (until 11 May 2010)

As a result of the 6 May 2010 General Election and the formation of a new Government, DFID's Ministers, with effect from 12 (Secretary of State), 13 May 2010 (Minister of State) and 14 May 2010 (Parliamentary Under-Secretary) are:

- Rt Hon Andrew Mitchell MP, Secretary of State for International Development.
- Alan Duncan MP, Minister of State for International Development.
- Stephen O'Brien MP, Parliamentary Under-Secretary of State for International Development.

Earl Attlee is the appointed Whip on DFID business in the House of Lords and Baroness Verma is the appointed spokesperson in the House of Lords. They replaced Lord Tunnicliffe and Lord Brett respectively following the General Election.

5. Management Commentary

5.1 Aims and objectives

DFID's aim is the elimination of poverty. It works with developing countries and the international community to achieve eight Millennium Development Goals (MDGs), endorsed at the UN Millennium Summit in September 2000 as milestones of global progress in tackling poverty. The Goals 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; and
- Develop a global partnership for development.

5.2 Legislation

The International Development Act 2002 allows the Secretary of State for International Development to provide development assistance for sustainable development and welfare; in doing so he has to be satisfied that the assistance is likely to contribute to poverty reduction. The Act allows him to provide support for development awareness and advocacy work, and to use a wider range of financial instruments including securities and guarantees; it also provides for continued assistance to the UK's Overseas Territories and allows DFID to provide rapid humanitarian assistance.

In July 2006, the International Development (Reporting and Transparency) Act 2006 passed into law. The Act requires the Secretary of State for International Development to report annually on various areas, including expenditure on international aid, progress towards the United Nations' target for Official Development Assistance (ODA) to make up 0.7% of gross national income (GNI) by 2013, and the effectiveness and transparency of aid.

5.3 Performance measurement

We measure the resources we use for development in two main ways:

- Spending from agreed resource budgets as reported in these accounts; and
- UK Official Development Assistance (ODA), including as a proportion of UK Gross National Income (GNI).

DFID's final budget (Departmental Expenditure Limit) for 2010-11 was £7.5 billion, increased from £6.7 billion in 2009-10.

ODA is a measure agreed by members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Net costs reported in these accounts are a major part of ODA. However, ODA also includes items not reported in these accounts (e.g. equity investments made through CDC, Export Credits Guarantee Department (ECGD) debt relief plus other government department spending) and is measured by calendar rather than financial years.

There is a longstanding target that donors' ODA should reach 0.7 per cent of GNI. In 2010, UK ODA is estimated at £8.4 billion, 0.56 per cent of GNI (Restated 2009: £7.2 billion, 0.51 per cent of GNI). This is the highest level of ODA:GNI since the United Nations target of 0.7% was set in 1970. DFID ODA is £7.4 billion which is equivalent to 88% of total ODA.

5.4 Outputs and outcomes

DFID's new Business Plan outlines DFID's vision over the next four years covering the period 2011-12 to 2014-15 and includes the Structural Reform Plan, an Information Strategy and a list of indicators that DFID will report on regularly. Full details on the Business Plan and Structural Reform Plan can be found on DFID's external website.

The Business Plan sets out how DFID intends to make UK aid work better. Structural Reform Plans hold departments accountable for the implementation of the reforms set out in the Government's Coalition Agreement. DFID's Structural Reform Priorities are:

- Honour international commitments – honour the UK's international commitments and support actions to achieve the Millennium Development Goals;
- Introduce transparency in aid – make British aid more effective by improving transparency and value for money;
- Boost wealth creation – make British international development policy more focussed on boosting economic growth and wealth creation;
- Strengthen governance and security in fragile and conflict-affected countries – improve the coherence and performance of British international development policy in fragile and conflict-affected countries, with a particular focus on Afghanistan and Pakistan;
- Lead international action to improve the lives of girls and women – work to empower and educate girls, recognise the role of women in development and help to ensure that healthy mothers can raise strong children; and
- Combat climate change – drive urgent action to tackle climate change, support adaptation and low carbon growth in developing countries.

Progress against the Structural Reform Plan (SRP) is being monitored closely by ministers and central government. Progress on actions are discussed at fortnightly meetings between DFID Senior Management (Director Generals), Prime Minister's Office, Cabinet Office and HM Treasury.

A central tracking system has been introduced to assist DFID to report progress on the six themes of the Structural Reform Plan. All actions in the SRP are updated by Senior Responsible Officers. Monthly progress updates are published by the Cabinet Office and can be found on DFID's external website.

5.4.1 Delivery

We work with a wide range of partners and rely on a wide range of official, commercial and non-governmental delivery agents to achieve our aims. We regularly assess the performance of delivery agents and consider whether our partnerships and the channels we use are still the right ones and whether we should support different, or help create new, institutions.

In 2005, donors and partner countries agreed the "Paris Declaration on Aid Effectiveness". This outlined five partnership commitments to improve aid: *ownership* by partner countries of the development process; *alignment* by donors to country priorities, institutions and systems; *harmonisation* of donor support; *management for development results* to improve decision making and resource management; and *mutual accountability* of donors and partner governments for development results.

The Paris Declaration also includes a set of quantified targets, monitored bi-annually, which is used to assess progress and hold signatories accountable for achieving results. The results from the most recent survey, reported in 2009, are based on data from 2008. The next survey will be published in Summer 2011, using 2010 data.

5.4.2 Risks to delivery

There are significant risk factors which will affect whether or not the contributions we make will produce the results we aim to achieve.

The main risks to the achievement of our goals include:

- Macro-economic trends in developed and developing countries and economic shocks;
- The impact on developing countries of climate change and conflict;
- Major public health trends which affect development (such as HIV/AIDS); and
- Any potential weakening of commitment to poverty elimination by partner governments.

We identify and monitor these and other risks; the Management Board reviews how we should react to them, or respond where we can mitigate the risk; and systems for monitoring and managing risk are embedded at all levels in the organisation.

We also monitor and manage the risks arising from weakness or failure in DFID's own processes and systems, e.g. IT and financial. The Statement on Internal Control provides more detail on the management of risk.

5.5 Current and future trends

We continue to plan our activities in response to progress against the Millennium Development Goals (MDGs) and Structural Reform Plan priorities set out in The Business Plan. Operational plans are the single layer of planning across the organisation below the DFID Business Plan. They will translate the outcomes of the Spending Review 2010 as well as the Bilateral Aid Review, Multilateral Aid Review and Humanitarian Emergency Response Review processes, into plans that set out the operations of different units of DFID for the next four years. These plans are internal management tools, but some sections will be made available publicly.

5.5.1 Transparency

Public sector transparency is one of the major themes of the government agenda. For DFID, this increased transparency will provide greater visibility of our work, both to UK citizens and to people in the countries where we work. Improved transparency is a key component of DFID's Business Plan.

For DFID, there are two main transparency initiatives:

- UK Government Transparency Drive – the promise to make information about departmental spend, contracts and staffing across all Government Departments more open and clear to the UK taxpayer. From 1 April 2011, DFID is committed to publishing every financial transaction above £500, both programme and administration spend.
- Aid Transparency Guarantee (including the International Aid Transparency Initiative) – the government's commitment to publish more detailed information on our projects, making summary information available in local languages and providing opportunities for feedback from people affected by our programmes.

Information published under both initiatives is available on DFID's external website.

5.6 Financial Review

5.6.1 Resource budgets

DFID has two separate budget allocations within the total amount of public expenditure which are controlled through setting of Departmental Expenditure Limits (DEL). The two budgets are for net resource (current) spending (including a ring-fenced amount for administration costs) and for net capital expenditure. DFID has a separate budget allocation within the part of public expenditure controlled as Annually Managed Public Expenditure (AME).

DFID's total DEL budget for 2010-11 was £7.545 billion (2009-10: £6.726 billion).

The following table shows the changes in budgets between allocations at April 2010 and final budgets for 2010-11:

Table 1: 2010-11 Changes in budgets

£000	Resource DEL voted[1]	Resource DEL non-voted	Capital DEL voted	Capital DEL non-voted	AME voted	AME non-voted
Original	5,016,569	1,067,000	1,534,000	22,000	328,500	(36,785)
Transfers between non-voted and voted[2]	152,810	(158,810)	228,000	(222,000)		
Take-up of End Year Flexibility	–	–	–	–	–	–
Transfers to other departments[3]	(77,686)		265	–	–	–
Changes in forecast AME	–	–	–	–	(1,200)	(26,360)
Final	**5,091,693**	**908,190**	**1,762,265**	**(200,000)**	**327,300**	**(63,145)**

1. Including depreciation.
2. Includes transfers from Departmental Unallocated Provision.
3. Includes transfers from Departmental unallocated Provision to other government departments to be spent through their Estimates.

The resource DEL budget and the AME budget are divided between amounts voted in Estimates and non-voted amounts; the capital DEL budget is voted in the Estimates. Outturn against the components of the DEL budget is shown in Table 2 below. Note 3 to the accounts is a detailed breakdown and comparison of outturn against Estimates provision for voted resource DEL and AME.

Table 2: 2010-11 Final DEL budgets and outturn			
£000			
DEL	**Budget**	**Outturn**	**Variance**
Voted Resource DEL: RfR 1	5,072,152	5,004,404	67,748
Voted Resource DEL: RfR 2	19,541	15,652	3,889
Consolidated Fund Extra Receipts	–	(220)	220
Non-voted DEL – EU attribution [1]	845,045	845,045	–
Other non-voted DEL[2]	63,145	64,952	(1,807)
Total Resource DEL	**5,999,883**	**5,929,833**	**70,050**
of which: Administration budget	151,986	148,202	3,784
Capital DEL (voted)	**1,762,265**	**1,758,696**	**3,569**
Capital DEL (non-voted)	(200,000)	(200,000)	–
Less: Depreciation	(16,826)	(18,038)	1,212
Total DEL [3]	**7,545,322**	**7,470,491**	**74,831**
AME (voted RfR 1)	327,300	314,280	13,020
AME (non-voted)[2]	(63,145)	(64,952)	(1,807)

1. Latest forecast; the final charge to DEL budget will be based on later EU reports.
2. Payments for provisions score as non-voted resource DEL, with a corresponding credit in non-voted AME to account for the release of provision.
3. Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending, therefore to include depreciation of the assets purchased would be double counting.

Table 3 below shows a reconciliation of resource expenditure outturn between Estimates, Accounts and Budgets.

Table 3: Reconciliation of resource expenditure between Estimates, Accounts and Budgets		
£000	**2010-11**	**2009-10**
Net Resource Outturn (Estimates)	**7,103,887**	**6,051,939**
Operating income not treated as Resource A-in-A	(220)	(2,423)
Net Operating Cost (Accounts)[2]	**7,103,667**	**6,049,516**
Non-voted DEL (EU attribution)	845,045	811,000
Other non-voted DEL (Payments relating to provisions)	64,952	25,065
Non-voted AME (Release on provisions)	(64,952)	(25,065)
Capital Grants included above classified as Capital DEL in budgets	(1,769,571)	(1,155,998)
Loss on disposal of non-current assets classified as Capital DEL in budgets[1]	–	(1,685)
Resource Budget Outturn (Budget)	**6,179,141**	**5,702,833**
of which:		
Departmental Expenditure Limit (DEL)	5,864,861	5,323,084
Annually Managed Expenditure (AME)	314,280	379,749

1. Profits or losses on disposal of non-current assets score to Capital DEL from 2007-08, but continue to score to Resource within Estimates and Accounts. Amended in 2010-11 so no adjustment required.
2. Note 4 to the accounts highlights that as a result of Clear Line of Sight cost of capital charges have been removed. Note 4 shows a reconciliation of the costs reported last year, within the adjustment to the restated amount with the removal of these costs.

5.6.2 Operating costs: Poverty Elimination

DEL spending increased during the year, in line with budgetary increases granted as part of CSR07. Resource outturn increased by 14.8% from the prior year (17.6% versus restated prior year outturn, as a result of Clear Line of Sight and removal of cost of capital charges), compared to a planned increase of 15.7% (18.5% versus restated prior year outturn, as a result of Clear Line of Sight and removal of cost of capital charges). More detail on the reasons for restatement and impact is set out in note 1 explaining the accounting policy change and note 2 shows the effect on prior years outturn. Note 3 shows an underspend of £78m and is split out against DFID's subhead categories of expenditure, as set out in the Estimate.

A key reason for the variance is DFID's increased focus on results based aid and improved value for money. As highlighted a number of reviews were carried out to assist in assessing the effectiveness of our aid delivery. The findings of these have required some amendments to way in which our aid is delivered and structured. In some instances this has led to alterations in the structure of certain projects and timing of DFID's commitments which have been reflected in outturn.

Whilst DFID is operating with an increased programme resource budget, it like all other Government departments, is subject to significant pressures on internal efficiency via reduced administration costs. Outturn against the prior years Administration costs is reduced by 5.6%, compared to a forecast reduction of 3.2% included within the Estimate. This was as a result of a conscious effort to realise administration cost savings as early as possible via improved efficiency and cost control procedures.

5.6.3 Operating Costs: Conflict prevention

Conflict Prevention is a ring-fenced budget and UK's costs in these areas are allocated to DFID, FCO and MOD. Each department has their own budget but works jointly with the others, taking the lead on specific projects where they have the geographical presence or technical expertise to lead on projects. DFID's contribution to this area is led by the Stabilisation Unit who specialise in post conflict reconstruction.

5.6.4 Capital expenditure and Statement of Financial Position movements

Net assets in the Statement of Financial Position have decreased from £1,946 million to £782 million, representing a decrease of approximately 60%. This is a significant decrease but delivering aid is not reliant on financial assets or asset growth. The movement is most notable in the increase in payables, particularly promissory notes where the level of new deposits in year exceeded the associated encashments. There has also been a further increase in provision requirements. These movements are explained in more detail below. In addition there is specific discussion on the major contributory programmes for each area at 5.7.3, 5.7.4 and 5.7.5.

DFID's most significant assets are Investments where DFID is a shareholder in a number of International Financial Institutions. These have increased by £53.6 million over the year. This increase is led by improved equity returns of £170.6 million, which have successfully countered exchange rate losses of £117 million realised by the strengthening of the pound against both the US dollar and Euro.

The remainder of DFID's assets have reduced from last year, but this was predominately a result of planned debt repayments. DFID's remaining loan portfolio has been assessed for impairment and adjusted for debt relief.

As a Government department DFID is expected to maintain minimal cash balances and should only drawdown cash as needed through accurate forecasting of payments and receipts. Although the

Statement of Financial Position shows an overdraft position this balance represents two days of bank transactions, which were physically deducted from its bank account in 2011/12.

DFID's liabilities have increased but these are manageable and have been budgeted for, via our Estimate process and cash drawdown system. As highlighted earlier, the UK Government is a committed supporter and financier of International Development Association (IDA). This year was key to completing the support for IDA 15, through deposit of promissory notes. Whilst IDA 15 is now fully deposited the encashment schedules run for a further 4 years.

In addition provisions have increased as a result of additional commitments to IFFIm and AMC. More detail on these is set out in note 21.

5.6.5 Variances

Over and under spends against the Parliamentary Estimates are shown in note 3 to the accounts. Over spends in some sections are offset by savings elsewhere in the Estimate. The only variance greater than 10% is in Programmes contributing to Multiple Objectives which is under spent by 17.5%. No variances have been identified where a virement between headings is required to be approved by HM Treasury.

5.6.6 Net Cash Requirement

The Net Cash Requirement Outturn in the Statement of Parliamentary Supply was 11.7% below Estimate (2009-10: 1.4% below Estimate, 2008-09: 8.4% below Estimate). This is mainly due to promissory notes deposits being higher than forecast within the Estimate for the year under review together with the increase in provisions not yet resulting in a cash requirement.

5.7 Long term and future commitments

In the course of its business, DFID discusses and formalises arrangements with partners and agents for projects and programmes which cover payments over a number of years. These are subject to various terms and conditions; transactions arising from these arrangements are recognised in these accounts when the transfers take place and/or conditions of grant are met.

5.7.1 Spending Review 2010

Spending Review 2010 set out the Government's public spending plans for the next four years. The UK aid budget will increase every year between now and 2014, to deliver Official Development Assistance (ODA)/Gross National Income (GNI) ratios of 0.56% for calendar years 2011 and 2012 rising to 0.7% in 2013 and 2014. In a very challenging fiscal environment, this settlement delivers the Government's promise to protect the aid budget from cuts and to honour the commitment to spend 0.7% of GNI on aid from 2013.

DFID's budget will grow by 35% in real terms over the next four years. DFID's total settlement is made up of core DFID expenditure and the Conflict Pool, which has its own settlement to be jointly managed by DFID, the FCO and the MOD.

DFID's Core settlement					
	2010/11	2011/12	2012/13	2013/14	2014/15
Total UK ODA		8,725	9,548	12,252	12,379
Total DFID DEL	7,545	7,838	8,562	11,029	11,147
Of which Resource DEL	5,989	6,444	6,927	9,105	9,103
Of which Capital	1,556	1,394	1,635	1,924	2,044
Target UK ODA/GNI (%)		0.56%	0.56%	0.7%	0.7%

5.7.2 Poverty Reduction Budget Support (PRBS)

In 2010-11 we provided PRBS to 12 countries, totalling £598 million (2009-10: 14 countries totalling £715.9 million). Our policy on PRBS to each country is described in more detail within Volume 1 of the Annual Report.

5.7.3 Debt relief

Following a UK proposal agreed at the G8 summit in 2005, the World Bank and African Development Bank have agreed, under the Multilateral Debt Relief Initiative (MDRI), to cancel the debts of certain Heavily Indebted Poor Countries (HIPC) which have met relevant conditions. The HIPC progress table towards completion is updated each month and DFID updates its loan portfolio, shown in Note 16 accordingly. Donors have agreed to provide resources in future years to the International Development Association (IDA) and African Development Fund (AfDF) to replace the inflows the institutions would otherwise have received as debt service. Transfers to IDA and the AfDF will be recorded in these accounts as promissory notes, which are then adjusted when deposits or encashments are made. During the year ended 31 March 2011 promissory notes with a value of £980 million were deposited in respect of IDA and £139 million in respect of AfDF whilst encashments of £640 million and £88 million were made respectively. Other amounts within the total authorised by Parliament are included in contingent liabilities with other amounts for agreed replenishments which have not yet resulted in the deposit of promissory notes.

5.7.4 International Finance Facility for Immunisation

In September 2005, the UK and other donors agreed to provide resources to an International Finance Facility for Immunisation (IFFIm); this facility will front-load support to immunisation programmes by using funds borrowed on international markets with repayment guaranteed by government pledges. It is estimated that this facility could help save the lives of five million children over the next decade. The agreements for IFFIm were signed in July 2006 with revised agreements signed during 2009 to reflect additional donors and updated commitments. The UK has pledged a total of £1.38 billion through to 2026. During the year ended 31 March 2010 DFID agreed to commit a further £250m to IFFIm to support Health Systems Strengthening over 20 years (2010-2030). DFID's pledged contributions represent 45.14% of the total amounts pledged at 31 March 2011. Ten bond issues have now been made, giving a total liability including interest of £1,337 million. The UK is therefore liable for £886 million in net present value terms at 31 March 2011 (after deducting payments made), which will be covered by payment obligations through to October 2022.

5.7.5 Advance Market Commitment

The Advance Market Commitment (AMC) is an innovative, market-based mechanism designed to accelerate the development and production of vaccines for the world's poorest countries. The first AMC will target pneumococcal disease, bringing potentially life-saving vaccines more quickly to 100 million children and preventing over 5 million deaths by 2030.

The pilot AMC for pneumococcal disease will provide $1.5 billion in future financial commitments to the poorest countries, giving them the purchasing power to buy a suitable vaccine at discounted prices when one becomes available. By creating a market for vaccines in the poorest countries, the AMC creates incentives for the pharmaceutical companies to invest in research, development and production capacity for new vaccines that serve the poor.

The pilot AMC was launched in February 2007, with commitments being made by Canada, Italy, Norway, Russia, the UK, and the Gates Foundation. The UK government has pledged $485m of the $1.5 billion total, with formal agreements signed on 12 June 2009.

Based on a UNICEF Strategic Demand Forecast, published on 7 August 2009, UNICEF issued a first call for offers to manufacture the vaccine on 4 September 2009. During the year ended 31 March 2011 two supplier agreements were signed with a value of $450 million. DFID is responsible for 32% of the donors liability. The net present value of this liability, after deducting payments, is £73 million which will be covered by payments to 2013/14.

The supplier agreements signed to date are not sufficient to manage the forecast demand for vaccines. As a result a further call for offers to manufacture the vaccine will be issued in the next few months with a view to further supplier agreements being signed during 2011-12.

5.7.6 Environmental Transformation Fund

The 2007 Budget announced an £800 million International Window of the Environmental Transformation Fund (ETF-IW) to reduce poverty through environmental protection, especially climate change. The Fund is jointly managed by DFID and the Department of Energy and Climate Change (DECC) and must meet two conditions; it must be scored as Official Development Assistance (ODA) and capital investment. DFID committed £400 million and to date has paid £50 million into the fund in 2008-09, with a further £100 million paid into the fund during 2009-2010. DFID's final payment of £250 million was paid during 2010-2011.

5.7.7 IDA

IDA is the arm of the World Bank that works in around 80 of the poorest countries. IDA funding provides millions of people with education, healthcare, clean water, access to energy and economic opportunities. In December 2007, donors pledged a record £12.6 billion for the fifteenth replenishment of IDA (IDA 15). The UK pledged £2.134 billion, a 49% increase on our previous contribution.

In December 2010 the UK, along with 50 other donors, pledged contributions to the 16th replenishment of IDA (IDA 16). The UK pledged £2.664 billion, a 25% increase over the UK's commitment of £2.134 billion to IDA 15. IDA 16 will cover the period July 2011 to June 2014. The total size of IDA 16 will be approximately $49.3 billion (£32.4 billion).

5.7.8 Other initiatives

The Government may also announce intentions for spending which will in due course be realised through more specific arrangements with partners and delivery agents.

Note 28 shows an increase in contingent liabilities, in respect of callable capital in investments in International Financial Institutions. During 2010-2011 several of the institutions announced plans to restructure their share capital and use the additional financing generated to fund a revised lending strategy to assist in the recovery of the global economy. It is expected that further institutions will follow suit during 2011-2012 and DFID plans to support this refinancing and take up additional shareholdings to maintain its current voting power in each institution.

There were no other significant new risks or uncertainties, such as potential environmental liabilities, during the year or subsequently, that materially affect DFID's future position.

5.8 Future business developments

DFID has continued its focus on results, and improvements have been made to systems and processes. We need to continue to manage the complex combination of a broadened development policy agenda, a rising aid budget and a reduction in administrative costs ensuring that DFID works towards the achievement of the MDG's within a framework of effective controls.

5.9 Financial Instruments

The Department's overall approach to the management of risk is described in the Statement on Internal Control. The Department is funded from Parliamentary Supply with funds provided through Citibank and the Government Banking Service contract and therefore has no significant exposure to either liquidity or cash-flow risk. The Department's equity interest in CDC Group plc is subject to market performance 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 Her Majesty's Government (HMG) policy, DFID does not undertake any hedging or derivative transactions to manage this risk. In order to deal with changing economic circumstances HMG is permitting departments to undertake hedging to manage foreign currency risk. In March 2011 DFID's request to undertake limited hedging to mitigate currency risk on US dollar and Euro cash transactions was approved by HM Treasury. DFID will now look to embed and apply this policy during 2011-12. Disclosures required by IAS 32 and IAS 39 are included in the relevant notes to the financial statements.

5.10 Payment of Suppliers

In accordance with the Prompt Payment Initiative, DFID aimed to pay 80% of all undisputed invoices within five days of receipt. The remainder of all undisputed invoices are then aimed to be settled within ten days of receipt. During the year ended 31 March 2011 78.56% of invoices were paid within five days of receipt. System difficulties were experienced in January 2011 and these impacted on delivery of the payment target. The Department continues to review its processes and procedures with a view to meeting payment targets and overall efficiency.

6. Staffing and related issues

We are committed to recruiting people with the right attributes (skills, knowledge and behaviours) in an efficient and responsive way. All appointments are made on merit on the basis of fair and open competition in accordance with the Civil Service Commissioners' Recruitment Code. DFID is also accredited under the Disability Two Ticks Scheme, which guarantees an interview for applicants with disabilities.

There continues to be clear accountability and strong top management support and leadership for diversity from the Management Board and Diversity Champions. Overall accountability for diversity rests with the Management Board.

DFID is committed to ensuring the health, safety and well being of its employees and workers. As part of this commitment DFID has a policy on maximising attendance. The aim of this policy is to ensure that all staff within DFID are aware of their responsibilities in connection with attendance, to enable the consistent management of attendance issues, and to underline DFID's commitment to the provision of appropriate employee support. Human Resources department collate data indicating staff absence and communicate this to departments on a monthly basis in order to ensure absences are being followed up appropriately and the policy is being applied. Absence data is then reported to Cabinet Office on a quarterly basis. During the calendar year ended 31 December 2010 687 staff were absent as a result of sickness. 6,014 working days were lost as a result of long term absence with 3,867 arising from short term absences.

Details of arrangements for pension provision for employees are given in Note 9 to the Accounts. Pension arrangements for Ministers and senior staff are set out in the Remuneration section of this Report.

7. Corporate Governance

7.1 Permanent Head of Department and Management Board

Mark Lowcock, Permanent Secretary and Principal Accounting Officer, is the official Head of Department. The Permanent Secretary is appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service, with the agreement of the relevant Secretary of State. The appointment to DFID is an extendable term appointment under the terms of the Senior Civil Service Contract. Provisions for termination are those in Chapter 11 of the Civil Service Management Code. Dr Nemat Shafik vacated this role with effect from 1 April 2011. Mark Lowcock was appointed Acting Permanent Secretary and Interim Accounting Officer with effect from 1 April 2011. Following a full recruitment process, commissioned by Cabinet Office, Mark Lowcock was appointed Permanent Secretary and Principal Accounting Officer with effect from 9 June 2011.

DFID currently has a six member Management Board:

- Mark Lowcock, Chair, (appointed as interim Chair in April 2011 and confirmed as permanent Chair in June 2011; appointed to Board in April 2003)
- Richard Calvert, Director General, Finance and Corporate Performance (appointed to current position August 2009, appointed to Board in August 2009)
- Michael Anderson, Director General, Policy and International (appointed to current position in April 2010; appointed to Board in April 2010)
- Joy Hutcheon, Acting Director General, Country Programmes (appointed to current position in April 2011, appointed to Board in April 2011)
- Sharon White, Director General, Middle East and Northern Africa (appointed to current position in April 2011, appointed to Board in April 2011)
- Doreen Langston, Non-Executive Director and Chair of Audit Committee (appointed to Board in January 2008)

In May 2010 Martin Dinham left his position as Director General, International and Sam Sharpe left his position as Director, Finance and Corporate Performance in September 2010. David McLeod left his role as Non-Executive Director in December 2010. Dr Nemat Shafik left her role as Chair and Permanent Secretary with effect from 1 April 2011.

In line with the updated draft code on Corporate Governance DFID has created a new strategic board. This is chaired at Ministerial level and boosted with private sector expertise from non-executive members, Vivienne Cox and Doreen Langston. The Ministerial Board had its first meeting in March 2011 and will continue to meet quarterly to oversee DFID implementation of the Business Plan.

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.

Remuneration of Management Board members is determined in line with the recommendations of the Senior Salaries Review Body. Details of the remuneration of Ministers and the Management Board are given in the Remuneration Report in Section 8. Board members are expected to notify and register any existing or potential conflicts of interest with the Board Secretary.

DFID observes the Code of Good Practice on Corporate Governance in Central Departments. The Management Board operates collectively to review the performance of DFID. It has agreed objectives and plans its work on a cycle so that it regularly considers the strategic policies and resource allocation decisions, and management of risk, on which it is advised by the Audit Committee.

Each quarter, the Board receives reports on the performance of the Department as a whole and of key operational units against agreed objectives, and of financial budgets and forecasts for the year as a whole.

7.2 Board Committees

During 2010-11 the Board was supported by the following committees: Audit, Security, Development, Investment and Senior Leadership. Each of the Committees has agreed terms of reference and is chaired by a member of the Board. The Board receives and reviews formal annual reports from each Committee about its work as well as verbal updates at meetings.

The Audit Committee is fully independent with a good range of expertise and skills. The Director, Value for Money, Deputy Director, Finance and Performance Department and Head of Internal Audit Department attend most Audit Committee meetings, but not as members. Director Generals have also attended meetings during the year and where applicable provided briefings to the Committee on their areas. The Permanent Secretary also attends some meetings, and some members only meetings are also held. As part of its work, the Committee decides the programme of, and considers reports from, the Internal Audit Department which operates in accordance with Government Internal Audit Standards.

7.3 Review of performance

The Board reviews its performance and those of its sub-committees each year. In 2010-11 the Board continued to focus on communicating the vision, role, direction and priorities of DFID to staff and other stakeholders.

Staff have the opportunity to observe meetings of the Board and its Committees. Country offices are encouraged to view meetings via video facilities. Except where confidential, papers considered by the Board, and minutes of meetings, are published on DFID's intranet and on the DFID external web pages.

7.4 Skills and Experience

Members of the Board are appointed to provide an appropriate range of skills and experience. There are currently three qualified accountants on the Board. New members of the Board are appointed through open and transparent procedures. Given the small size of the Board, induction programmes for new members are tailored to individual needs, based on past experience.

DFID considers that the non-executive members are appropriately independent of the Department. Non-Executive Directors are given terms of reference as part of their contract, informed of the processes for performance appraisal and given a full induction programme. The Permanent Secretary has periodic meetings with the Non-Executive Directors.

DFID believes that the Board is adequately configured to deal with management issues, including members with skills in the measurement and management of performance and financial resources.

8. Remuneration Report

8.1 Remuneration Policy

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

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

In reaching its recommendations, the Review Body has regard to the following considerations:

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

8.2 Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

8.3 Salary and pension entitlements (This information has been audited)

The following sections provide details of the remuneration and pension interests of the Ministers and the most senior management (i.e. Board members) of the department.

8.3.1 Remuneration (salary and payments in kind)

	2010-11		2009-10	
Ministers	**Salary £**	**Benefits in kind (to nearest £100)**	**Salary**	**Benefits in kind (to nearest £100)**
Andrew Mitchell Secretary of State *(from 12 May 2010)*	61,056 68,827 (full year equivalent) (79,754 entitled salary)	–	–	–
Alan Duncan Minister of State *(from 13 May 2010)*	29,187 33,002 (full year equivalent) 41,370 (entitled salary)	–	–	–
Stephen O'Brien Parliamentary under Secretary of State *(from 14 May 2010)*	20,894 23,697 (full year equivalent) (31,401 entitled salary)	–	–	–
Douglas Alexander Secretary of State *(to 11 May 2010)*	8,847 78,356 (full year equivalent) (79,754 entitled salary)	–	£78,356 (£79,754 entitled salary)	–
Gareth Thomas Minister of State *(from 8 June 2009 to 11 May 2010)*	4,589 40,646 (full year equivalent) 41,370 (entitled salary)	–	£30,485 *(1) (£40,646 full year equivalent salary) £41,370 entitled salary)	–
Mike Foster Parliamentary Under Secretary of State *(to 11 May 2010)*	3,483 30,851 (full year equivalent) 31,401 (entitled salary)	–	£30,851 (£31,401 entitled salary)	–
Ivan Lewis Parliamentary Under Secretary of State *(until 7 June 2009)*	n/a	–	£7,713 *(2) (£30,851 full year equivalent salary) (£31,401 entitled salary)	–

*(1) Transferred to DFID from BIS on 8 June 2009 paid by BIS until 30 June 2009.
*(2) Transferred to FCO, paid by DFID until 30 June 2009

The above figures show payments made by the Department and recorded in these accounts.

	2010-11			2009-10		
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)
Nemat (Minouche) Shafik Permanent Secretary (until 31 March 2011)	205-210	0	11,200	200 – 205	0	8,000
Mark Lowcock Director General Acting Permanent Secretary (with effect from 1 April 2011 until 8 June 2011) Permanent Secretary (with effect from 9 June 2011)	135 – 140	10-15	–	135 – 140	10 – 15	–
Martin Dinham Director General (until 8 July 2010)	35 – 40 (up to 8 July 2010) (130 – 135 Full year Equivalent)	10 – 15	–	130 – 135	10 – 15	–
Richard Calvert Director General	120 – 125	5-10	–	80 – 85 (from 10 August 2009) (120 – 125 Full Year Equivalent)	0	–
Michael Anderson Director General (from 1 April 2010)	120-125	5 – 10	–	–	–	–

Salary

'Salary' includes gross salary; 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.

During 2010/11 the following fees and taxable expenses were paid to non-executive members of the Board:

- Doreen Langston – £15,060
- David MacLeod – £1,500

This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind
The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The Permanent Secretary had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

Bonuses
Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the previous year. The bonuses reported in 2010-11 relate to performance in 2009-10 and the comparative bonuses reported for 2009-10 relate to the performance in 2008-09.

Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/11 £'000	Real increase in pension at age 65 £'000	Cash Equivalent Transfer Value (CETV) at 31/3/11 £'000	CETV at 31/3/10 £'000	Real increase in CETV £'000
Andrew Mitchell Secretary of State (from 12 May 2010)	0 – 5	0 – 2.5	45	28	11
Alan Duncan Minister of State (from 13 May 2010)	0 – 5	0 – 2.5	11	n/a	7
Stephen O'Brien Parliamentary Under Secretary of State (from 14 May 2010)	0 – 5	0 – 2.5	6	n/a	4
Douglas Alexander Secretary of State (to 11 May 2010)	10 – 15	0 – 2.5	85	84	1
Gareth Thomas Minister of State (to 11 May 2010)	5 – 10	0 – 2.5	48	47	1
Mike Foster (Parliamentary Under Secretary of State until 11 May 2010)	0 – 5	0 – 2.5	28	28	1

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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

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

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

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

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

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

Officials	Accrued pension at pension age as at 31/3/11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/11	CETV at 31/3/10	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Nemat (Minouche) Shafik Permanent Secretary (until 31 March 2011)	10 – 15	5 – 7.5	165	104	34	0
Mark Lowcock Director General Acting Permanent Secretary (with effect from 1 April 2011 to 8 June 2011) Permanent Secretary (with effect from 9 June 2011)	40 – 45 plus lump sum of 125 – 130	0 – 2.5 plus lump sum of 0 – 2.5	657	599	5	0
Richart Calvert Director General	40 – 45 plus lump sum of 125 – 130	0 – 2.5 plus lump sum of 5 – 7.5	679	597	28	0
Michael Anderson Director General (from 1 April 2010)	10 – 15	5 – 7.5	190	102	75	0
Martin Dinham Director General (until 8 July 2010)	55 – 60 plus lump sum of 175 – 180	- 0 – 2.5* plus lump sum of – 0 – 2.5	1,354	1,332	-1*	0

Civil Service Pensions

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

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

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

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

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

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

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

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

9. Information Assurance

Owing to the nature of our business and in comparison with many other government departments who provide significant citizen-facing services, we do not hold large volumes of personal data, and we hold a moderate amount of classified information. We take our responsibility for management of all data very seriously. A governance structure is in place for information security and risk management and we refreshed our Information Asset Owner network in 2010/11. In February 2011, DFID's information security management system was subject to a full re-assessment by an independently accredited certification body and was found to be compliant with ISO/IEC 27001:2005, the internationally recognised standard for information security management certification.

A senior management group, chaired by the Senior Information Risk Owner, monitors our information security risks on behalf of the Management Board and oversees a programme of work on compliance with the HMG Security Policy Framework, the Cabinet Office Data Handling Review and ISO/IEC 27001:2005. The group is also responsible for setting and overseeing a training, education and awareness plan to maintain and raise awareness of information security issues across DFID.

As part of DFID's continued consideration of information risk management an annual risk assessment is carried out and reported to Parliament. Key components of the assessment are:

- How the Department assessed the risk to information assets;
- How risks are managed;
- Whether the Department met all the mandatory minimum requirements of HMG information risk policy, as defined in the Security Policy Framework;
- Countermeasures adopted to address specific/local threats, risk and sensitivities to information; and
- How the Department performed against these countermeasures.

We identified no reportable incidents of the loss of any personal data to the Information Commissioner's Office in 2010/11.

More details on actual performance are discussed in the Statement of Internal Control.

The tables below provide information on specific types of incidents involving protected personal data. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2010-11	
No protected personal data related incidents were reported to the Information Commissioner's Office in 2010-11.	
Further action on information risk	DFID will continue to monitor and assess its information risks in order to identify and address any weaknesses, and ensure continuous improvement of its systems.

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS 2010-11		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures. The incident which is reported was assessed as small, localised and contained, but details were centrally recorded and the incident is therefore reported in this table.		
Category	**Nature of incident**	**Total**
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises.	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	0
V	Other.	1

10. Auditors

These accounts are audited by the Comptroller and Auditor General. Through his staff, DFID's Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

Notional fees charged were £230,000 (2009-10: £235,000) for the audit of the main account and £30,500 (2009-10: £46,000) for other audit services.

In addition, the NAO received cash fees directly from DFID, for programme-related projects. These primarily related to overseas technical cooperation work supporting the development of other audit institutions. These direct fees totalled £192,000 in 2010-11 and £86,000 in 2009-10. The NAO also received cash fees indirectly from DFID, via other organisations to which it is a sub-contractor. Indirect fees totalled £120,000 in 2010-11 and £186,000 in 2009-10.

11. Events after the reporting date

The Department for International Development Accounts' are laid before the Houses of Parliament by HM Treasury. The Accounting Officer authorised these financial statements for issue on the same date that the Comptroller and Auditor General signed his Certificate.

11.1 Non adjusting events after the reporting date

Dr Nemat Shafik vacated the role of Permanent Secretary and Accounting Officer with effect from 1 April 2011. Mark Lowcock was appointed Acting Permanent Secretary and Interim Accounting Officer with effect from 1 April 2011. Following a full recruitment process, commissioned by Cabinet Office, Mark Lowcock was appointed Permanent Secretary and Principal Accounting Officer with effect from 9 June 2011.

The Global Alliance for Vaccines and Immunisations (GAVI) Pledging Conference was held on 13 June 2011. The purpose of the conference was to call on donors to pledge future funding enabling GAVI to reach the target of vaccinating at least a quarter of a billion children in the next five years. The Prime Minister of UK pledged, through DFID, an additional £163 million a year for the next five years, which is conditional on results. This will be reflected in DFID spend over the next five years, when GAVI issue requests for funding which are accepted by DFID in demonstrating results based conditions are met.

Mark Lowcock 24 June 2011

Accounting Officer for the Department for International Development (appointed Interim with effect from 1 April 2011, Permanent appointment with effect from 9 June 2011)

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for International Development to prepare, for each financial year, 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 Department for International Development 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; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed me, as Permanent Secretary, as Accounting Officer of the Department for International Development. 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 for safeguarding the Department of International Development's assets, are set out in the Accounting Officers' Memorandum and Managing Public Money published and issued by HM Treasury.

Mark Lowcock 24 June 2011

Accounting Officer for the Department for International Development (appointed Interim with effect from 1 April 2011, Permanent appointment with effect from 9 June 2011)

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's) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I was appointed interim Accounting Officer on 1 April 2011, replacing Nemat Shafik. I was subsequently appointed permanent Accounting Officer on 9 June 2011. In order to provide this opinion, for the period 1 April 2010 to 31 March 2011, I have received advice and assurances from various sources including:

- Nemat Shafik, as outgoing Accounting Officer;
- Internal Audit Department;
- Management Board sub committees;
- DFID's Directors through their annual assurance statements.

I was also a full member of the Management Board during the year under review and have used my involvement/knowledge from this to assist in forming my overall opinion.

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 are required to include an assessment of risk, where necessary.

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 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

DFID's control framework is set by the Management Board under advice from the Audit Committee, Internal Audit Department and the Finance and Corporate Performance Division. With effect from my appointment on 1 April 2011 as interim Accounting Officer, I chair the DFID Management Board which has overall responsibility for leading on risk management for strategic level risks, including delivery risks. The key risks to the Department's performance are set out in the Corporate Risk Register and include:

- Failure of DFID's stewardship including financial and resource management risks;
- Security and staff safety;

- Delivery and impact of development interventions;
- Efficiency and management improvement through specific internal projects;
- Working with partners through various intervention types, each with their own specific risks;
- Working in fragile states with the need to address increased fraud and corruption risks.

DFID's approach to risk management has developed over the year and continues to be enhanced to ensure it remains appropriate to the operating environment. DFID takes the lead on achieving the UN's target expenditure on aid of 0.7% of Gross National Income as Official Development Assistance to support the achievement of the Millennium Development Goals. In support of this, the Department's budget will increase by 35% over the course of the Spending Review while also making savings in its core administration costs. DFID has identified a need to boost its front line staff in order to deliver these additional programme commitments. Tighter financial controls over spending were introduced Government wide during the year. A number of specific areas were targeted to deliver savings, these included areas such as administrative consultancy spend and marketing costs. DFID has set in place procedures to comply with these new controls.

The Board has adopted a revised risk management framework, which includes endorsement of a draft statement of risk appetite for DFID. An improved framework was necessary to accommodate the changing environment in which DFID operates. The Management Board has agreed a set of "refreshed" risks to enable DFID to deliver on its 2011/12 business plan.

Work is ongoing to embed risk management principles throughout DFID in a consistent manner, integrate these with performance management and utilise risk management to inform decision making. A key aim has been to join up different levels of activity and provide better documentary evidence of risk management activities. The Management Board is evaluating the skills and resources needed to balance the need for central control with delegated management.

Risk management activity takes place at all levels and across the global organisation. Good progress is being made and our internal audit department have adopted a largely risk based approach and actively evaluate risk management practices in country offices, offering recommendations for improvement where required. Our risks are currently managed at the following levels:

- corporate level – the Management Board has responsibility for strategic and key delivery risks. The Board maintains a Corporate Risk Register (CRR) to record high-level risks and the mitigation actions being taken to address those risks.
- operational level – each main operational unit produces its own risk register as part of the operational planning process. Risk owners manage risk in their areas of responsibility. Operational Plans, incorporating risk analysis and management, were presented to the Management Board by Directors during April 2011; these incorporated a risk analysis and management framework which is aligned to the CRR. Work continues to strengthen linkages between this level and CRR and formalise escalation procedures.
- Intervention level risk assessment is undertaken during planning and design of programmes and projects has been enhanced with the introduction of the HMT 5 case model for new business case. Risks are reviewed at least annually during implementation. Programme managers are responsible for risk management and receive guidance and technical support from Finance and Corporate Performance Division. Weaknesses have been identified both during internal audits and management checks over the quality of data recorded. This will be kept under review. DFID have

also set up a quality assurance unit to consider business cases centrally to help meet the objectives of making good use of evidence to inform decision making whilst ensuring a robust assessment of the value for money and development impact of interventions. The unit will review business case proposals over £40m, or that are novel and contentious prior to these being considered for approval by Ministers as well as a sample of other cases.

- Fiduciary Risk Assessments (FRAs) are mandatory in all cases where financial aid is being considered. A rigorous system of external scrutiny to ensure quality control of FRAs is in place. Systems are in place to manage the independence of the external scrutiny process.
- In addition, Internal Audit Department has piloted a Risk Management Workshop, a series of which will be rolled out ahead of future audits.

The risk and control framework

- The Board has established systems for risk management as described above.

The Independent Commission for Aid Impact (ICAI) was set up as an advisory NDPB during 2010/11, with responsibility for the scrutiny of UK aid, focusing on delivery of value for money for the UK taxpayer and maximising the impact and effectiveness of the UK aid budget. With a remit to scrutinise all UK Official Development Assistance (ODA), ICAI will evaluate and review ODA spend in all government departments.

In line with the updated draft code on Corporate Governance DFID has created a new strategic board. This is chaired at Ministerial level and boosted with private sector expertise from non-executive members. The Ministerial Board had its first meeting in March 2011 and will continue to meet quarterly to oversee DFID's implementation of the Business Plan.

An Audit Committee, comprising six non-executive members including the Chair who sits on the Management Board, plays an important part in the governance framework of DFID and provides oversight of financial controls. The Committee is constituted according to HM Treasury best practice, is fully independent and draws on a range of skills and expertise.

High level controls include a formal corporate governance and internal control system detailing the aims and principles through which DFID conducts its business. This includes guidance setting out operational and financial control procedures including delegated authorities, codes and standards expected of staff, an anti-fraud strategy and response plan in conjunction with a whistle-blowing policy to enable staff and the public to report concerns over any aspect of DFID's business.

DFID's culture and values align with the Civil Service Code. DFID's Management publicised the Civil Service Code within the organisation and held discussions with staff to raise awareness and ensure these values are embedded within the organisation. The Civil Service people survey bears out the effectiveness of this as the percentage of DFID staff aware of this increased from last year. This has been a year of significant re-organisation within DFID. Action plans are in place to address areas highlighted for improvement, for example awareness of conflict of interest in some offices; and staff/managers have identified leadership and management as an area where continued focus is required. Part of the response is to ensure that all new joiners to DFID have effective induction training which includes training on the values contained within the Civil Service Code.

Operation of Internal Controls

DFID maintains web-enabled guidance on mandatory rules and procedures in the Essential Guide to Rules and Tools (The Blue Book) complemented by further examples, information and "How to" notes in the Best Practice Guide. The Blue Book covers a range of corporate activities including project cycle management from identification and design to implementation, monitoring and evaluation. The rules and procedures are continuously reviewed and updated and are used at all levels of management.

A primary responsibility of DFID's country offices is the regular monitoring of all projects and programmes. The offices overseas enable DFID to maintain close and regular contact with programme implementers and to review progress on the ground. DFID's mandatory system of internal project monitoring incorporates learning from experience and identifying good practice. Our Internal Audit Department has identified instances where control systems are working well and areas of non-compliance with mandatory procedures. Action plans are in place for the relevant country offices to address these issues.

Our internal management systems have identified that there is scope for further improvement in monitoring including ensuring Annual Audited Accounts and statements are obtained and properly scrutinised. An additional area identified for improvement is ensuring that backlogs in completion of annual reviews are improved. This is an integral part of DFID's monitoring regime. Indications are that speed of completion is improving We ensure that lessons learned from monitoring and evaluation leads to updates in the Blue Book and Best Practice Guide to allow on-line dissemination of best practice to all staff.

An increasing emphasis has been placed on demonstrating measurable results. Strengthening our results focus will enable us and our partners to assess Value For Money based on results to Parliament and the UK taxpayer and civil society. This can be used to influence choices in deciding future interventions.

DFID is fully committed to the transparency agenda and has introduced new systems and procedures to ensure that details of all projects are published on our external website. We have also published details of individual payments exceeding £25,000. This was extended to payments over £500 from April 2011.

The control systems DFID has put in place are appropriate to the type of risks DFID faces.
These include:

- Financial and resource management

Financial controls, including procurement controls, are regularly reviewed by the Internal Audit Department. The Counter Fraud Unit considers all fraud allegations for investigation including those relating to DFID aid programmes. Working with DFID's country offices and partners, the Counter Fraud Unit has been increasingly successful in recovering losses from identified frauds and other abuse, thus minimising the actual loss to the UK taxpayer and maximising the funds available for aid recipients. For example we anticipate making a full recovery in respect of a recent fraud in Kenya. In this instance Counter Fraud Unit identified that there had been a number of weaknesses in the fiduciary risk process, which had contributed to a significant fraud. Funding to this programme was immediately suspended and Counter Fraud Unit commenced an investigation to identify required control improvements for this programme and fiduciary risk guidance has been strengthened. The Counter Fraud Unit liaises with other donors where appropriate, considers whether funding should be suspended or terminated and following investigations, makes recommendations to strengthen internal controls and prevent recurrence. The Counter Fraud Unit is also developing proactive approaches to identify and measure fraud and abuse risks to DFID and to ensure these risks are mitigated effectively, including facilitating greater sharing of lessons learned across the wider organisation.

A recent review of DFID's financial management by NAO has identified areas for improvement and DFID is developing a response including a Finance Improvement Plan to ensure that these are addressed. Increased emphasis will be given to managing spending peaks at both calendar and year end. This will include improving overall accuracy of budgeting and forecasting, which was a particular issue flagged in the Directors' Statement of Assurance. Action is being taken to address this and improved forecasting will be a critical part of improving financial management.

HMT has pressed upon all government departments the need to have improved accuracy in cash forecasting. Significant progress has been made by DFID in this area which have resulted in savings in penalty charges.

We had noted a slight deterioration in the manner in which approval for purchasing card transactions was undertaken. Central processes and guidance have been revised to enhance compliance in this area.

- Capital projects

DFID has a Capital Portfolio Board to provide central oversight and support the delivery of capital projects funded from the administration budget. Their responsibilities include scrutinising projects/programmes at key milestones and ensuring that project finances are properly accounted for. All new internal capital projects and programmes, and significant changes to existing projects and programmes, are authorised through formal processes by the Capital Portfolio Board, with decisions based on business cases. Programme and project management disciplines are observed, including appointing a Senior Responsible Owner, who reports to a Project Board overseeing such new developments.

- Security and staff safety

One of DFID's highest priorities is keeping its people safe. All UK and overseas offices have security plans which are reviewed and updated regularly. A Security Committee has been set up and meets regularly to monitor security incidents that affect staff. The Security Committee systematically tracks threats, risks, incidents and overseas security reviews quarterly. Contingency plans have been drawn up for offices overseas and in the UK to ensure the safety of our staff and to maintain the ongoing security and continuity of systems. In-country, DFID takes guidance on the risks that its staff faces from the Foreign and Commonwealth Office.

- Information Assurance

In comparison with many other government departments which provide significant citizen-facing services, we do not hold large volumes of personal data. Owing to the nature of our business we hold a moderate amount of classified information. We take our responsibility for management of all data very seriously. A governance structure is in place for information security and risk management and we refreshed our Information Asset Owner network in 2010/11. In February 2011, DFID's information security management system was subject to a full re-assessment by an independently accredited certification body and was found to be compliant with ISO/IEC 27001:2005, the internationally recognised standard for information security management. We have been formally compliant with the standard since 2008 and are committed to maintaining our certification in the future. We are the only Ministerial department to hold this certification. We identified no reportable incidents of the loss of any personal data to the Information Commissioner's Office in 2010/11.

A senior management group, chaired by the Senior Information Risk Owner, monitors our information security risks on behalf of the Management Board and oversees a programme of work on compliance with the HMG Security Policy Framework, the Cabinet Office Data Handling Review and ISO/IEC 27001:2005. The group is also responsible for setting and overseeing a training, education and awareness plan to maintain and raise awareness of information security issues across DFID. Directors are responsible for providing assurance on information security in their statements of assurance which support this and other elements of the statement on internal control. The Director's Statement of Assurance highlighted some information security issues this year. However, senior managers have increased the level of information security awareness and security checks have been enhanced. This may have contributed to the increase in reporting of incidents. Where incidents arise at an operational level, managers take appropriate remedial action including disciplinary action if appropriate.

- Delivery and impact

DFID is actively strengthening its approach to delivering results and value for money from all aid spending. Major reviews (Multilateral Aid Review, Bilateral Aid Review and Humanitarian Emergency Response Review) have been carried out to assess the current position and inform future decision making to ensure resources are allocated in a manner that maximises results.

Effectiveness and Value For Money were key factors in determining how resources would be allocated to multilateral agencies. The outcomes of these reviews are being linked to operational planning and performance management.

DFID's Investment Committee ensures that investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence and optimising value for money. Business cases are required for all projects over £500, these incorporate a risk assessment.

All programmes with a commitment value over £1 million are assessed for risk and monitored at least annually. The assessment considers both immediate risks as well as longer term risks which could affect the sustainability of benefits. Directors use the ARIES system to track the portfolio of programmes under their delegated authority and monitor information on trends. There are clear lines of delegation covering both policy and expenditure. The Directors' Statement of Assurance has however identified this as an area where some improvements are necessary. These relate to evidencing approvals on information systems, rather than the quality of the decision itself.

- Efficiency and management improvement

Development and procurement infrastructure and IT systems comply with standard Government procedures that require full risk assessment and risk management processes. Existing projects were evaluated in line with Government spending restrictions and decisions taken to ensure that projects complied with the enhanced restrictions.

- Working with partners: using DFID's management systems

DFID works with partner governments, multilaterals, civil society and other bilateral donors. Where DFID procures goods and services directly we have strong procurement capacity and appropriate strategies to ensure best procurement practice. Our control systems have identified some instances of non-compliance with procurement practices and asset control during the year and these have been addressed at a local level. All projects and programmes are subject to our own risk and control framework, which in some instances allows staff to place reliance on partners' project design, implementation, monitoring and control mechanisms. In these circumstances DFID places a greater reliance on partners' governance frameworks rather than detailed review of project controls. Where we engage with multilaterals and civil society the reporting, monitoring and auditing are subject to scrutiny as set out in the Blue Book.

Changes have also occurred in how DFID delivers aid through its civil society partners. New initiatives have been introduced which include robust due diligence checks on new partner organisations. These assessments include judgements on the level of impact and effectiveness which are achievable; our intention is to work with partner organisations who can demonstrate a strong control environment and the ability to deliver results. One area which we will continue to keep under review is the level of administration costs utilised by partners in the delivery of aid.

- Working with partners: using partner government systems

Poverty Reduction Budget Support (PRBS) can be a highly effective form of aid, but involves focusing on particular risks where partners systems are identified as weak. We have established systems for assessing and monitoring fiduciary risk in relation to PRBS. Before providing PRBS, we work with partner governments and other donors to undertake thorough fiduciary risk assessments, and to ensure that there is a credible programme of reform to address identified weaknesses in public financial management (PFM). We ensure that these programmes of reform have adequate support. In many cases, DFID supports PFM reform directly in countries where we provide budget support. PFM reform programmes typically include support to develop and strengthen the audit function.

Each year, country offices providing PRBS carry out systematic reviews of both fiduciary risk and progress on strengthening partners systems. These assessments inform the risk reporting of the responsible Directors. We recognise that sometimes it can take several years before PFM reforms result in strengthened systems and reduced risk. Where weaknesses in the assurance available through national systems persist, we carry out supplementary monitoring procedures, including public expenditure monitoring by DFID and other development partners, but we recognise there is scope for further improvement in this area. We will continue to report separately to Parliament and others through the Department's Annual Report on the wider impact and effectiveness of PRBS, as well as on fiduciary and public financial management issues.

- Fragile states

DFID has developed and implemented guidance on scenario and contingency planning in fragile states and increasing emphasis is being given to managing risks of operating in these environments.

- Arms length bodies

DFID has 100% ownership of CDC Group plc and 40% ownership of Actis LLP and is responsible for the Commonwealth Scholarship Commission. DFID's relationship with CDC and Actis are set out in frameworks covering governance and accountability, investment policy (for CDC) and reporting.

Actis LLP

Actis is a limited liability partnership (LLP), owned 60% by its working partners and an employee share trust, and 40% by the Secretary of State for International Development.

Under the Member's Agreement, DFID does not take part in the day-to-day operations of Actis and has no Board representation.

The Shareholder Executive advises the Secretary of State on his 40% interest in Actis. The terms of this arrangement are set out in a Memorandum of Understanding.

CDC plc

CDC, as a plc, is governed by a Board of Directors who are answerable to the shareholder through the normal company governance process. DFID is not involved in CDC operations and does not take part in operational investment decision-taking. This is a long-standing DFID policy decision.

CDC is required to confirm to DFID annually both that it has credible plans to achieve and is on target to meet the targets contained in its Investment Policy by the end of 2013. This assurance is provided via a statement in CDC's Annual Report and Accounts, which has been confirmed by CDC's auditors as part of their sign-off on the Annual Report and Accounts.

A major reform of CDC is currently underway to re-configure its approach to increase its development impact. This includes ensuring CDC is equipped to contribute to the government's targets for official development assistance over the Spending Review Period.

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

The effectiveness of the system of internal control was maintained and reviewed through:

- the Management Board met regularly to consider strategic direction and performance against objectives. The Board receives Quarterly Management Reports on performance and approves and advises Ministers on the annual internal resource allocation exercise;
- a network of sub-committees to support the main Board 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 sub-Committees also produced Statements of Assurance for 2010/11 which were presented to the Management Board;
- an Audit Committee, a fully independent committee of six non executive members, provides assurance to me by monitoring and reviewing the risk, control and governance systems in the organisation, and the associated assurance processes. The Committee provides oversight and guidance, where necessary, on the work of the Finance and Performance Division. It also reviews the work programme of the Internal Audit Department and discusses external audit strategies;
- Internal Audit Department (IAD) who provide 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;

- a specialist Counter Fraud Unit within IAD, split into an Intelligence Section who are primarily concerned with the wider aspects of fraud and corruption and an Investigation Section with responsibilities for directing, conducting and contracting investigations;
- all Directors provide 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 planned to remedy shortfalls in performance and an assessment of performance for each topic. Directors' assurance statements are informed by departmental systems on management of performance and by in-year monitoring of these systems including sample testing; and
- the work of the external auditor in forming an opinion on the financial statements and in reporting the results of value for money examinations relating to DFID's activities.

I am satisfied with the overall control environment that has been in place in DFID for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts; that any weaknesses have been properly assessed; and that appropriate action has been taken, or is in progress to address them.

The operating environment for DFID will remain in many cases a challenging one. However, we will continue to attach high priority to identifying and managing the risks we face in the best way possible and ensuring controls remain proportionate and reasonable.

Mark Lowcock

Accounting Officer for the Department for International Development (appointed Interim with effect from 1 April 2011, Permanent appointment with effect from 9 June 2011)

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 Department for International Development for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Statement of Comprehensive Net Expenditure and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with 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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

- In my opinion:
- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary contained in the 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 and the part of the Remuneration Report to be audited 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

30 June 2011

Statement of Parliamentary Supply

Summary of Resource Outturn 2010-11

								2010-11 £000	2009-10 £000
				Estimate			**Outturn**	**Net total outturn compared with Estimate saving/ (excess)**	**Outturn**
Request for Resources	**Note**	**Gross expenditure**	**A in A**	**Net Total**	**Gross expenditure**	**A in A**	**Net Total**		**Net total**
Eliminating Poverty in Poorer Countries	3	7,174,834	12,000	7,162,834	7,099,622	11,387	7,088,235	74,599	6,035,224
Conflict Prevention	3	19,541	–	19,541	15,738	86	15,652	3,889	16,715
Total Resources	4	7,194,375	12,000	7,182,375	7,115,360	11,473	7,103,887	78,488	6,051,939
Non-operating cost A in A			55,000	55,000	–	55,000	55,000	–	20,000

Net cash requirement 2010-11

				2010-11 £000	2009-10 £000
	Note	**Estimate**	**Outturn**	**Net total outturn compared with Estimate saving/ (excess)**	**Outturn**
Net Cash Requirement	5	6,901,110	6,093,191	807,919	5,759,400

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 being shown in italics)

		Forecast 2010-11		**Outturn 2010-11**	
		Income	***Receipts***	**Income**	***Receipts***
	Note	**£000**	**£000**	**£000**	**£000**
Total	6	–	–	(199,174)	*(199,174)*

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

The notes on pages 43 to 93 form part of these accounts.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

	Note	Staff costs	Other costs	2010-11 £000 Income	2009-10 £000
Administration Costs					
Eliminating Poverty in Poorer Countries					
Staff Costs	9	73,240			74,234
Other admin costs	10		75,814		86,367
Operating income	12			(5,891)	(6,009)
Conflict Prevention					
Staff Costs	9	3,467			1,820
Other admin costs	10		1,956		2,176
Operating income	12			(86)	–
Programme Costs					
Eliminating Poverty in Poorer Countries					
Staff Costs	9	35,468			37,171
Programme Costs	11		6,915,398		5,651,111
Income	12			(5,716)	(3,346)
Conflict Prevention					
Staff Costs	9	101			128
Programme Costs	11		10,214		12,591
Income	12			–	–
Totals		**112,276**	**7,003,382**	(11,693)	
Net Operating Cost for the year end 31 March 2011				**7,103,965**	**5,856,243**

All expenditure and income relates to DFID Core Department.
All income and expenditure are derived from continuing operations.
There were no material acquisitions or disposals in the year.
2009-10 figures restated to remove cost of capital as per Clear Line of Sight guidance.

Other Comprehensive Expenditure

Impairment of IT equipment	10			472	(1,634)
Revaluation of Furniture and fittings	10			(770)	14
Net gain on revaluation of Property, Plant and Equipment				(298)	(1,620)
Net loss on revaluation of Intangibles				–	58
Total Comprehensive Expenditure for the year ended 31 March 2011				7,103,667	5,854,681

The notes on pages 43 to 93 form part of these accounts.

Statement of Financial Position

as at 31 March 2011

		31 March 2011		31 March 2010	31 March 2009
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	13	87,085		92,724	87,905
Intangible assets	14	21,867		24,602	26,684
Financial Assets	15	3,867,211		3,813,655	4,125,643
Trade and other receivables	16	111,419		128,964	188,224
Total non-current assets			**4,087,582**	**4,059,945**	**4,428,456**
Current assets:					
Trade and other receivables	17.1	157,344		361,771	122,429
Cash and cash equivalents	18	3,605		4,199	243,175
Total current assets			**160,949**	**365,970**	**365,604**
Total assets			**4,248,531**	**4,425,915**	**4,794,060**
Current liabilities					
Bank Overdraft	18	(20,681)		(30,666)	–
Trade and other payables	19.1	(2,406,139)		(1,663,334)	(1,890,498)
Total current liabilities			**(2,426,820)**	**(1,694,000)**	**(1,890,498)**
Non-current assets less net current liabilities			**1,821,711**	**2,731,915**	**2,903,562**
Non-current liabilities					
Provisions	21	(993,036)		(739,232)	(514,667)
Other payables	19.1	(46,766)		(46,454)	(36,818)
Total non-current liabilities			**(1,039,802)**	**(785,686)**	**(551,485)**
Assets less liabilities			**781,909**	**1,946,229**	**2,352,077**
Taxpayers' equity:					
General fund	22		(936,187)	272,909	372,031
Revaluation reserve	23		1,718,096	1,673,320	1,980,046
Total taxpayers' equity			**781,909**	**1,946,229**	**2,352,077**

Mark Lowcock
Accounting Officer for the Department for International Development — 24 June 2011
(appointed Interim with effect from 1 April 2011, Permanent appointment with effect from 9 June 2011)

The notes on pages 43 to 93 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2011

		31 March 2011 £000	31 March 2010 £000
Cash flows from operating activities	24.1	(6,075,562)	(5,538,331)
Cash flows from investing activities	24.2	184,545	(216,883)
Cash flows from financing activities	24.3	6,102,686	5,500,122
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**211,669**	**(255,092)**
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payment of amounts due to the Consolidated Fund		(202,278)	(14,550)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**9,391**	**(269,642)**
Cash and cash equivalents at the beginning of the period	18	(26,467)	243,175
Cash and cash equivalents at the end of the period	18	(17,076)	(26,467)

The notes on pages 43 to 93 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	Restated General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 1 April 2009	22, 23	**372,031**	**1,980,046**	**2,352,077**
Changes in taxpayers' equity for 2009-10				
Loss on revaluation of investments in International Financial Institutions	23	–	(311,397)	(311,397)
Gain on revaluation of vehicles	23	–	99	99
Gain on revaluation of intangible assets	23	–	4,636	4,636
Non-cash charges – auditor's remuneration	10	281	–	281
Realised element transferred between General Fund/ Revaluation Reserve	22, 23	64	(64)	–
Net operating cost for year		(5,854,681)	–	(5,854,681)
Total recognised income and expense for 2009-10		(5,854,336)	(306,726)	(6,161,062)
Net Parliamentary Funding – drawn down	19.1	5,733,904	–	5,733,904
CFERs payable to the Consolidated Fund	7	(2,423)	–	(2,423)
Excess A-in-A payable to the Consolidated Fund	8	(1,763)	–	(1,763)
Supply payable adjustment		25,496	–	25,496
Balance at 31 March 2010	22, 23	**272,909**	**1,673,320**	**1,946,229**
Changes in taxpayers' equity for 2010-11				
Loss on revaluation of investments in International Financial Institutions	23	–	47,245	47,245
Loss on Land and Buildings	23	–	(1,043)	(1,043)
Loss on Intangibles	23	–	(1,106)	(1,106)
Loss on Vehicles	23	–	(27)	(27)
Non-cash charges – auditor's remuneration	10	261	–	261
Realised element transferred between General Fund/ Revaluation Reserve	22, 23	293	(293)	–
Net operating cost for year		(7,103,667)		(7,103,667)
Total recognised income and expense for 2010-11		(7,103,113)	44,776	(7,058,337)
Net Parliamentary Funding – drawn down	19.1	6,077,190	–	6,077,190
CFERs payable to the Consolidated Fund	7	(220)	–	(220)
Excess A-in-A payable to the Consolidated Fund	8	(198,954)	–	(198,954)
Supply payable adjustment		16,001	–	16,001
Balance at 31 March 2011	22, 23	**(936,187)**	**1,718,096**	**781,909**

The notes on pages 43 to 93 form part of these accounts.

Statement of Comprehensive Expenditure by Operating Segments

for the year ended 31 March 2011

Director General	Division	Gross Amount	Income	Net Amount
Director General Corporate Performance	Central Department Division	7,237	(4,534)	2,703
	Corporate Hub	1,110	–	1,110
	Business Solutions Division Level	19,493	–	19,493
	Finance and Corporate Performance Division	18,167	–	18,167
	Human Resources,Security & Facilities Division	30,256	(5,287)	24,969
	Communications Division	38,679	–	38,679
	Internal Audit	1,350	–	1,350
Director General Corporate Performance		**116,292**	**(9,821)**	**106,471**
Permanent Secretary	Top Management Group	3,820	–	3,820
Permanent Secretary		**3,820**	**–**	**3,820**
Director General Policy & International	International Finance Division	1,999,147	(247)	1,998,900
	Policy Division	620,105	(76)	620,029
	International Relations Division	709,003	–	709,003
	Research and Evidence Division	236,621	–	236,621
	Joint Trade Policy Division	209,687	–	209,687
Director General Policy & International		**3,774,563**	**(323)**	**3,774,240**
Director General Regional Programmes	Asia Division	677,558	(173)	677,385
	Security & Humanitarian, Middle East, Caribbean & Overseas Territories Division	482,686	(522)	482,164
	West and Southern Africa	822,376	(155)	822,221
	East and Central Africa	916,890	(4)	916,886
	Western Asia and Stabilisation Division	321,175	(695)	320,480
Director General Regional Programmes		**3,220,685**	**(1,549)**	**3,219,136**
		7,115,360	**(11,693)**	**7,103,667**

The notes on pages 43 to 93 form part of these accounts.

Statement of Comprehensive Expenditure by Operating Segments (continued)

for the year ended 31 March 2010

Director General	Division	Gross Amount	Income	Net Amount
Director General Corporate Performance	Central Department Division	41,237	(2,820)	38,417
	Corporate Hub	687	-	687
	Business Solutions Division Level	24,835	-	24,835
	Finance and Corporate Performance Division	16,819	(136)	16,683
	Human Resources,Security & Facilities Division	31,526	(4,898)	26,628
	Communications Division	28,407	-	28,407
	Internal Audit	1,424	-	1,424
Director General Corporate Performance		**144,935**	**(7,854)**	**137,081**
Permanent Secretary	Top Management Group	4,494	(22)	4,472
Permanent Secretary		**4,494**	**(22)**	**4,472**
Director General Policy & International	International Finance Division	1,175,039	(170)	1,174,869
	Policy Division	436,049	(119)	435,930
	International Relations Division	677,951	(183)	677,768
	Research and Evidence Division	209,368	-	209,368
	Joint Trade Policy Division	217,682	(67)	217,615
Director General Policy & International		**2,716,089**	**(539)**	**2,715,550**
Director General Regional Programmes	Asia Division	675,392	(235)	675,157
	Security & Humanitarian, Middle East, Caribbean & Overseas Territories Division	421,539	(461)	421,078
	West and Southern Africa	753,372	(141)	753,231
	East and Central Africa	844,650	(34)	844,616
	Western Asia and Stabilisation Division	303,565	(69)	303,496
Director General Regional Programmes		**2,998,518**	**(940)**	**2,997,578**
Total		**5,864,036**	**(9,355)**	**5,854,681**

In accordance with IFRS 8 there is a requirement to show income and expenditure by operating segment. This is detailed above, with the notes to the accounts explaining how operating segments are identified. IFRS 8 also includes a requirement to show net assets per operating segment. The structure of DFID means that all assets included in the Statement of Financial Position are used for the general administration and benefit of DFID as a whole. As such DFID consider Statement of Financial Position to be centrally maintained and monitored by Finance and Corporate Performance Department and would therefore all fall under the reporting line of the Director General for Corporate Performance.

The notes on pages 43 to 93 form part of these accounts.

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-2011 *Government Financial Reporting* Manual (FReM), issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DFID for the purpose of giving a true and fair view has been selected. The particular policies adopted by DFID are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. In addition it is required that the Department's income and expenditure be analysed by operating segments in order to fully comply with IFRS 8. This replaces the previous requirement to produce the Statement of Operating Cost by Department Strategic Objectives and supporting notes analysing the Department's income and expenditure by the objectives agreed with Ministers.

1.1 Accounting Convention

These accounts have been prepared on a going concern basis under the historical cost convention, modified to account for the revaluation of non-current assets at their value to DFID by reference to their current costs, and the revaluation of financial instruments to fair value.

Note 21 shows the General Reserve for DFID to be negative. This is not considered to be an indicator of DFID's ability to continue delivering against its objectives for the foreseeable future or represent DFID's financial status as a going concern. The Management Commentary includes details of DFID's resource allocation from the Spending Review for the next four years. This will be used to form the basis of delivering programme commitments. The structure of many programme commitments is not expected to generate assets on DFID's Statement of Financial Position.

1.2 Recent Accounting Developments

The following is a list of changes to IFRS that have been issued but which were not effective in the reporting period:

(a) New IFRS issued but not yet effective

IFRS 9 Financial Instruments was issued on 12 November 2009 and will be effective for financial reporting periods beginning on or after 1 January 2013. The new standard simplifies the classification and measurement of financial assets, previously reported under IAS 39 Financial Instruments:

Recognition and Measurement, and will have a material effect on the disclosure of financial assets. The main changes will be:

- Categories of assets classed as Available for Sale, Held to Maturity and Loans and Receivables are eliminated.
- All assets are to be valued at fair value, unless the asset has contractual terms giving rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. In this instance the business model has an objective of holding assets in order to collect contractual cash flows and should be classified at amortised cost.
- Changes in the value of instruments measured at fair value are generally taken to profit or loss (ie the Statement of Comprehensive Net Expenditure).

(b) Amendments to existing IFRS not yet effective

IAS 24 Related Party Disclosures was amended on 4 November 2009 and will be effective for accounting periods starting on or after 1 January 2011. The revised standard simplifies and clarifies the definition of a related party. For government departments there will be partial exemption from the disclosure requirements in respect of transactions and outstanding balances. The revised standard will not have a material impact upon DFID's Accounts.

(c) Amendments to Accounting Interpretations issued but not yet effective

IFRIC 14 Prepayments of a Minimum Funding Requirement was amended on 26 November 2009 and is effective for accounting periods starting on or after 1 January 2011. Laws or contractual terms may require employers to make minimum funding payments for their pension or other employee benefit plans. The amendment to this interpretation allows, in certain circumstances, an entity to treat the prepayment of future contributions to a pension scheme where there is a minimum funding requirement as an asset, rather than a reduction in future contributions.

1.3 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 partnership. CDC and Actis results are not consolidated in these accounts since under FReM rules Public Corporations are outside the departmental resource accounting boundary. DFID's ownership interest is recognised in non-current asset investments.

In line with FReM 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 the Statement of Comprehensive Net Expenditure.

1.4 Value Added Tax (VAT)

Income and expenditure is shown net of VAT where output tax is charged or input tax is recoverable. Amounts owed to or by HM Revenue & Customs for VAT at the statement of financial position date are included in payables and receivables. Irrecoverable VAT is included in amounts shown in the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

1.5 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 payables where the obligation is expressed in foreign currency, are charged or credited to operating costs. Non-current asset investments and other statement of financial position items where the underlying value is expressed in foreign currencies are re-translated into sterling at the exchange rates for the statement of financial position date. Changes in value arising from exchange rate movements are dealt with as part of other changes in value (Note 1.8).

1.6 Property, plant & equipment

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 replacement cost based on professional valuations carried out at not more than five year intervals.

Refurbishments to freehold and leasehold properties are capitalised at the actual costs incurred.

Other plant and equipment 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. Property, plant & equipment 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.

Property, plant & equipment are capitalised above a threshold of £1,000 for individual assets. Items of office and domestic furniture and IT equipment, some of which may individually cost less than £1,000, are capitalised on a grouped basis. Assets under construction 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.

Non-current assets are valued at current replacement cost, which is deemed representative of fair value. Current replacement cost is updated quarterly based on monthly indices provided by the Office for National Statistics website. Where no indices are available (land and buildings/leasehold improvements/assets under construction) current replacement cost is based on depreciated historic cost, with the exception of land and buildings which are subject to external valuations every five years. Any surplus on revaluation is recognised directly in the revaluation reserve, except to the extent that the surplus reverses a previous revaluation deficit on the same asset which was previously recognised in the Statement of Comprehensive Net Expenditure. In this circumstance the credit to that extent is recognised in the Statement of Comprehensive Net Expenditure. Any deficit on revaluation is recognised in the Statement of Comprehensive Net Expenditure, except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the revaluation reserve.

1.7 Depreciation

Freehold land is not depreciated. Depreciation is provided on other property, plant & equipment on a straight line basis over the remaining useful lives of the assets. Depreciation on improvements to leaseholds 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	1 to 8 years

1.8 Investments

Investments include the United Kingdom interest in certain International Financial Institutions (IFIs). Shares in these bodies are not traded securities. In accordance with accounting standards on financial instruments, these have been designated as 'available for sale' financial assets, as they cannot be classified under the other three categories of financial instruments specified in IAS 39. There is no intention to sell these investments.

These investments are recognised and subsequently measured at fair value. Given that DFID has no intention of withdrawing from membership of these organisations, fair value has been assessed as the amount that DFID would receive if the institutions ceased to operate. For all IFIs, this would be DFID's share of the net assets of the IFI, based on shareholdings at the time of dissolution. This assumes that the net assets shown on the statement of financial position of each IFI, at the date closest to year end, adjusted for known changes in ownership, represents the best estimate of the net realisable value.

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 the revaluation reserve. Reductions in value are taken to revaluation reserve to the extent that value is no lower than that the carrying amount at initial recognition to the statement of financial position. Impairments below this cost are charged to the Statement of Comprehensive Net Expenditure.

In accordance with the FReM, investments in public corporations falling outside the resource accounting boundary are recognised at historic cost less any impairment. Impairments are assessed by comparing the historic cost to DFID's share of net assets, as disclosed in the most recent audited financial statements of the public corporation.

1.9 Intangible assets

Intangible assets consist of IT software and systems, and are valued at current replacement cost, which is deemed representative of fair value. Current replacement cost is updated quarterly based on monthly indices provided by the Office for National Statistics website. Any surplus on revaluation is recognised directly in the revaluation reserve, except to the extent that the surplus reverses a previous revaluation deficit on the same asset which was previously recognised in the Statement of Comprehensive Net Expenditure. In this circumstance the credit to that extent is recognised in the Statement of Comprehensive Net Expenditure. Any deficit on revaluation is recognised in the Statement of Comprehensive Net Expenditure, except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the revaluation reserve.

Amortisation is provided on a straight line basis as follows:

IT systems	Over individually assessed estimated useful lives (1-8 years)
Software licences	Over the life of the licence (1-8 years)

1.10 Long Term Loans

In accordance with IAS 39, these have been classified as 'loans and receivables', and are therefore valued at amortised cost based on expected future cash flows, 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.

1.11 Cash and cash equivalents

Cash comprises cash on hand with UK and overseas banks and demand deposits at the statement of financial position date. Cash equivalents comprise any assets considered by management to be readily convertible to cash, due to their highly liquid and short term nature, by way of a readily available market for sale.

1.12 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, of this nature, at the statement of financial position date are disclosed by way of note.

1.13 Provisions

Provisions are made where at the Statement of Financial Position date DFID has probable present obligations arising from past events to make future transfers of economic benefit and reliable estimates of the value of the obligations can be made.

Where the time value of money is material, provisions are stated at discounted amounts using the real discount rate, adjusted for inflation, set by HM Treasury

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 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 £250,000 (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 £250,000 (or lower, where required by specific statute or where material in the context of Accounts) which are required by the *FReM* to be noted in the Accounts.

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

1.15 Income

Income is accounted for on an accruals basis. Income within the resource accounts comprises other operating income not classified as Appropriations in Aid, such as rental income and profits on disposal of non-current assets.

1.16 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between 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.

1.17 Research and development

Expenditure by DFID from programme budgets in support of research and development is charged to the Statement of Comprehensive Net Expenditure in the period in which it is incurred, unless it meets the criteria for capitalisation as defined in IAS 38.

1.18 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by DFID, the asset is recorded as a non-current asset with a corresponding liability recorded representing the net present value of the payments obligation to the lessor. Net present value is calculated as the value of the minimum lease payments discounted by the interest rate implicit in the lease. This is consistent with the definitions and requirements of a finance lease set out in IAS 17 *Leases*. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure over the term of the lease. No ownership rights are awarded therefore there are no assets or liabilities recorded within DFID's Statement of Financial Position. This is consistent with the accounting requirements of Operating Leases set out in IAS 17 *Leases*.

1.19 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 statement of financial position date are included in payables.

1.20 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 IAS 19, 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 9.

1.21 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 Statement of Comprehensive Net Expenditure (within programme costs) when early retirements have been agreed and arrangements are binding. Liability for future payments is shown under provisions.

1.22 Financial assets and liabilities

Financial assets and liabilities are recognised when the Department becomes party to the contracts that give rise to them. The Department determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by IAS 39 as appropriate.

They are derecognised when the right to receive cash flows has expired or the Department has transferred substantially all the risks and rewards of ownership or control of the asset. It is, and has been, the Department's policy that no trading in financial instruments is undertaken.

1.23 Impairment of financial assets

The Department assesses at each Statement of Financial Position date whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the statement of financial position date. If such events have had an impact on the estimated future cash flows of the financial instrument they are impaired. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

1.24 Critical accounting judgements

The directors, in preparing the Accounts, are required to select suitable accounting policies, apply them consistently and make estimates and assumptions that are reasonable and prudent. These judgments and estimates are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates and assumptions.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of DFID's business that typically require such estimates in implementing the accounting policies set out above are explained in more detail below.

(a) Useful lives of property, plant and equipment and intangible non-current assets

DFID's management annually reviews and re-affirms the appropriateness of the useful lives of tangible and intangible assets for the purposes of applying depreciation.

(b) Impairment review of property, plant and equipment and intangible assets

Assets categorised as Land, Buildings and Dwellings, Leasehold Property and Assets under Construction are recorded as depreciated historic cost. All other assets are recorded as depreciated current cost. Indexation factors are obtained from the Office of National Statistics for those assets recorded at current cost. Each year DFID carries out a review of carrying value to assess indications of impairment. There were no significant changes to carrying values of assets during 2010-2011.

(c) Impairment review of financial assets

DFID carries out an annual impairment review of the carrying value of its financial assets. Details of this policy are set out in note 1.23 of the Accounting Policies.

(d) Provisions against long term loans and receivables

Long term loan balances are held with a number of overseas governments and organisations. DFID carries out an annual review to assess the expected amounts receivable against the carrying value of loans outstanding, giving consideration to factors affecting recoverability such as political matters (eg instability within the recipient country) or economic developments (eg progress towards debt reduction initiatives such as the "Paris Club" or the Heavily Indebted Poor Countries (HIPC) Initiative). Where there is likelihood that the full carrying value may not be received, a provision is made against the carrying value of the amount due and balances reported in the accounts to the extent that the outstanding amount will not be recovered.

1.25 Operating segments

HMT guidance states that, following the removal of the requirement to provide disclosures of outturn by DSO's, all departments should fully implement IFRS 8 and comply with the disclosure requirements set out within the standard. IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it earns revenues and incurs expenditure;

- whose operating results are reviewed regularly by the entity's decision makers to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

DFID is structured by way of a number of divisions who are individually, and collectively, responsible for delivering DFID's expected output and objectives. Divisions in DFID report through a Director to one of three Directors General, who are each members of the Management Board. Budgets and resources are allocated to divisions based on operations plans, reviewed and signed off, firstly by Directors responsible for each division, but ultimately by the Director General responsible for the Division. Monthly expenditure and monitoring performance of these divisions is a standing item on the monthly Management Board agenda.

There are five regional divisions who are the responsibility of the Directors General for Country Programmes. This was Mark Lowcock in year but following his appointment as Permanent Secretary this role is being filled by Joy Hutcheon from 1 April 2011. There are five divisions in the Policy and Global Issues area who are the responsibility of the Director General for Policy and International, Michael Anderson. There are also four divisions and departments providing corporate services and support, the Director General with responsibilities in this area is Richard Calvert, Director General Corporate Performance. There is also one department which supports the Minister and Management Board and fall within the responsibility of the Permanent Secretary – Top Management Group. As such DFID has identified four operating segments being those areas reporting to each Director General and a further segment for Top Management Group. The income and expenditure relating to each operating segment is shown as a primary statement and reconciles to the totals within the Statement of Comprehensive Expenditure.

1.26 Changes in accounting policies

As a result of Clear Line of Sight capital charges are no longer required to be applied on assets and liabilities used by the Department. The impact of the removal of these charges is reflected in Note 2 to the accounts – Prior Period Adjustments.

2. Prior Period Adjustments

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the removal of the cost of capital charge were not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Statement of Comprehensive Net Expenditure in respect of 2009-10 is shown below. PPAs arising from an error in previous recording or any other change in accounting policy were included in the Estimates in line with conventional arrangements.

The removal of the cost of capital charge has the following effect on the Statement of Comprehensive Net Expenditure outturn in 2009-10. The related notes have been restated for this effect.

	Year ended 31 March 2010
	£000
Original Statement of Comprehensive Net Expenditure	6,049,516
Removal of the cost of capital charge	(194,835)
Adjusted Statement of Comprehensive Net Expenditure	5,854,681

There is no overall impact on the Statement of Financial Position or the Statement of Changes in Taxpayers' Equity due to the changes in the Net Expenditure above. Cost of capital was a notional cost and DFID adjusted for notional costs via the General Fund. Therefore the removal of the cost of capital charges within the Statement of Comprehensive Net Expenditure has been matched by the removal of the notional cost adjustments within note 20 and also within the Statement of Changes in Taxpayers' Equity. Please see below, which illustrates this.

2. Prior Period Adjustments (continued)

Statement of Changes in Taxpayers' Equity

	Restated 2009-10		2009-10
	General Fund	Adjustments	General Fund
	£000	£000	£000
Balance at 31 March 2009	**372,031**		**372,031**
Changes in taxpayers' equity for 2009-10			
Non-cash charges – auditor's remuneration	281	–	281
Realised element transferred between General Fund/ Revaluation Reserve	64	–	64
Cost of Capital	–	194,835	194,835
Net operating cost for year	(5,854,681)	(194,835)	(6,049,516)
Total recognised income and expense for 2009-10	(5,854,336)	–	(5,854,336)
Net Parliamentary Funding – drawn down	5,733,904	–	5,733,904
CFERs payable to the Consolidated Fund	(2,423)	–	(2,423)
Excess A-in-A payable to the Consolidated Fund	(1,763)	–	(1,763)
Supply payable adjustment	25,496	–	25,496
Balance at 31 March 2010	**272,909**	**–**	**272,909**

3. Analysis of net resource outturn by section

								2010-11	2009-10
								£000	£000
						Outturn		Estimate	
	Admin	Other current	Grants	Gross resource Expenditure	A in A	Net total	Estimated Net Total	Net Total outturn compared with Estimate	Prior year outturn
Eliminating Poverty in Poorer Countries (DEL)									
A: Bilateral Aid to Africa	19,343	288,100	1,417,845	1,725,288	(159)	1,725,129	1,798,377	73,248	1,590,665
B: Bilateral Aid to South Asia	10,341	128,500	707,105	845,946	(691)	845,255	904,439	59,184	791,248
C: Bilateral Aid to the Rest of the World	10,439	42,445	338,951	391,835	(613)	391,222	407,968	16,746	403,628
D: Improve the Effectiveness of Multilateral Aid	10,529	17,798	2,874,521	2,902,848	(160)	2,902,688	2,808,616	(94,072)	2,099,107
E: Develop a Global Partnership for Development	20,063	76,528	479,927	576,518	(165)	576,353	571,481	(4,872)	355,850
F: Central Departments	81,849	10,666	392	92,907	(9,599)	83,308	94,653	11,345	314,977
G: Environmental Transformation Fund	–	–	250,000	250,000	–	250,000	250,000	–	100,000
Spending in Annually Managed Expenditure (AME)									
H: Programmes Contributing to Multiple objectives	–	6,020	–	6,020	–	6,020	7,300	1,280	145,931
I: Grants to the International Finance Facility for Immunisation	–	(54,196)	278,677	224,481	–	224,481	230,000	5,519	233,818
J: Provision for Advance Market Commitment	–	–	83,779	83,779	–	83,779	90,000	6,221	–
Total RfR1	**152,564**	**515,861**	**6,431,197**	**7,099,622**	**(11,387)**	**7,088,235**	**7,162,834**	**74,599**	**6,035,224**
Conflict Prevention (DEL)									
A: Conflict Prevention and Stabilisation	5,423	5,913	4,402	15,738	(86)	15,652	19,541	3,889	16,715
Total RfR2	**5,423**	**5,913**	**4,402**	**15,738**	**(86)**	**15,652**	**19,541**	**3,889**	**16,715**
Total RfR 1&2	**157,987**	**521,774**	**6,435,599**	**7,115,360**	**(11,473)**	**7,103,887**	**7,182,375**	**78,488**	**6,051,939**

Detailed explanations of the variances are given in the Management Commentary.

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

4.1 Reconciliation of net resource outturn to net operating cost

		2010-11 £000			2009-10 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource outturn	3	7,103,887	7,182,375	(78,488)	6,051,939
Non-supply income (CFERs)	6	(220)	–	(220)	(2,423)
IFRS opening balance adjustment					(194,835)
Total comprehensive expenditure		7,103,667	7,182,375	(78,708)	5,854,681

4.2 Outturn against final Administration Budget

	2010-11 £000		2009-10 £000
	Budget	Outturn	Outturn
Gross Administration Budget	157,986	154,179	165,057
Income allowable against the Administration Budget	(6,000)	(5,977)	(6,009)
IFRS opening balance adjustment		–	(2,022)
Net Outturn against final Administration Budget	151,986	148,202	157,026

5. Reconciliation of net resource outturn to net cash requirement

	2010-11				
	Note	Estimate	Outturn	Net total Outturn compared with Estimate saving/ (excess)	2009-10 Outturn
		£000	£000	£000	£000
Resource Outturn	3	7,182,375	7,103,887	78,488	6,051,939
Capital					
Acquisition of property, plant and equipment	13 & 14	25,001	13,179	11,822	15,416
Additions to loans and investments	15 & 16	30,000	35,656	(5,656)	203,000
Non-operating A in A					
Loan Repayments	16	(55,000)	(252,316)	197,316	(21,664)
Proceeds of non-current asset disposals			(1,638)	1,638	(99)
Accruals adjustments					
Cost of Capital charges		–	–	–	(194,835)
Depreciation	13 & 14	(16,826)	(18,038)	1,212	(17,076)
Other non-cash items		(285)	177,986	(178,271)	(65,567)
New provisions	21	(327,300)	(307,999)	(19,301)	(240,841)
Use of provisions	21	63,145	64,952	(1,807)	37,541
Other changes in working capital			(722,166)	722,166	1,222
Changes in payables falling due after more than one year	19.1		(312)	312	(9,636)
Net cash requirement		6,901,110	6,093,191	807,919	5,759,400

6. Analysis of income payable to the Consolidated Fund

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

		Forecast 2010-11		Outturn 2010-11	
		Income	*Receipts*	Income	*Receipts*
	Note	£000	£000	£000	£000
Operating income and receipts – excess A in A	7	–	–	–	–
Other operating income and receipts not classified as A in A		–	–	(220)	*(220)*
Non-operating income and receipts – excess A in A	8	–	–	(220)	*(220)*
Amounts collectable on behalf of the Consolidated Fund	7	–	–	(198,954)	*(198,954)*
Excess cash surrenderable to the Consolidated Fund	5	–	–	–	–
Total income payable to the consolidated fund		–	–	(199,174)	(199,174)

7. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

		2010-11	2009-10
	Note	£000	£000
RfR1 – Eliminating poverty in poorer countries			
Operating Income	12	(11,607)	(9,355)
Less operating income not classified as A in A		220	2,423
Operating income classified as A in A		(11,387)	(6,932)
Income authorised to be Appropriated in Aid		12,000	11,500
Operating income – excess A in A (excess of income over amount authorised)		–	–
Add operating income not classified as A in A		220	(2,423)
Total operating income payable to the Consolidated Fund	6	220	(2,423)
RfR2 – Conflict Prevention			
Operating income	12	(86)	–
Income authorised to be Appropriated in Aid		(86)	–
Operating income payable to the Consolidated Fund		–	–
Total operating income payable to the Consolidated Fund	6	220	(2,423)

8. Non-operating income – Excess appropriations in aid

	2010-11	2009-10
	£000	£000
Principal repayments of voted loans	(252,316)	(21,664)
Proceeds on disposal of property, plant and equipment	(1,638)	(99)
Income authorised to be appropriated in aid	55,000	20,000
Non-operating income – excess A in A	(198,954)	(1,763)

9. Staff numbers and related costs

Staff costs comprise	2010-11					Restated 2009-10
	Total	Permanently employed staff	Others	Ministers	Special Advisers	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	94,112	92,465	1,363	166	118	95,523
Social security costs	5,003	4,981	–	11	11	4,856
Other pension costs	15,133	15,114	–	–	19	14,510
Gross Total*	**114,248**	**112,560**	**1,363**	**177**	**148**	**114,889**
Less recoveries in respect of outward secondments	(425)	(425)	–	–	–	(397)
Total net costs	**113,823**	**112,135**	**1,363**	**177**	**148**	**114,492**

*Analysis of gross total	2010-11	2009-10
RfR1 Administration	73,240	74,234
RfR2 Administration	3,467	1,820
RfR1 Programme	35,468	37,171
RfR2 Programme	101	128
RfR1 and RfR2 Gross Total	**112,276**	**113,353**
Capital	1,972	1,536
Gross Total	**114,248**	**114,889**

The costs of overseas frontline staff were reclassified during 2008-09 from administration to programme costs. The effect of this in 2010-11 has been to move £27,260,034.55 (2009-10: Estimated £31,815,000) of gross staff costs that would have been treated as administration under the previous method of classification to programme costs. This related to 615 employees. (2009-10: 703 employees).

Pensions for most employees are provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme. DFID is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £14,575,250.20 (2009-10: £14,105,570.55) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% per cent of pensionable pay, based on salary bands (the rates in 2009-10 were between 16.7% and 24.3%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2011-12, the rates will be in the range 16.7% to 24.3%.

The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £165,252.36 (2009-10: £167,020.73) 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 of pensionable pay. Employers also match employee contributions up to 3% per cent of pensionable pay. In addition, employer contributions of £12,155.90 (2009-10: £12,598.38), 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 £0. Contributions prepaid at that date were £0.

1 individuals retired early on ill-health grounds (2009-10: 2 individuals); the total additional accrued pension liabilities in the year amounted to £1,531 (2009-10: £2,730).

The capital staff costs related to 38.7 FTE employees (2009-10: 31)

9. Staff numbers and related costs (continued)

Average number of persons employed during the year

The average number of whole-time equivalent persons employed during the year was as follows.

	2010-11					2009-10
Division*	**Total**	**Permanent staff**	**Others**	**Ministers**	**Special Advisers**	**Total**
Corporate Performance	**571**	566	5	–	–	**589**
Permanent Secretary	**46**	38	3	3	2	**51**
International Finance Division	**71**	68	3	–	–	**67**
Policy and Research Directorate	**273**	264	9	–	–	**245**
International Relations Division	**115**	111	4	–	–	**116**
Asia Division	**325**	322	3	–	–	**342**
Security and Humanitarian, Middle East, Carribean, Overseas Territories	**162**	158	4	–	–	**219**
West and Southern Africa	**369**	367	2	–	–	**362**
East and Central Africa	**277**	277	–	–	–	**266**
Western Asia and Stabilisation Division	**163**	160	3	–	–	**126**
Total	**2,372**	**2,331**	**36**	**3**	**2**	**2,383**

9. Staff numbers and related costs (continued)

9.1 Reporting of Civil Service and other compensation schemes – exit packages

	2010-11		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	1	1
£10,000 – £25,000	–	4	4
£25,000 – £50,000	–	10	10
£50,000 – £100,000	–	12	12
£100,000- £150,000	–	10	10
£150,000- £200,000	–	0	0
£200,000+	–	0	0
Total number of exit packages	**–**	**37**	**37**
Total resource cost £2,672,000			

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

	2009-10		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	7	7
£10,000 – £25,000	–	10	10
£25,000 – £50,000	–	11	11
£50,000 – £100,000	–	5	5
£100,000- £150,000	–	9	9
£150,000- £200,000	–	5	5
£200,000+	–	6	6
Total number of exit packages	**–**	**53**	**53**
Total resource cost £4,479,000			

10. Other Administration Costs

	Note	£000	2010-11 £000	Restated 2009-10 £000
Eliminating Poverty in Poorer Countries (RfR1)				
Operating leases rentals		15,390		16,489
Charges under finance leases		8,944		8,847
Hire of plant and machinery		–		11
		24,334		25,347
Other current expenditure			35,191	42,770
Non-cash items				
Depreciation: property, plant and equipment	13	10,535		9,261
Depreciation: intangible assets	14	7,503		7,815
Loss on disposal of property, plant and equipment		1,288		1,685
Audit fees – resource account[1]		230		235
Audit fees – other[1]		31		46
(Revaluation)/Impairment of investments (Actis)	15	(555)		591
Movement in provisions		(2,743)		(1,383)
			16,289	18,250
			75,814	**86,367**
Impairment of Software and licences		–		58
Impairment/ (Revaluation) of IT equipment		472		(1,634)
(Revaluation)/Impairment of Furniture and fittings		(770)		14
			(298)	(1,562)
Other Administration Costs (RfR1)			**75,516**	**84,805**
RfR1 administration income	12		(5,891)	(6,009)
Staff Costs	9		73,240	74,234
Net Administration Costs (RfR1)			**142,865**	**153,030**
Conflict Prevention (RfR2)				
Staff Costs	9	3,467		1,820
Other Admin Costs		1,956		2,176
RfR2 administration income	12	(86)		–
Net Administration Costs (RfR2)			**5,337**	**3,996**
Net Total Administration Cost			**148,202**	**157,026**

Cost of Capital charge removed in line with Clear Line of Sight guidance.

1 In addition, the NAO received cash fees directly from DFID, for programme-related projects. These primarily related to overseas technical cooperation work supporting the development of other audit institutions. These direct fees totalled £192,000 in 2010-11 and £86,000 in 2009-10. The NAO also received cash fees indirectly from DFID, via other organisations to which it is a sub-contractor. Indirect fees totalled £120,000 in 2010-11 and £186,000 in 2009-10.

11. Programme Costs

		2010-11		2009-10
	Note	£000	£000	£000
Eliminating Poverty in Poorer Countries (RfR1)				
Grants and current expenditure		4,815,233		4,318,631
Contributions to international financial institutions: promissory notes		1,828,091		1,110,473
Non-cash items				
Movements in provisions		256,546		225,950
Loss /(Gain) on foreign exchange		15,528		(3,943)
Other Programme Costs (RfR1)			6,915,398	5,651,111
RfR1 programme income	12	(5,716)		(3,346)
Staff Costs	9	35,468		37,171
			29,752	33,825
Total: Eliminating Poverty in Poorer Countries (RfR1)			**6,945,150**	**5,684,936**
Conflict Prevention (RfR2)				
Other Expenditure		10,214		12,591
Staff costs	9	101		128
RfR2 Programme income	12	–		–
Total: Conflict Prevention (RfR2)			10,315	12,719
Total Net Programme Costs			**6,955,465**	**5,697,655**

12. Income

	2010-11 £000			2009-10 £000
	RfR1	RfR2	Total	Total
Administrative Income				
Rents from non-Government bodies	(4,923)	–	(4,923)	(4,794)
Other	(865)	(86)	(951)	(1,080)
Profit on Sale of Non-Current Assets	–	–	–	–
Other operating income not classified as A in A	(15)	–	(15)	(28)
Recovery of salary – EBRD Director	(88)	–	(88)	(107)
Sub total	**(5,891)**	**(86)**	**(5,977)**	**(6,009)**
Programme Income				
Non-capital appropriations in aid	(577)	–	(577)	85
Other operating income not classified as A in A	(205)	–	(205)	(2,395)
Loan Interest	(4,934)	–	(4,934)	(1,036)
Sub total	**(5,716)**	**–**	**(5,716)**	**(3,346)**
Total	**(11,607)**	**(86)**	**(11,693)**	**(9,355)**

13. Property, plant and equipment

	Freehold Land and buildings	Leasehold related assets	Vehicles	Furniture and equipment	IT equipment	Assets being constructed	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2010	**18,181**	**65,565**	**6,644**	**17,116**	**26,486**	**8,775**	**142,767**
Additions	122	2,695	694	1,501	405	2,713	8,130
Revaluation	(3,052)	–	(57)	1,532	(1,119)	–	(2,696)
Brought into use/ reclassifications	3,329	10	–	–	(1,316)	(3,152)	(1,129)
Disposals	(462)	(214)	(898)	(1,850)	(8,887)	(735)	(13,046)
At 31 March 2011	**18,118**	**68,056**	**6,383**	**18,299**	**15,569**	**7,601**	**134,026**
Depreciation							
At 1 April 2010	(2,919)	(19,716)	(3,896)	(8,231)	(15,281)	–	(50,043)
Charged in year	(968)	(3,504)	(1,002)	(1,712)	(3,349)	–	(10,535)
Depreciation on revaluation	2,009	–	30	(762)	647	–	1,924
Reclassifications	–	142	–	(12)	170	–	300
Disposals	461	117	741	1,233	8,861	–	11,413
At 31 March 2011	**(1,417)**	**(22,961)**	**(4,127)**	**(9,484)**	**(8,952)**	**–**	**(46,941)**
Net Book Value at 31 March 2011	**16,701**	**45,095**	**2,256**	**8,815**	**6,617**	**7,601**	**87,085**
Net Book Value at 31 March 2010	15,262	45,849	2,748	8,885	11,205	8,775	92,724
Additions (accruals basis)							8,130
Movement in Capital payable							1,417
As shown in Cash flow							9,547

The department's freehold property in East Kilbride was valued at 31 March 2011 by GVA Grimley LLP International Property Advisers using RICS guidelines and reported a revised existing use valuation of £6,200,000 (land £1,240,000, buildings £4,960,000).

Overseas properties were valued at 31 March 2007 by Pam Golding Properties, for our Zimbabwe properties, and by SFS Property Consultants, for our Malawi properties.

Included in leasehold related assets is a property held under a finance lease. This property was valued at 31 March 2008 by DTZ Debenham Tie Leung Limited using RICS guidelines. The finance lease was undertaken by a former Executive Agency of the Department but is now sublet through an operating lease to the University of Greenwich who occupy the building and took on the work of this Agency.

Following indexation movements over the course of the year by the Office for National Statistics (ONS), there was a loss in valuation for motor vehicles of £27,000 on the net current cost valuation. This loss was taken to the revaluation reserve (gain in 2010 of £99,000 taken to revaluation reserve). There was a gain in valuation for furniture and equipment on the net current cost valuation of £770,000, which was taken to the Statement of Comprehensive Net Expenditure (2010: £14,000). There was a loss in value of £472,000 of IT Equipment, which was taken to the Statement of Comprehensive Net Expenditure (gain in 2010 of £1,634,000 taken to Statement of Comprehensive Net Expenditure).

13. Property, plant and equipment (continued)

	Land, buildings and dwellings	Leasehold related assets	Vehicles	Furniture and equipment	IT equipment	Assets being constructed	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2009	**19,893**	**59,775**	**7,304**	**16,742**	**17,148**	**9,920**	**130,782**
Additions	1,229	1,811	1,103	1,672	7,246	660	13,721
Revaluation	–	–	214	(28)	2,705	–	2,891
Brought into use/ reclassifications	(2,827)	4,952	–	(16)	32	(1,672)	469
Disposals	(114)	(973)	(1,977)	(1,254)	(645)	(133)	(5,096)
At 31 March 2010	**18,181**	**65,565**	**6,644**	**17,116**	**26,486**	**8,775**	**142,767**
Depreciation							
At 1 April 2009	(1,802)	(16,528)	(4,642)	(7,222)	(12,683)	–	(42,877)
Charged in year	(919)	(3,665)	(961)	(1,711)	(2,005)	–	(9,261)
Depreciation on revaluation	–	–	(115)	14	(1,071)	–	(1,172)
Reclassifications	(200)	148	–	15	(7)	–	(44)
Disposals	2	329	1,822	673	485	–	3,311
At 31 March 2010	**(2,919)**	**(19,716)**	**(3,896)**	**(8,231)**	**(15,281)**	**–**	**(50,043)**
Net Book Value at 31 March 2010	**15,262**	**45,849**	**2,748**	**8,885**	**11,205**	**8,775**	**92,724**
Net Book Value at 1 April 2009	18,091	43,247	2,662	9,520	4,465	9,920	87,905
Additions (accruals basis)							13,721
Movement in Capital payable							3,179
As shown in Cash flow							16,900

14. Intangible Assets

			2010-11
	Software licences and IT systems	Intangible Assets under construction	Total
	£000	£000	£000
Cost			
At 1 April 2010	54,710	1,222	55,932
Additions	2,502	2,547	5,049
Impairment/Revaluation	(2,469)	–	(2,469)
Brought into use/reclassifications	1,130	–	1,130
Disposals	(17,733)	–	(17,733)
At 31 March 2011	**38,140**	**3,769**	**41,909**
Amortisation			
At 1 April 2010	(31,330)	–	(31,330)
Charged in year	(7,503)	–	(7,503)
Depreciation on revaluation	1,363	–	1,363
Brought into use/reclassification	(300)	–	(300)
Disposals	17,728	–	17,728
At 31 March 2011	**(20,042)**	**–**	**(20,042)**
Net book value at 31 March 2011	**18,098**	**3,769**	**21,867**
Net book value at 31 March 2010	23,380	1,222	24,602

Following indexation movements over the course of the year, there was a loss on revaluation of £1,106,000 for software, licenses and IT systems, which was taken to the revaluation reserve.

14. Intangible Assets (continued)

	2009-10		
	Software licences and IT systems	Intangible Assets under construction	Total
	£000	£000	£000
Cost			
At 1 April 2009	48,053	644	48,697
Additions	1,159	536	1,695
Impairment/Revaluation	6,237	–	6,237
Brought into use/reclassifications	(493)	42	(451)
Disposals	(246)	–	(246)
At 31 March 2010	**54,710**	**1,222**	**55,932**
Amortisation			
At 1 April 2009	(22,013)	–	(22,013)
Charged in year	(7,815)	–	(7,815)
Depreciation on reclassifications	46	–	46
Depreciation on revaluation	(1,661)	–	(1,661)
Disposals	113	–	113
At 31 March 2010	**(31,330)**	**–**	**(31,330)**
Net book value at 31 March 2010	**23,380**	**1,222**	**24,602**
Net book value at 31 March 2009	26,040	644	26,684

15. Financial Instruments

15.1 Financial Assets – Investments

	International Financial Institutions	CDC Group Plc	Actis LLP	Total
	£000	£000	£000	£000
At 1 April 2009	**3,358,930**	**765,036**	**1,677**	**4,125,643**
Additions	–	–	–	
Revaluations	(311,397)	–	(591)	(311,988)
At 1 April 2010	**3,047,533**	**765,036**	**1,086**	**3,813,655**
Additions	5,756	–	–	5,756
Revaluations	47,245	–	555	47,800
At 31 March 2011	**3,100,534**	**765,036**	**1,641**	**3,867,211**

Subsidiaries and associates: key data from last audited financial statements				
			31 December 2010	**31 December 2009**
			£m's	**£m's**
CDC Group plc – Ordinary shares				
Portfolio return (before tax)			258.5	226.5
Total return after tax			268.7	207.0
Total net assets (valuation basis)			2803.5	2534.8
Actis LLP – Members capital			**US $bn's**	**US $bn's**
Funds under management			4.6	4.8
			$m's	**$m's**
Profit for the financial year available for division among Members			10.6	12.4
Total net assets			6.6	4.1

15. Financial Instruments (continued)

All investments in IFIs are classified as 'available for sale' financial assets, as they do not meet the criteria for the other categories of financial assets specified in IAS 39. There is currently no intention to sell any of these investments.

Public Sector Bodies

DFID, on behalf of the Government, owns 100 per cent of the issued ordinary share capital of CDC Group plc. In 2004, fund management activities previously carried out by CDC were transferred to a newly formed limited liability partnership (Actis LLP). As a result DFID, on behalf of the Government, owns 40% of the members capital of Actis LLP.

In accordance with the FReM, investments in public corporations falling outside the resource accounting boundary are recognised at historical cost less any impairment. Impairments are assessed by comparing the historic cost to DFID's share of net assets, with any impairment being taken to the operating cost statement.

HM Treasury further requires that self financing public corporations achieve a rate of return, described as "cost of capital" to ensure that the opportunity cost of departments' investments is covered. If the corporation does not meet its rate of return over each CSR period, then the shareholding department may face a further charge to the extent that such a return has not been met.

During CSR period 2008-2010 both Actis and CDC met their HM Treasury determined rate of return and as a result no underperformance charge was levied.

International financial institutions

Investments in International Financial Institutions (IFIs) are valued at fair value. There is no market in these investments – all shareholders are sovereign states. Fair value has been assessed as DFID's share of the net assets of the IFI, based on the number of shares subscribed by DFID. The Articles of Agreement of all the IFIs specify that this is the value that DFID would receive on the dissolution of the IFI.

All investments in IFIs are denominated in a currency other then sterling. DFID is therefore exposed to currency risk if the value of these currencies was to fall against sterling. DFID is also exposed to market risk, as the value of each investment is dependent upon the net assets of the IFI.

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 £117 million (net) of unrealised losses (2009-10: losses of £161 million) arising from changes in exchange rates.

	2010-11		2009-10	
	Currency		Currency	
	'000	£000	'000	£000
International Bank for Reconstruction and Development	$1,655,231	1,032,583	$1,764,861	1,163,466
International Finance Corporation	$937,671	584,947	$823,418	542,830
European Bank for Reconstruction and Development	€1,116,857	988,719	€991,022	883,973
Asian Development Bank	$368,263	229,734	$284,605	187,623
Inter-American Development Bank	$194,011	121,030	$191,364	126,155
African Development Bank (in Units of Account)	79,809	80,891	79,461	78,927
Caribbean Development Bank	$57,987	36,174	$54,046	35,629
Multilateral Investment Guarantee Agency	$42,409	26,456	$43,883	28,930
		3,100,534		3,047,533

16. Trade receivables and other current assets

	Bilateral and multilateral loans	Other loans	Total
	£000	£000	£000
Gross Value less provisions for debt relief and non-payment			
At 1 April 2010	351,317	12,838	364,155
Additions	29,900	-	29,900
Repaid	(251,140)	(1,176)	(252,316)
Increase in provision	(12,194)	-	(12,194)
Utilisation of Provision	22,619	-	22,619
Written off	(23,106)	-	(23,106)
Foreign exchange gain/(loss)	(16,018)	-	(16,018)
Decrease in Discounting	15,097	34	15,131
At 31 March 2011	**116,475**	**11,696**	**128,171**
Due within one year	15,123	1,629	16,752
Total: trade and other receivables falling due after more than 12 months*	**101,352**	**10,067**	**111,419**
**of which*			
falling due after 1 year less than 2 years	13,402	1,646	15,048
falling due after 2 years less than 3 years	14,921	1,675	16,596
falling due after 3 years less than 4 years	12,328	1,717	14,045
falling due after 4 years less than 5 years	10,103	1,776	11,879
falling due after 5 years	50,598	3,253	53,851
	101,352	10,067	111,419
Additions included above	29,900	–	29,900
Rescheduling of loans	–	–	–
Included in cash flow statement – Note 24.2	29,900	–	29,900
Repayments included above	(251,140)	(1,176)	(252,316)
Repayments included in non-operating income – Note 8	(251,140)	(1,176)	(252,316)
Principal repayments accrued 2010-11	19,157	–	19,157
Principal repayments accrued 2009-10	18,194	–	18,194
Principal repayments accrued 2008-09	22,178	–	22,178
Total	**(191,611)**	**(1,176)**	**(192,787)**
Included in cash flow statement – Note 24.2	(231,983)	(1,176)	(233,159)

16. Trade receivables and other current assets (continued)

	Bilateral and multilateral loans	Other loans	Total
	£000	£000	£000
Gross Value less provisions for debt relief and non-payment			
At 1 April 2009	202,258	15,623	217,881
Additions	203,000	–	203,000
Repaid	(23,891)	(1,861)	(25,752)
Increase in provision	(4,136)	(306)	(4,442)
Utilisation of Provision	506	–	506
Written off	(24,164)	(117)	(24,281)
Foreign exchange gain/(loss)	3,675	–	3,675
Increase in Discounting	(5,931)	(501)	(6,432)
At 31 March 2010	**351,317**	**12,838**	**364,155**
Due within one year	(233,308)	(1,883)	(235,191)
Total: trade and other receivables falling due after more than 12 months*	**118,009**	**10,955**	**128,964**
*of which			
falling due after 1 year less than 2 years	16,886	1,540	18,426
falling due after 2 years less than 3 years	16,212	1,551	17,763
falling due after 3 years less than 4 years	13,454	1,573	15,027
falling due after 4 years less than 5 years	11,118	1,736	12,854
falling due after 5 years	60,339	4,555	64,894
	118,009	10,955	128,964
Additions included above	203,000	–	203,000
Rescheduling of loans	–	–	–
Included in statement of cash flows – Note 24.2	**203,000**	**–**	**203,000**
Repayments included above	(23,891)	(1,861)	(25,752)
Management charges deducted from repayments – included in expenditure	4,088	–	4,088
Repayments included in non-operating income – Note 8	**(19,803)**	**(1,861)**	**(21,664)**
Principal repayments accrued 2009-10	17,051	–	17,051
Principal repayments accrued 2008-09	–	–	–
Included in statement of cashflows – Note 24.2	**(2,752)**	**(1,861)**	**(4,613)**

17. Trade and other receivables due within one year

17.1 Analysis by type

	31 March 2011	31 March 2010	31 March 2009
	£000	**£000**	**£000**
Loans repayable within one year	16,752	235,191	29,657
Deposits and advances	7,257	11,979	9,758
Prepayments and accrued income*	116,259	89,105	83,014
Amounts due from the Consolidated Fund in respect of supply	16,001	25,496	–
Other amounts due from Consolidated Fund	1,075	–	–
Total	**157,344**	**361,771**	**122,429**

* Of which £59,529,171 relates to principal repayments on loans accrued (2009-10 £40,264,164, 2008-09 £23,212,869)

17.2 Intra-Government balances

	Amounts falling due within one year		
	31 March 2011	**31 March 2010**	**31 March 2009**
	£000	**£000**	**£000**
Balances with other central government bodies	21,708	30,976	1,669
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	7	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	21,708	30,983	1,669
Balances with bodies external to government	135,636	330,788	120,760
Total debtors at 31 March 2011	**157,344**	**361,771**	**122,429**

	Amounts falling due after more than one year		
	31 March 2011	**31 March 2010**	**31 March 2009**
	£000	**£000**	**£000**
Balances with other central government bodies	–	–	–
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	–	–	–
Balances with bodies external to government	111,420	128,964	188,224
Total debtors at 31 March 2011	**111,420**	**128,964**	**188,224**

18. Cash and cash equivalents

	31 March 2011	31 March 2010	31 March 2009
		£000	£000
Balance at 1 April 2010	(26,467)	243,175	(17,377)
Net change in cash and cash equivalent balances	9,391	(269,642)	260,552
Balance at 31 March 2011	**(17,076)**	**(26,467)**	**243,175**
The following balances at 31 March 2011 were held at:			
Government Banking Service (2009-10 and 2008-09: Office of Paymaster General)	(20,681)	(30,666)	236,897
Imprest accounts	3,605	4,199	6,278
Balance at 31 March 2011	**(17,076)**	**(26,467)**	**243,175**
Analysis of Balances at 31 March 2011			
Consolidated Fund debtor for Supply	(16,001)	(25,496)	233,782
Amount paid to Consolidated Fund in advance of receiving receipt	–	(3,001)	–
Due (from)/to the Consolidated Fund Other Receipts	(29)	267	782
Due (from)/to the Consolidated Fund Excess A-in-A	(1,046)	1,763	8,611
Total	**(17,076)**	**(26,467)**	**243,175**
	£		
Other CFER			
Held at 1 April 2010	267,201	782,016	25,250
Arising during the year	220,059	2,423,052	2,335,447
Paid over during the year	(516,257)	(2,937,867)	(1,578,681)
Held at 31 March 2011	**(28,997)**	**267,201**	**782,016**

During 2010-11, under requirements from HM Treasury, DFID completed the transfer of its banking activities to the Government Banking Service (GBS) which, as part of HMT Revenue and Customs is the new banking shared service provider to the public sector. GBS has procured new banking services with the Royal Bank of Scotland Group and Citibank. Funds held in these accounts will remain in the Exchequer so will not be classed as commercial bank accounts.

Cash balances at Government Banking Services were held in sterling. No interest is earned on cash balances held at Government Banking Service. Imprest balances are held in a variety of local currencies, none individually greater than £834,388 (2009-10 £518,308, 2008-09 £1,426,681). Interest is earned on imprest balances, but is not a material amount – total interest earned on bank balances was £34,582 (2009-10 £32,030, 2008-09 £48,891).

At 31 March 2011, in addition to the amounts shown above, the Department held £17,757,082.80 of cash provided by other development agencies as part of jointly funded programmes (2009-10 £19,243,845.74; 2008-09 £10,142,523).

19. Trade payables and other current liabilities

19.1 Analysis by type

Amounts falling due within one year	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Taxation	1,114	1,103	1,073
Social Security	596	711	687
Other payables	10,123	4,977	16,152
Accruals and deferred income	150,682	155,392	213,969
Current part of finance leases	45	–	8,179
	162,560	162,183	240,060
Promissory Notes: due on demand	2,243,579	1,499,121	1,404,262
Consolidated Fund creditor:			
Supply issued and not used	–	–	233,782
Other amounts received – to be paid over	–	267	782
Other amounts – to be paid over	–	–	3,001
Excess Appropriations in Aid	–	1,763	8,611
	–	2,030	246,176
Total due within one year	**2,406,139**	**1,663,334**	**1,890,498**
Amounts falling due after more than one year			
Finance leases	46,766	46,454	36,818
Total due after more than one year	**46,766**	**46,454**	**36,818**

Payables have been restated to show all promissory note balances as due within one year. See section on promissory notes below for further details.

Consolidated Fund debtor/(creditor) in respect of supply	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
2010-11 Supply drawn down	(6,077,190)	(5,500,122)	(4,647,235)
"Deemed" supply (retained from 2009-10)	–	(233,782)	–
	(6,077,190)	(5,733,904)	(4,647,235)
Net Cash required	6,093,191	5,759,400	4,413,453
Supply receivable/(payable)	16,001	25,496	(233,782)
Actual supply receivable/(payable)	£16,000,977.24	£25,495,641.35	(£233,781,995.03)

19. Trade payables and other current liabilities (continued)

19.1 Analysis by type (continued)

Promissory note creditor: Movement during the year		**£000**	**£000**
Balance at 1 April 2010			**(1,404,262)**
Charge to operating costs in 2009-10 – new deposits		(1,110,473)	
Increase in subscriptions to International Financial Institutions		–	
Cash drawn down against notes previously issued		1,015,512	
Foreign Exchange gains		102	
			(94,859)
Balance at 31 March 2010			**(1,499,121)**
Charge to operating costs in 2010-11 – new deposits		(1,828,091)	
Increase in subscriptions to International Financial Institutions		–	
Cash drawn down against notes previously issued		1,083,557	
Foreign Exchange gains		76	
			(744,458)
Balance at 31 March 2011			**(2,243,579)**

Promissory note creditors have been classified as financial liabilities measured at amortised cost. They have been shown as due within one year, as they are legally payable on demand, so the maturity profile in the balance sheet, and in note 27, shows the earliest date at which they could be payable.

Promissory note creditor: analysis by institution at 31 March 2011	**At 31 March 2011**		**At 31 March 2009**	
	Capital	**Resource**	**Capital**	**Resource**
	£000	**£000**	**£000**	**£000**
European Bank for Reconstruction and Development	–		–	–
Other capital	1,341		1,417	–
International Development Association	–	1,127,250	–	787,300
African Development Fund	–	382,823	–	339,898
Global Environment Fund	–	102,116	–	60,379
Asian Development Fund	–	83,565	–	79,304
Global Fund to fight Aids, TB and Malaria	–	332,000	–	160,400
Environmental Tranformation Fund	–	180,889	–	34,375
Other (CDB, IFAD, UNFCC, LDCF)	–	33,595	–	36,048
Total	**1,341**	**2,242,238**	**1,417**	**1,497,704**

DFID, being a central government department financed from the Consolidated Fund, does not face any significant liquidity risk on these liabilities. There are no material balances denominated in foreign currencies, so currency risk on these liabilities is not significant. Note 27 gives further details on these risks.

19. Trade payables and other current liabilities (continued)

19.2 Intra-Government balances

	Amounts falling due within one year		
	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Balances with other central government bodies	(1,938)	(4,836)	(254,810)
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	(1,938)	(4,836)	(254,810)
Balances with bodies external to government	(2,404,201)	(1,658,498)	(1,635,688)
Total payables	**(2,406,139)**	**(1,663,334)**	**(1,890,498)**

	Amounts falling due after more than one year		
	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Balances with other central government bodies	–	–	–
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	–	–	–
Balances with bodies external to government	(46,766)	(46,454)	(36,818)
Total payables	**(46,766)**	**(46,454)**	**(36,818)**

20. Movements in Working Capital Other Than Cash

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
(Increase)/Decrease in receivables	(22,433)	(8,312)	3,407
Increase/(Decrease) in payables	377	(77,877)	99,835
Movement in working capital	(22,056)	(86,189)	103,242
Movement in receivables for accrued income to be surrendered to the Consolidated Fund	–	–	–
Net increase included in working capital movement in Resource Outturn	**(22,056)**	**(86,189)**	**103,242**
Movement in working capital as above	(22,056)	(86,189)	103,242
Movement in payables due within one year for capital purchases not included in cash flows	(1,729)	(13,173)	(1,449)
Net increase in working capital other than cash	**(23,785)**	**(99,362)**	**101,793**
Capital accruals	1,417	3,179	1,518
Movement in accrued interest	–	–	–
Promissory note deposits	1,828,091	1,110,473	867,124
Promissory notes drawn down	(1,083,557)	(1,015,512)	(551,557)
Adjustment for change in PN creditors falling due after more than one year	–	–	–
Other changes in working capital	**722,166**	**(1,222)**	**418,878**

21. Provisions

	IFFIm	AMC	ATP Agreements	Early Retirement Costs	Other	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2009	466,512	–	14,973	7,125	26,057	514,667
Provided in the year	232,890	–	1,627	4,391	4,657	243,565
Release of provision	–	–	(1,639)	–	(1,085)	(2,724)
Provision utilised in the year	(25,065)	–	(3,943)	(3,578)	(4,955)	(37,541)
Unwinding of discount	21,265	–	–	–	–	21,265
Balance at 31 March 2010	**695,602**	**–**	**11,018**	**7,938**	**24,674**	**739,232**
Provided in the year	278,678	89,088	97	2,516	4,870	375,249
Release of provision	–	(1,984)	(104)	–	(209)	(2,297)
Provision utilised in the year	(34,558)	(13,932)	(3,318)	(3,174)	(9,970)	(64,952)
Unwinding of discount	(54,196)	–	–	–	–	(54,196)
Balance at 31 March 2011	**885,526**	**73,172**	**7,693**	**7,280**	**19,365**	**993,036**

	AMC	IFFIm
Analysis of expected timing of discounted flows[1]	**£000**	**£000**
Due within 1 year	17,600	44,766
Between 1 April 2012 and 31 March 2017	55,572	318,247
Between 1 April 2017 and 31 March 2022	–	279,003
Thereafter	–	243,510
Balance at 31 March 2011	**73,172**	**885,526**

1 Only the provision for IFFIm and AMC have been discounted on the basis that the impact of discounting would not be material on any of the other provisions.

Provision for the International Finance Facility for Immunisations (IFFIm) represents the net present value of committed payments to cover the UK share of currently issued bonds. The discount rate used to generate the net present value is the real discount rate set by HM Treasury. IFFIm is an international development financing institution that is supported by sovereign donors. IFFIm will borrow operating funds in the international capital markets over the 10 years from 2006-07 backed by these pledges. The UK has pledged a total of £1,315m through to 2026 with a further £250m through to 2030, representing 45.14% of the total amounts pledged at 31 March 2011. Ten bond issues have now been made, giving a total liability including interest of £1,337m. The UK is therefore liable for £886m in net present value terms at 31 March 2011 (after deducting payments made), which will be covered by payment obligations through to 2023.

Provision for Advance Market Commitments (AMC) represents the net present value of the UK share of supplier agreements signed. The discount rate used to generate the net present value is the real discount rate adjusted for inflation, set by HM Treasury. The UK has pledged a total of $485 million, through to 2021. At 31st March 2011 this reprsented 32% of commitments made. Supplier agreements to facilitate vaccine demands have been signed with a value of $450 million, the UK share of this is $144 million. The net present value of this is £73 million, which will be covered by payment obligations up to 2014.

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.

21. Provisions (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 main lease by the Department is treated as a finance lease. The rent received is lower than the finance charges incurred by the Department under the main lease. The provision covers the shortfall of rents receivable against finance charges 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 31st March 2011 of overseas offices in respect of terminal benefit payments to staff appointed in country.

(d) redundancy liabilities for redundancies where decision had been reached at 31st March 2011 but terms had not been agreed between both parties.

22. General Fund

The general fund reflects the realised and unrealised balance of the cumulative difference between net operating costs and financing, provided by Parliament, adjusted for amounts payable to the Consolidated Fund.

	£000	£000
General fund at 31 March 2009		372,031
Net operating costs for the year		(6,049,516)
Net parliamentary funding	5,500,122	
Supply Reissued	233,782	
Payable for Supply	25,496	
Financing provided		**5,759,400**
Notional costs within operating costs	195,116	
Realised element of revaluation reserve	64	
Operating income payable to Consolidated Fund	(2,423)	
Excess A-in-A payable to the Consolidated Fund	(1,763)	
		190,994
Net increase/(decrease) in General Fund		(99,122)
General fund at 31 March 2010		**272,909**
Net operating costs for the year		(7,103,667)
Net parliamentary funding	6,077,190	
Supply Reissued	–	
Payable for Supply	16,001	
Financing provided		**6,093,191**
Notional costs within operating costs	261	
Realised element of revaluation reserve	293	
Operating income payable to Consolidated Fund	(220)	
Excess A-in-A payable to the Consolidated Fund	(198,954)	
		(198,620)
Net increase/(decrease) in General Fund		(1,209,096)
General fund at 31 March 2011		**(936,187)**

DFID is considered a going concern. Management commentary included details of resource allocations for the next four years arising from the spending review. These allocations are considered adequate to support and deliver DFID's commitments for the foreseeable future. The nature of DFID expenditure does not all derive a benefit to be reflected on the Statement of Financial Position of DFID.

23. Revaluation Reserve

The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets detailed in notes 13 and 14.

	£000
Balance at 31 March 2009	1,980,046
Loss on revaluation – International Financial Institutions	(311,397)
Gain on Intangibles	4,636
Gain on Vehicles	99
Realised element to General Fund	(64)
Balance at 31 March 2010	1,673,320
Gain on revaluation – International Financial Institutions	47,245
Loss on Intangibles	(1,106)
Loss on Vehicles	(27)
Loss on Land and Buildings	(1,043)
Realised element to General Fund	(293)
Balance at 31 March 2011	**1,718,096**

24. Notes to the statement of cash flows

24.1 Reconciliation of operating cost to operating cash flows

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Total comprehensive expenditure	**(7,103,667)**	**(6,049,516)**	**(5,202,058)**
Adjustments for non-cash transactions	2,177,681	1,620,557	1,272,049
Decrease/(Increase) in trade and other receivables	12,725	(8,311)	20,893
Movement in receivables for items not passing through the OCS	(15,893)	17,051	5,726
(Increase)/decrease in trade payables	(27,918)	(312,385)	339,778
Movement in payables for items not passing through the OCS	28,601	244,147	(243,083)
Working capital movement: capital items	1,417	3,179	(1,518)
Use of provisions	(64,951)	(37,541)	(30,223)
Draw down of promissory notes	(1,083,557)	(1,015,512)	(551,557)
Net cash outflow from operating activities	**(6,075,562)**	**(5,538,331)**	**(4,389,993)**

24.2 Cash flows from investing activities

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Purchase of intangible assets	(5,049)	(1,695)	(4,304)
Purchase of property, plant and equipment	(9,547)	(16,900)	(13,608)
Proceeds of disposal property, plant and equipment	1,638	99	223
Additions to investments	(5,756)	–	–
Loans to other bodies	(29,900)	(203,000)	–
Repayments from other bodies	233,159	4,613	5,175
Net cash inflow/(outflow) from investing activities	**184,545**	**(216,883)**	**(12,514)**

24.3 Cash flows from financing activities

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
From the Consolidated Fund (Supply) – Current Year	6,077,190	5,500,122	4,647,235
From the Consolidated Fund (Supply) – Prior Year	25,496	–	17,470
Net financing	**6,102,686**	**5,500,122**	**4,664,705**

24. Notes to the statement of cash flows (continued)

24.4 Analysis of Capital Expenditure, Financial Investments and Associated A-in-A

	2010-11			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	13,179	–	–	13,179
Programme: Long term loans	–	29,900	(233,159)	(203,259)
Programme: Investments	–	5,756	–	5,756
Programme: Investments non cash	–	–	–	–
Programme: CDC	–	–	–	–
Other Receipts	–	–	(1,638)	(1,638)
Total	**13,179**	**35,656**	**(234,797)**	**(185,962)**
Accrued principal repayments			(19,157)	
Total non operating income			(253,954)	
Excess A in A to be surrendered to the Consolidated Fund			198,954	
Non Operating A in A			(55,000)	

	2009-10			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	18,594	–	–	18,594
Programme: Long term loans	–	203,000	(4,613)	198,387
Programme: Investments	–	–	–	–
Programme: Investments non cash	–	–	–	–
Programme: CDC	–	–	–	–
Other Receipts	–	–	(99)	(99)
Total	**18,594**	**203,000**	**(4,712)**	**216,882**
Accrued principal repayments			(17,051)	
Total non operating income			(21,763)	
Excess A in A to be surrendered to the Consolidated Fund			1,763	
Non Operating A in A (Note 4)			(20,000)	

24. Notes to the statement of cash flows (continued)

	2008-09			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	17,912	–	–	17,912
Programme: Long term loans	–	–	(5,175)	(5,175)
Programme: Investments	–	–	–	–
Programme: Investments non cash	–	–	–	–
Programme: CDC	–	–	–	–
Other Receipts	–	–	(223)	(223)
Total	**17,912**	**–**	**(5,398)**	**12,514**
Accrued principal repayments			(23,213)	
Total non operating income			(28,611)	
Excess A in A to be surrendered to the Consolidated Fund			8,611	
Non Operating A in A (Note 4)			(20,000)	

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Net cash requirement	**(6,093,191)**	**(5,759,400)**	**(4,413,453)**
From the Consolidated Fund (Supply)	6,102,686	5,500,122	4,664,705
Payments of amounts due to the Consolidated Fund	971	(12,394)	(93)
Amounts due (from)/to the Consolidated Fund received and not paid over	(29)	267	782
Amounts due (from)/to the Consolidated Fund – Excess A-in-A	(1,046)	1,763	8,611
Increase/(decrease) in cash	**9,391**	**(269,642)**	**260,552**

25. Capital commitments

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Contracted capital commitments at 31 March for which no provision has been made	3,417	6,977	304

26. Commitments Under leases

26.1 Operating leases

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

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Obligations under operating leases comprise:			
Land, Buildings and Dwellings			
Not later than one year	13,410	14,922	15,215
Later than one year and not later than five years	28,654	37,306	32,459
Later than five years	24,379	24,685	34,524
Total	**66,433**	**76,913**	**82,198**

26.2 Finance leases

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

	31 March 2011	31 March 2010	31 March 2009
	£000	£000	£000
Obligations under finance leases comprise:			
Land, Buildings and Dwellings			
Rentals due within one year	9,017	8,588	8,179
Rentals due after one year but within five years	66,565	75,582	37,013
Due after five years	–	–	47,156
	75,582	**84,170**	**92,348**
Less interest element	(28,771)	(37,715)	(47,352)
	46,811	**46,455**	**44,996**
Net rental due within one year	45	–	(87)
Net rentals later than one year and not later than five years	46,766	46,455	5,956
Net rentals due after five years	–	–	39,128
	46,811	**46,455**	**44,997**

26.3 Operating leases receivables

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

	31 March 2011	31 March 2010	31 March 2009
	£000	**£000**	**£000**
Receivables under operating leases comprise:			
Land, Buildings and Dwellings			
Not later than one year	5,040	4,925	4,804
Later than one year and not later than five years	12,579	17,360	20,469
Later than five years	–	–	1,816
Total	**17,619**	**22,285**	**27,089**

27. Financial Instruments

Interest rate exposure – 2010-11	Fixed rate	Floating rate	No interest	Total	Fixed rate weighted average interest rate
	£000	£000	£000	£000	%
2010-11 Financial Assets/ (Liabilities): Cash					
Sterling	–	1,356	(20,681)	(19,325)	–
US dollars	–	1,100	–	1,100	–
Euro	–	–	–	–	–
Other currencies	–	1,149	–	1,149	–
Total	**–**	**3,605**	**(20,681)**	**(17,076)**	**–**
2010-11 Financial Assets: Loans and receivables					
Sterling	7,144	11,434	13,298	31,876	3.20%
US dollars	–	–	–	–	–
Euro	–	–	96,296	96,296	–
Other currencies	–	–	–	–	–
Total	**7,144**	**11,434**	**109,594**	**128,172**	**3.20%**
2010-11 Financial Assets: Available for sale					
Sterling	–	–	–	–	–
US dollars	–	–	2,030,924	2,030,924	–
Euro	–	–	988,719	988,719	–
Other currencies	–	–	80,891	80,891	–
Total	**–**	**–**	**3,100,534**	**3,100,534**	**–**
2010-11 Financial liabilities: promissory notes at amortised cost					
Sterling	–	–	2,242,238	2,242,238	–
US dollars	–	–	1,341	1,341	–
Euro	–	–	–	–	–
Other currencies	–	–	–	–	–
Total	**–**	**–**	**2,243,579**	**2,243,579**	**–**
2010-11 Financial liabilities: other payables at amortised cost					
Sterling	–	–	209,326	209,326	–
Other currencies	–	–	–	–	–
Total	**–**	**–**	**209,326**	**209,326**	**–**

27. Financial Instruments (continued)

Interest rate exposure – 2009-10	Fixed rate	Floating rate	No interest	Total	Fixed rate weighted average interest rate
	£000	£000	£000	£000	%
2009-10 Financial Assets: Cash					
Sterling	–	755	(30,666)	(29,911)	–
US dollars	–	1,319	–	1,319	–
Euro	–	72	–	72	–
Other currencies	–	2,053	–	2,053	–
Total	**–**	**4,199**	**(30,666)**	**(26,467)**	**–**
2009-10 Financial Assets: Loans and receivables					
Sterling	8,210	12,544	13,372	34,126	5.92%
US dollars	214,025	–	–	214,025	–
Euro	–	–	116,005	116,005	–
Other currencies	–	–	–	–	–
Total	**222,235**	**12,544**	**129,377**	**364,156**	**5.92%**
2009-10 Financial Assets: Available for sale					
Sterling	–	–	–	–	–
US dollars	–	–	2,084,633	2,084,633	–
Euro	–	–	883,973	883,973	–
Other currencies	–	–	78,927	78,927	–
Total	**–**	**–**	**3,047,533**	**3,047,533**	**–**
2009-10 Financial liabilities: promissory notes at amortised cost					
Sterling	–	–	1,497,704	1,497,704	–
US dollars	–	–	1,417	1,417	–
Euro	–	–	–	–	–
Other currencies	–	–	–	–	–
Total	**–**	**–**	**1,499,121**	**1,499,121**	**–**
2009-10 Financial liabilities: other payables at amortised cost					
Sterling	–	–	210,668	210,668	–
Other currencies	–	–	–	–	–
Total	**–**	**–**	**210,668**	**210,668**	**–**

27. Financial Instruments (continued)

Currency exposures

The tables below show the Department's currency exposures that give rise to exchange rate gains and losses that are recognised in the operating cost statement. Such exposures comprise those monetary assets and liabilities that are not denominated in the Department's functional currency of sterling.

	31 March 2011	31 March 2010
	£000	£000
US dollars	1,100	215,342
Euro	96,296	116,076
Other currencies	1,149	2,053
Total	**98,544**	**333,471**

The table below shows the functional currency of the Department's investments classed as available for sale.

	31 March 2011	31 March 2010
	£000	£000
Sterling	–	–
US dollars	2,030,924	2,084,633
Euros	988,719	883,973
Unit of Account (African Development Bank)	80,891	78,927
Total	**3,100,534**	**3,047,533**

Liquidity risk

The following tables show the maturity profile of the Company's financial assets and liabilities other than cash and equity investments:

	31 March 2011	31 March 2010
Financial assets: maturity profile	£000	£000
Due on demand	–	–
Due within one year, but not on demand	16,752	235,191
Due within one to two years	15,048	18,426
Due within two to three years	16,596	17,763
Due within three to four years	14,045	15,027
Due within four to five years	11,879	12,854
Due after five years	53,852	64,894
Total	**128,172**	**364,155**

27. Financial Instruments (continued)

Financial liabilities: maturity profile	31 March 2011 £000	31 March 2010 £000
Due on demand	2,243,579	1,499,121
Due within one year, but not on demand	171,532	163,856
Due within one to five years	66,565	75,582
Due after five years	–	–
Less interest element of finance lease	(28,771)	(37,715)
Total	**2,452,905**	**1,700,844**

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was:

Financial liabilities: maturity profile	Note	31 March 2011 £000	31 March 2010 £000
Fair value financial assets	15	3,100,534	3,047,533
Loans and receivables		128,172	364,155
Cash and cash equivalents	18	(17,076)	(26,467)
Total		**3,211,630**	**3,385,221**

The Department's ageing analysis was as follows:

	Net loans and receivables	
	31 March 2011 £000	**31 March 2010 £000**
Not past due	68,643	323,891
Past due not provided against	59,529	40,264
Total	**128,172**	**364,155**
The movement in provisions against loans and receivables was as follows:		
Balance at 1 April 2009		(104,952)
Reversal/(increase) in provision		(4,442)
Utilisation of provision		506
Balance at 31 March 2010		(108,888)
Reversal/(increase) in provision		(12,194)
Utilisation of provision		22,619
Balance at 31 March 2011		**(98,463)**

27. Financial Instruments (continued)

Bilateral loans, and loans formerly managed by Actis, are made directly with sovereign states; multilateral loans are made with sovereign states through multilateral bodies such as the European Investment Bank. Assessments of credit risk are based on default history, political risks, and the potential future granting of debt relief.

Credit risk on the Department's cash balances held at HM Paymaster General is considered to be very low. Imprest balances are held with various institutions, all of which are major global banks with high credit ratings.

Market risk

Interest rate risk

The Department's interest rate risk arises primarily from loans made at a floating rate, and cash balances held overseas. Neither of these represent a significant source of income for the Department – total income from such sources in 2010-11 amounted to £5.1m (2009-10 £1.1m). A 0.75% change in interest rates, with all other variables held constant, would have a 0.004% (£1.8m) impact on net operating costs.

Foreign currency risk

The Department's largest exposure in terms of net assets is in US dollar and Euro. On the statement of financial position, exchange gains on investments are taken to the revaluation reserve. Exchange losses are also charged to the revaluation reserve where a previously accumulated reserve is available; losses in excess of this reserve are charged to operating costs. As at 31 March 2011, £2,031m (2010 £2,085m) of the Department's investments were denominated in US dollars and £989k in Euros. Exchange gains and losses on other financial assets and liabilities are charged to operating costs and are minimal based on the composition of assets and liabilities in foreign currency.

At 31 March 2011, if sterling had weakened by 10% against the US dollar, with all other variables held constant, net assets would have decreased by £225.7m (2010 £255.5m). Net operating costs would have reduced by £158k (2010 £14.5m). At the same date if sterlings had weakened by 10% against the Euro, with all other variables held constant, net assets would have decreased by £110k with no impact on the operating costs.

Other price risk

The Department's investments in IFIs are based on share of the net assets of each IFI. Although there is no public traded market for these investments, changes in the underlying net asset values of the IFIs would impact on the investment value shown in these accounts. As at 31 March 2011, a 10% reduction in net asset values of the IFIs, with all other variables held constant, would result in the Department's net assets being reduced by £310.1m (2010 £304.8m).

Investments in CDC and Actis are shown at the lower of historic cost or market value. Where market value is lower this will be historic cost less any impairment to take to this value. As at 31 March 2011, a 10% reduction in the net asset value of these organisations, with all other variables held constant, would not have any effect on either the Department's net assets, or net operating costs (2010 nil). This is because market value is in excess of historic cost.

28. Contingent liabilities

Contingent liabilities with an approximate value of £0.4 million (2009-10: £0.4 million) exist in respect of guarantees to the European Investment Bank's lending to UK Overseas Territories. Additional contingent liabilities of £732 million (2009-10: £1,804 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 IAS 37, 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 £9946.6 million (2009-10: £9,196 million) and comprise:

- £9,677.5m (2009-10: £9,188m) in respect of callable capital on investments in International Financial Institutions.
- £107.1m (2009-10: £108.2m) in respect of for the UK share of EU member states' collective guarantees of the European Investment Bank's lending under the Lome conventions and the parallel Council decisions on the Association of Overseas Countries and Territories.
- 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);
- £162 million (2008-09: £3.3 million) in respect of 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. This includes a guarantee over a new borrowing facility undertaken by a non UK overseas territory.

29. Losses and special payments

	2010-11	2010-11	2009-10	2009-10
	Number of cases	£000	Number of cases	£000
Total	**75**	**25**	**32**	**1,412**
of which:				
Losses	58	133	25	338
Fruitless payments and constructive losses	16	(108)	3	1,047
Claims waived or abandoned	–	–	–	–
Special Payments	1	–	4	27

There were no individual cases greater than £250,000 during the year under review. The amount shown under Fruitless payments and constructive losses is a credit as DFID were able to recover amounts previously considered as written off.

30. Related-party transactions

DFID is the 100 per cent shareholder in CDC Group plc. DFID had no material transactions with CDC during the year.

DFID has a 40 per cent interest in Actis llp. DFID had no transactions with Actis llp during the year.

In addition DFID has had a number of transactions with other government departments and other central government bodies. These are undertaken under normal trading circumstances, at arms length, and are reported within DFID's net resource outturn. Amounts due to and from other government departments are disclosed separately in notes 17 and 19. No amounts have been written off during 2010-2011 to or from other government departments. The largest volume of transactions, in frequency and value, have been with the Foreign and Commonwealth Office.

A related party transaction took place during the year between the Department and a staff member who is a related party of the Department by virtue of being a close family member of Mark Lowcock. The transaction related to salary costs which were paid in accordance with civil service guidelines. To ensure this relationship was managed objectively, Mark Lowcock had no direct or indirect involvement in determining pay, position or promotion for the individual involved. The Department has put in place a process whereby if a situation arose in which the Accounting Officer would otherwise be involved in a decision that would directly affect this individual, he would play no role, but two other Directors-General and a senior Cabinet Office official would agree any course of action.

31. Events after the reporting date

The Department for International Development Resource Accounts' are laid before the Houses of Parliament by HM Treasury on 7 July 2011. No events have been identified between this date and the end of reporting period requiring adjustment to these Resource Accounts.

31.1 Non adjusting events after the reporting date

Dr Nemat Shafik vacated the role of Permanent Secretary and Accounting Officer with effect from 1 April 2011. Mark Lowcock was appointed Acting Permanent Secretary and Interim Accounting Officer with effect from 1 April 2011. Following a full recruitment process, commissioned by Cabinet Office, Mark Lowcock was appointed Permanent Secretary and Principal Accounting Officer with effect from 9 June 2011.

The Global Alliance for Vaccines and Immunisations (GAVI) Pledging Conference was held on 13 June 2011. The purpose of the conference was to call on donors to pledge future funding enabling GAVI to reach the target of vaccinating at least a quarter of a billion children in the next five years. The Prime Minister of UK pledged, through DFID, an additional £163 million a year for the next five years, which is conditional on results. This will be reflected in DFID spend over the next five years, when GAVI issue requests for funding which are accepted by DFID in demonstrating results based conditions are met.

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