

# **Department for Culture, Media & Sport**

**For the year ended 31 March 2002**

## **Resource Accounts 2001–2002**

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**For the year ended 31 March 2002**

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## Foreword

### Introduction

The Department for Culture, Media and Sport was formed in April 1992 to bring together in one Department all the diverse activities in Government relating to Culture and Heritage matters. Originally called the Department of National Heritage, the Department's name was changed on 14 July 1997 to the Department for Culture, Media and Sport, following the General Election on 1 May 1997.

Although the structures through which policies are delivered have been subject to change since the Department's formation in 1992, it continues to be responsible for the Arts, Sports, Museums & Galleries, Tourism, Media, Broadcasting, Heritage, Libraries, Historic Royal Palaces, the Royal Parks and the National Lottery. Subsequent to the General Election in June 2001, responsibility for liquor licensing, censorship and video classification, gambling, horseracing, street trader licensing, the Golden Jubilee and the Commonwealth Games were transferred to the Department from the Home Office. The consequences of this are described in greater detail later in the Foreword.

### Departmental Aims and Objectives

These are set out in the Department's Public Service Agreement (PSA), agreed in July 2000.

#### Aim

To improve the quality of life for all through cultural and sporting activities, and to strengthen the creative industries.

#### Objectives

The Department, in partnership with others, works to:

- 1) create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad;
- 2) broaden access for this and future generations to a rich and varied cultural and sporting life and to our distinctive built environment;
- 3) raise the standards of cultural education and training;
- 4) ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design;
- 5) maintain public support for the National Lottery and ensure that the objective of the Lottery Fund supports DCMS' and other national priorities; and
- 6) promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and combatting social exclusion.

In carrying out these objectives the Department will seek maximum value for money in using its human and financial resources, through applying the principles of efficiency and effectiveness in its sectors and in encouraging partnership with others.

### Operating and Financial Review 2001/02

#### *Financial review*

The Department underspent its Estimate by £108.6 million in terms of its Total Resources (£6.7 million in 2000-01) but exceeded its Net Cash Requirement by £50.9 million (£30.4 million underspend in 2000-01). This aggregated underspend on Total Resources consisted of an underspend on the Department's Request for Resources (RfR) 1 of £77.3 million and an underspend of around £31.3 million on its Request for Resources (RfR) 2 (BBC) programme expenditure. The RfR 1 underspend itself consisted of an underspend of £93.3 million on DCMS programme costs set against a £16 million overspend on administration costs.

A detailed analysis of the underspend can be found in Note 7 of the accounts, but is caused primarily by underspends on a small number of large projects — some of which were capital projects relating to our sponsored bodies — work on which had either started relatively late in the period or had been delayed until the next financial year.

The underspend on the RfR 2 (BBC) programme was caused by the changes in money due to and from the BBC which is difficult to predict — for example, in 2000-01 the result was a net overspend of £26 million.

The overspend on the Net Cash Requirement was caused by the inclusion of Grant-in-Aid payments (totalling £153,011k) relating to April 2002 which had been authorised and sent to the bank on 27 March 2002. The finance procedures established under cash accounting were changed at the end of 2001-02 to take advantage of the benefits of resource accounting (in which costs are recognised at the point at which they are incurred rather than when cash is paid out) and in the knowledge that under cash management rules the cash would not physically leave the Department's bank account until 2 April 2002, but without considering the effect this would have on the net cash requirement in the accounts. Despite the fact that the Department has not, in reality, exceeded its 2001-02 limits on cash drawdown from the Treasury or cash outflow from the bank, the accounting treatment demands a notional issue of cash to be scored which increases the net cash requirement for the last 2 working days of the financial year. The change in procedure did not result in any change in the Department's working capital position: a reduction in cash has been replaced by an increase in prepayments under the current assets section of the Balance Sheet. The Department closely and successfully controlled its cash during the year, coming third in the Treasury's cash management league table of government departments and earning a reward of £78,000 to be added to the Department's budget in 2002-03. The timing issue results in 13 months' Grant-in-Aid payments being authorised to our sponsored bodies in 2001-02 (the first year the Department has reported to Parliament on a resource basis) instead of 12. Had the procedures not been changed, the Department would have been within its net cash requirement by £102m. The Department is considering how to change the method of paying Grant-in-Aid to its sponsored bodies in 2002-03 to prevent a recurrence of this issue.

During the year, the Department received additional funding of £18 million from the Reserve to provide assistance to tourism in the wake of the foot and mouth disease outbreak. This funding was used to fund marketing campaigns, both in the UK and abroad, to reinforce the message that Britain and its countryside were "open for business". A further £20 million of 'matched funding' was sought from the Reserve towards the end of 2001-02 to augment funding generated by the tourist industry for more marketing campaigns after the terrorist attacks of 11 September. However, revisions to the timetable meant that this claim, which was granted by Treasury, was deferred until 2002-03.

The Department also received funding from the Capital Modernisation Fund (CMF) and the Invest to Save Budget (ISB). In 2001-02 the CMF awarded £60 million for the Spaces for Sport and the Arts programme, £10 million for Listed Places of Worship, £600k for the English Tourism Council's Tourism Destination Services (to improve information services for tourists) and £100k for the British Museum's History Timeline programme to enhance the facilities on its internet site. More detailed information about the Spaces for Sport and Arts and Listed Places of Worship programmes are included in the DCMS's Annual Report, which can be viewed on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

The Invest to Save Budget (ISB) granted £218k for the British Library's 21st Century Citizen programme, which provides an on-line resource for secondary schools to teach the new National Curriculum subject of "Citizenship". The ISB also provided £127k to Sport England as 'seed-corn' funding for a pilot project run by Lancashire Sport and Social Inclusion project. The project is piloting the use of information technology to support key professionals and agencies working with disadvantaged and disadvantaged young people, to break down social exclusion through the medium of sport. The ISB funding will be used to create an on-line site to act as an information resource and improve inter-agency communication.

The overspend on Administration costs was caused by an £18.6 million impairment in the valuation of some of the Royal Parks Agency's (RPA) properties. During the period the RPA carried out a revaluation of a number of its properties as part of a five year rolling programme, but on this occasion using a different valuation methodology. This resulted in a write-down in value of these properties, which the RPA treated as an impairment in its accounts.

*Future financing*

The Department considers that it has sufficient funds to achieve the objectives set in its current Public Services Agreement (PSA), which runs until 2002-03. In the meantime the Department has reviewed its strategic aims for the forthcoming Spending Review period (Spending Review 2002), which starts in 2003-04, and identified four key themes:

- i. children and young people
- ii. building communities
- iii. maximising our economic contribution
- iv. modernising delivery.

These themes are reflected in the Department's new PSA, details of which are available on the DCMS website.

*Investment*

The Departmental Investment Strategy (DIS), published separately as an outcome of the 2000 Spending Review, describes the Department's strategic plans for both new investment and the use of existing assets. The DIS can be viewed on the Department's website. The DIS for Spending Review 2002 is being finalised and will also be published on the DCMS website.

*Operational review*

Progress achieved in the year towards meeting the six PSA objectives is covered in the Department's Annual Report.

In order to communicate to staff and other stakeholders the key priorities and key tasks for the coming year, (2002-03), the Department has for the first time prepared a Departmental business plan. The Plan can also be viewed on the DCMS website. The Department also plans to publish a strategic plan looking forward to the next 3-5 years and beyond and taking into account the outcome of the 2002 Spending Review.

The 18 key strategic risks which Management Board believed could impact on the DCMS's ability to achieve its objectives during 2001-02 are in six categories: information and analysis; high level leadership; obtaining and utilising resources; delivering through others; external factors; and communication. The Board has since reviewed these in the context of the Department's strategic priorities for the 2002 Spending Review period. The Statement of Internal Control provides a fuller description of the Department's risk management framework.

The Department has created a new Performance, Innovation and Delivery Unit (PIDU) tasked with assisting in the delivery of Ministers' strategic priorities, and also created an Analytical Services Division (ASD), with the role of ensuring that the Department's approach to policy-making is soundly based. The roles and work of PIDU and ASD are described more fully in Chapter 2 of the Department's Annual Report 2002.

PIDU is taking forward the recommendations of the Touchstone Project which was undertaken in partnership with Treasury and the Centre for Management and Policy Studies (CMPS). This reviewed both our internal ways of working and relations with our sponsored bodies. Its recommendations point to a significant programme of internal change through a more project orientated culture and organisational structure, and a more strategic, customer-focussed relationship with our sponsored bodies. Implementation of the review recommendations will be a major priority in 2002-03.

**Entities Included Within the Resource Accounts**

These Consolidated Resource Accounts present the results for 2001-02 of:

- The Department for Culture, Media and Sport (DCMS)
- The Royal Parks Agency (RPA)

It excludes the Royal Commission on Historical Manuscripts, which became a Non Departmental Public Body (NDPB) on 1 April 2001, when its name changed to The Historical Manuscripts Commission.

The principal activities undertaken by the bodies in pursuit of the aims and objectives of the Department are summarised below together with details on how to obtain further information on each entity:

<b>Body</b>	<b>Principal Activities</b>
The Department for Culture, Media and Sport (DCMS)	The Department's main activity is to set Government policy on a very wide range of cultural and leisure activities. The Department itself is small, spending only some £57.7 million, (£39.2 million in 2000-01) on its running costs (which also includes the RPA's running costs), and support for seven Advisory NDPBs and Committees, but providing some £1,012 million (£931.3 million in 2000-01) of Grant-in-Aid and other funding for 70 Non-Departmental Public Bodies and other sponsored bodies, which support and implement Government policy in their particular fields.
The Royal Parks Agency (RPA)	Responsible for managing and policing eight Royal Parks — St James's, Green, Hyde, Regent's, Greenwich, Richmond, Bushy and Kensington Gardens and for Brompton Cemetery, Victoria Tower Gardens, and Grosvenor Square Gardens. Additionally it maintains other gardens and greens and polices Abingdon Street Gardens, Hampton Court Park and Hampton Park Green. The Agency's own Annual Report and Accounts for 2001-02 are published separately as a House of Commons Paper and copies are available from the Stationery Office.

### Departmental Report

The Department's Annual Report 2002 covers in detail all the activities of the Department and sets out expenditure plans for 2001-02 to 2003-04. Copies can be obtained from the Stationery Office, or viewed on the Department's Website ([www.culture.gov.uk](http://www.culture.gov.uk)).

### Entities Excluded

The public sector bodies which are outside the Departmental Accounting Boundary for which DCMS has lead policy responsibility are listed below together with their status. These bodies publish their own annual reports and accounts during the year.

#### *Public Corporations*

British Broadcasting Corporation Sianel Pedwar Cymru (SC4)	Channel 4
Radio Authority	Independent Television Commission

#### *Non-Departmental Public Bodies*

### Museums and Galleries

British Museum	National Museums and Galleries on Merseyside	National Portrait Gallery
Natural History Museum	Victoria and Albert Museum	Tate Gallery
Imperial War Museum	National Museum of Science and Industry	Wallace Collection
National Gallery	Museum of Science and Industry in Manchester	Sir John Soane's Museum
National Maritime Museum	Museum of London	Royal Armouries Museum
Geffrye Museum	Horniman Museum and Gardens	

### Libraries

British Library	Re: Source The Council for Museums, Libraries & Archives	Public Lending Right
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Historical Manuscripts Commission

### Arts

Arts Council of England

**Historic Buildings Monuments & Sites**

Royal Household	Commission for Architecture and the Built Environment	Churches Conservation Trust
English Heritage	National Heritage Memorial Fund	Historic Royal Palaces

**Tourism**

British Tourist Authority	English Tourism Council
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**Broadcasting & Media**

Broadcasting Standards Commission	The National Film and Television School	The Film Council
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**Sports**

Football Licensing Authority	UK Sport	Sport England
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**Gambling and National Lottery Licensing**

Gaming Board of Great Britain	Horserace Betting and Levy Board	Horserace Totalisator Board (Tote)
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National Lottery Commission

**Other**

Alcohol Education and Research Council

In addition to these bodies the Department is responsible for the operation of the National Lottery Distribution Fund (NLDF), which is separately accounted for, and also takes responsibility for the Lottery distribution bodies which received £1,842,235k, and paid out £1,709,599k, from the Fund during 2001-02 (received £1,767,688k, and paid out £1,855,091k in 2000-01). The Department also has responsibility for some of the Distributing Bodies that are also NDPBs. The Accounts of the NLDF are published annually and are available from the Stationery Office.

The Department also supports a number of other bodies, which are contained in Note 7 to the Accounts, with advisory bodies, committees, self financed public corporations and lottery funded bodies listed in Note 25.

The Department is responsible for two items of voted expenditure:

Vote 1 Covers the Department's own running costs and the Grant-in-Aid allocated to our sponsored bodies (Request for Resources 1).

Vote 2 Covers the funds allocated to the BBC from the licence fee receipts collected by the TV Licensing Authority (Request for Resources 2).

**Ministers**

The Ministers who had responsibility for the Department in the period prior to the June 2001 General Election were:

Chris Smith	Secretary of State
Lord McIntosh of Haringey	Spokesman in the House of Lords
Alan Howarth	Parliamentary Under Secretary
Janet Anderson	Parliamentary Under Secretary
Kate Hoey	Parliamentary Under Secretary

Subsequent to the General Election there was a complete change in the Ministerial Team within the Department:

*Secretary of State:*

Rt Hon Tessa Jowell MP — Appointed 8 June 2001

*Minister of State (and Minister for the Arts):*

Rt Hon Baroness Blackstone — appointed 11 June 2001

*Minister of State (and Minister for Sport):*

Rt Hon Richard Caborn MP — appointed 11 June 2001

*Parliamentary Under Secretary of State (and Minister for Tourism, Film and Broadcasting):*

Dr Kim Howells MP — appointed 11 June 2001



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

The Permanent Secretary and members of the Management Board during 2001-02 were:

Robin Young	Permanent Secretary, until 1 June 2001
Sue Street	Permanent Secretary, as from 2 December 2001
Paul Bolt	Director of Strategy and Communications, until July 2001
Philippa Drew	Director of Education, Training, Arts and Sports
Nicholas Kroll	Director of Corporate Services Group
Brian Leonard	Director of Regions, Tourism, Millennium and International
Andrew Ramsay	Director of Creative Industries, Media and Broadcasting
Alex Stewart	Director of Museums, Galleries, Libraries and Heritage

The Permanent Secretary, Robin Young, left the Department on 1 June 2001 and was replaced temporarily by a member of the Management Board, Nicholas Kroll, until the appointment of Sue Street as Permanent Secretary on 2 December 2001. Paul Bolt left the Department in July 2001 under a secondment to take up the post of Director of the Broadcasting Standards Commission. The post of Director of Communications remained vacant for the remainder of the period. The post was eventually filled in April 2002 by Siobhan Kenny.

During the period, the Management Board included two Non-Executive members, Miranda Kavanagh and Sonita Alleyne. Miranda Kavanagh chaired the Audit Committee.

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

The permanent head of the Department and members of the Management Board are appointed in line with section 5.1 of the Civil Service Management Code. These staff have individual contracts of employment which specify the length of the appointment (if appropriate) and termination procedures.

**Ministers and Board Members Remuneration**

The details of Ministers and Board Members remuneration are set out in Note 2 on page 23. Board Members remuneration falls under the Senior Civil Service pay bands. The Non-Executive Board Members were not remunerated.

**Machinery of Government Changes following the June 2001 General Election**

As mentioned in the Introduction, following the June 2001 General Election, the Department assumed responsibility for liquor licensing, censorship and video classification, gambling, horseracing, street trader licensing and the Golden Jubilee from the Home Office, and the Commonwealth Games from the Cabinet Office. With this came sponsorship responsibility for the Gaming Board for Great Britain, Horserace Betting Levy Board, the Alcohol Education and Research Council and the Horserace Totalisator Board (the Tote).

**Pension Liabilities**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The Department, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole. New Civil Service pension arrangements are being introduced from 1 October 2002.

**Investors in People**

On 27 October 1999 the Department achieved accreditation to the Investors in People award and, after a thorough Strategic Review by an IIP Assessor in July 2002, has since retained the standard.

**Employment of Disabled Persons**

The Department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms have also been made available in alternative formats i.e., large print and audio tape.

We have tried to make all the Department's buildings accessible to people with disabilities and a full disability access audit has been carried out to review this. The report concluded that DCMS does comply with the regulations under the Disability Discrimination Act 1995.

**Equal Opportunities Policy**

The Department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step will be taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. We will actively pursue arrangements for flexible working patterns and are committed to creating a culture where individual differences are valued and respected. The Department will not tolerate any form of discrimination, harassment or victimisation. We are committed to providing a working environment where no one is disadvantaged.

The Department has a programme of equal opportunities awareness training for all staff, which includes a session on the disability legislation.

**Policy on Payment of Suppliers**

The Department has signed up to the Better Payment Practice Code, and is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). Performance during the 2001-02 financial year showed that 99.1 % were paid within contract terms or 30 days (99.0% in 2000-01).

**Introduction of the Euro**

In order to be ready for the possibility of a UK decision to join the single currency, the Department has produced an outline changeover plan, which sets out an initial view of the likely effect on the introduction of the Euro on the Department and its Sponsored Bodies. During the year the Department prepared an internal conversion strategy using a planning tool developed by the Public Sector Conversion Working Group which focuses on the conversion of internal systems, taking account of external services and linkages.

**Auditor**

The Comptroller and Auditor General has been appointed by Treasury under the Government Resources and Accounts Act 2000 to be the Auditor for the Department, and all bodies within the Accounting Boundary.

**Post Balance Sheet Events**

Since 31 March, court judgments have been made in respect of two cases. The first was a judgment in favour of the Department against the Peakviewing Group. The Group produced advertising films for the leisure industry and sought to certify these adverts as 'British films'. The Department refused to certify these 'films' because it considered many of the costs stated on the Group's applications were not bona fide. The Group challenged this decision in Court, but the Court upheld the Department's decision. The second case involved a judgment by the European Court of Human Rights (ECHR), and was inherited by the DCMS from the Home Office when DCMS took over responsibility for the licencing of gambling. The Court found in favour of Mr Kingsley, a casino owner, for damages relating to the violation of Article 6 §1 of the European Convention of Human Rights (the right to a fair hearing before an independent tribunal) after Mr Kingsley's licence to run a casino was revoked by the Gaming Board for Great Britain. The Gaming Board's decision had been upheld by the High Court prior to Mr Kingsley's appeal to the ECHR. The judgment resulted in an award for costs of £75,000 plus VAT to Mr Kingsley.

Signed and Approved

*Sue Street*

Accounting Officer for the Department for Culture, Media & Sport

30 October 2002

## Statement of Accounting Officer's Responsibilities

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

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

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

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

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

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

## Statement on the System of Internal Control

As Principal Accounting Officer for the Department, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*. I have designated the Chief Executive of the Royal Parks Agency as Accounting Officer for the Agency. He is responsible for signing the Agency's own Annual Accounts, which are consolidated in the Department's Resource Account, and the associated Statement of Internal Control. I have also designated the Chief Executives of the NDPBs sponsored by the Department as NDPB Accounting Officers. As Departmental Accounting Officer I have responsibility for ensuring that NDPBs' controls comply with the requirement for propriety and good financial management; conditions attached to grant in aid conform to the terms of the Resource Estimate and that there is an adequate statement of the financial relationship between the Department and each NDPB which is regularly reviewed. NDPB Accounting Officers are responsible for signing the Statement of Internal Control in the NDPBs' Annual Accounts, which are subject to review by the Department.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them. I expect to put the procedures in place during 2002-03 necessary to implement Treasury guidance. This takes account of the time needed to fully embed the processes which the Department has agreed should be established and to improve their robustness.

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. So far the Department has:

- a Management Board which meets fortnightly to consider management and strategic issues (the Board comprises the senior members of the Department and two non-executive Directors – one non-Executive Directorship currently vacant). The Board regularly reviews the Department's priorities and the arrangements for their delivery, and establishes the strategic framework within which detailed business planning takes place;
- established three Management Board sub-committees: the Audit Committee, Finance and Planning Committee and Personnel and Central Services Committee;
- defined the respective roles of the Audit Committee and the Finance and Planning Committee in the risk management process. The Audit Committee is responsible for advising the Accounting Officer on adequacy of risk management and internal control arrangements in the organisation and on the implications of assurances in respect of risk and control. The Committee's role supports the annual Statement of Internal Control. The Finance and Planning Committee is responsible for developing the system and examining and challenging the outputs (risk registers) from the risk management process in the context of the business planning and resource allocation cycle to ensure that risk management supports the achievement of departmental objectives and that risks are subject to regular review;
- held a strategic risk workshop attended by Heads of Divisions in April 2000 to identify the risk to the achievement of Departmental objectives. As a result of the workshop, and following a detailed prioritisation exercise, 18 key strategic risks were identified which were endorsed by the Management Board in May 2000. The Management Board currently has collective ownership of these risks;
- developed a risk management policy which defines what is meant by risk and risk management, outlines the key principles underpinning the Department's approach to risk management and what is at stake, the risk management process and the roles and responsibilities of staff. This has been issued to all staff and is published on the Department's intranet;

- introduced, in 2001-02, the requirement for Divisions to prepare risk registers as part of the business planning cycle and we have built on this in 2002-03. As part of this process, facilitated Divisional risk management workshops have been held to identify and evaluate the risks to be managed and the necessary controls. These are subject to regular review at team and divisional meetings and as part of the business planning review process. Further assurance on the effectiveness of the risk management process is provided in the annual Stewardship report for 2001-02. Divisional Heads have been required to report on the work they have done to keep risk and control procedures up to date and appropriate to the circumstances within their area of responsibility;
- established project risk registers for the major projects the Department is associated with (eg National Stadium, Commonwealth Games and Golden Jubilee) and regular progress reports on these projects. The Department has established a strong strategic relationship with the Office of Government Commerce and is working to ensure that the OGC Gateway Review process becomes an established part of DCMS project approval procedures. The National Stadium and Commonwealth Games have both been subject to Gateway Reviews (from Gate 4). OGC are also working with the Department to prepare a package of project working training for all staff, including Senior Responsible Officer training for the top team and other senior managers;
- established regular Health and Safety Audits conducted jointly with the TUS H&S representative with reports back to the Departmental H&S Officer who in turn makes an annual report to the Management Board. This includes formal fire safety risk assessments;
- established a process for gaining assurance, through the submission of a Certificate of Assurance from each Division leading to a consolidated Certificate, that the Department meets at least the baseline measures of protection in respect of physical, document, personnel and IT security;
- revised our information security policy and procedures to align them with BS7799 and implemented a regular programme of independent external reviews to ensure that information security and related risk management is effective and consistent with BS 7799.

In addition, in the coming year the Department plans to:

- introduce formal reports from the Audit Committee to the Accounting Officer on their review of the risk management framework, as part of the annual assurance process;
- hold a Strategic Risk Management Workshop for the Management Board (action now been taken) which will provide the opportunity to review whether ownership of the Department's complex and overarching key strategic risks should continue on a collective basis or be allocated to individual board members;
- further develop the risk management arrangements, including revisions to the risk monitoring and reporting processes, within the 2002-03 business planning round;
- implement changes to the Stewardship Reporting process to obtain further assurance that the internal control procedures were complied with during the year;
- implement new framework documents for our NDPBs (incorporating a Management Statement and Financial Memorandum). In addition, to provide an improved assurance framework, our bodies will be required to insert an explicit statement within their SIC that the system of internal control ensures compliance with current control documents, and then with the MS/FM when in force.
- arrange for reports, including the SIC, from the Chief Executive of the Royal Parks Agency on risk management and internal control activities;
- produce a modular guide to key areas of corporate governance, including BS 7799, Freedom of Information, Regulation of Investigatory Powers Act and Business Continuity, which will be issued to Departmental managers and made available to our sponsored bodies.

The Department has an Internal Audit Unit, which operates to the Government Internal Audit Standards. They submit regular reports which include the HIA's independent opinion on the adequacy and effectiveness of the Department's arrangements for risk management, control and governance together with recommendations for improvement. However, resource and other difficulties during the year resulted in a fall in output below the minimum necessary to provide a soundly based opinion on the Department's risk management, control and governance arrangements. New procedures are being introduced and the Unit is undertaking a recruitment exercise for permanent staff.

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 external auditors in their management letter and other reports.

Signed by

30 October 2002

*Sue Street*  
Accounting Officer

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

I certify that I have audited the financial statements on pages 14 to 42 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 20 to 22.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 8, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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

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

I review whether the statement on pages 9 to 11 reflects the Department's compliance with Treasury's guidance "Corporate Governance: Statement on Internal Control." I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

### Basis of audit opinion

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

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

### Qualified opinion arising from expenditure of amounts authorised

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department for Culture, Media and Sport at 31 March 2002 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- Except for cash expenditure of £50,921,641.90 in excess of the amount authorised for Request of Resource 1, referred to in paragraphs 1 to 2 of my report, 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.

My report on these financial statements is at page 13.

*John Bourn*  
Comptroller and Auditor General

31 October 2002

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

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

### Department for Culture Media and Sport Accounts 2001–02

1. Although reported expenditure in the accounts was within approved resource limits, the account shows a net cash outturn of £3,393,252,641.90 which is £50,921,641.90 (1.5%) in excess of the net cash requirement limit set for the Department of £3,342,331,000.
2. As explained on page 2 of the Foreword to the accounts, the Department initiated and authorised payment, on 27 March 2002, of £153,011,000 expenditure which related to funding of grant-in-aid sponsored bodies in respect of financial year 2002-03. Since these payments were correctly treated as prepayments in the accounts, they had no impact on the resource out-turn. Furthermore, these payments were not deducted from the Department's bank account until April 2002 and therefore, although a technical overdraft was incurred, the bank account was not actually overdrawn as at 31 March 2002.
3. However, under resource accounting practices, the Department is required to calculate its cash balances net of payments which have been initiated rather than when the payments are charged to the bank account. Whilst the Department's monitoring procedures ensured that the resource out-turn remained within the resource budget, they overlooked the impact on the net cash requirement limit.
4. The Department proposes to avoid similar problems in future by revising their monitoring procedures to consider the impact of payment authorisations on the net cash requirement.
5. It is proposed to ask Parliament to provide for the excess by voting a further cash supply grant of £50,921,641.90.

*John Bourn*  
Comptroller and Auditor General

31 October 2002

157-197 Buckingham Palace Road  
Victoria  
London  
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## Schedule 1

Summary of Resources Outturn 2001–02  
for the year ended 31 March 2002

	2001–02 Estimate				2001–02 Outturn		Net total outturn compared with Estimate saving/ (excess) 7	2000–01 Outturn
	Gross expenditure 1	A in A 2	Net Total 3	Gross expenditure 4	A in A 5	Net Total 6		
Note	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1 DCMS Administration and Programme</b>	1,160,326	(19,472)	1,140,854	1,083,027	(19,472)	1,063,555	77,299	981,724
<b>Request for Resources 2 BBC</b>	2,202,730	—	2,202,730	2,171,382	—	2,171,382	31,348	2,086,326
<b>Total Resources<sup>1</sup></b>	3,363,056	(19,472)	3,343,584	3,254,409	(19,472)	3,234,937	108,647	3,068,050
<b>Non-Operating-Cost A In A</b>	—	—	(90)	—	—	—	(90)	(8,461)
<b>Net Cash Requirement</b>	—	—	<b>3,342,331</b>	—	—	<b>3,393,255</b>	<b>(50,924)</b>	<b>3,029,198</b>

## Reconciliation of Resources to Cash Requirement

	Note	£000	£000	£000	£000	
<b>Net Total Resources</b>	6	<b>3,343,584</b>		<b>3,234,937</b>	<b>108,647</b>	<b>3,068,050</b>
<b>Capital:</b>						
Purchase of fixed assets	9 & 10	5,508		1,201	4,307	489
New Loans		—		—	—	—
(Loss)/Profit on disposal of fixed assets	3	—		(36)	36	(90)
<b>Non-Operating-Cost A in A</b>		(90)		(90)	—	(8,461)
<b>Accrual adjustments</b>						
Non-cash items	3 & 4	(6,675)		(24,833)	18,158	(5,024)
Changes in working capital other than cash	12	—		26,724	(26,724)	(32,424)
Grant-in-aid prepayments	12	—		153,011	(153,011)	—
Changes in monies due for BBC	14	—		2,341	(2,341)	6,658
Use of provision	17	4		—	4	—
Early retirement costs		—		—	—	—
<b>Excess cash receipts to be surrendered to the Consolidated Fund</b>		—		—	—	—
<b>Net Cash Requirement (Schedule 4)</b>		<b>3,342,331</b>		<b>3,393,255</b>	<b>(50,924)</b>	<b>3,029,198</b>

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

Note 7 provides an analysis of the favourable variance of £108,647k.

<sup>1</sup> For an analysis of outturn expenditure and appropriation-in-aid, see Schedule 2 and Notes 3, 4, 5 and 7 to these accounts.

**Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement)**

The adverse variance of £50,924k is due to the inclusion of Grant-in-Aid payments relating to April 2002 which had been authorised and sent to the bank on 27 March 2002. The finance procedures established under cash accounting were changed at the end of 2001-02 to take advantage of the benefits of resource accounting (in which costs are recognised at the point at which they are incurred rather than when cash is paid out) and in the knowledge that under cash management rules the cash would not physically leave the Department’s bank account until 2 April 2002, but without considering the effect this would have on the net cash requirement in the accounts. Despite the fact that the Department has not, in reality, exceeded its 2001-02 limits on cash drawdown from the Treasury or cash outflow from the bank, the accounting treatment demands a notional issue of cash to be scored which increases the net cash requirement for the last 2 working days of the financial year. The change in procedure did not result in any change in the Department’s working capital position: a reduction in cash has been replaced by an increase in prepayments under the current assets section of the Balance Sheet. The Department closely and successfully controlled its cash during the year, coming third in the Treasury’s cash management league table of government departments and earning a reward of £78,000 to be added to the Department’s budget in 2002-03. The timing issue results in 13 months’ Grant-in-Aid payments being authorised to our sponsored bodies in 2001-02 (the first year the Department has reported to Parliament on a resource basis) instead of 12. Had the procedures not been changed, the Department would have been within its net cash requirement by £102m, which was largely due to:

- (i) Changes in Working Capital, which are mainly due to the movements in the year end balance due to/from the BBC, which is difficult to predict;
- (ii) Change in Monies due to the BBC, which is difficult to predict.
- (iii) The fact that the Department has been funding itself from CFER income received in the period but not yet surrendered to the Consolidated Fund.
- (iv) Underspends on a small number of individual programmes, as shown in Note 7 to the accounts.

**Analysis of income payable to the Consolidated Fund**

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

	Note	2001–02 Forecast		2001–02 Outturn	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income not classified as A in A Request for Resources 1	5	—	—	1,831	1,831
Operating income not classified as A in A Request for Resources 2	5	2,170,722	2,170,722	2,171,515	2,173,856
Non-Operating income not classified as A in A		90	90	0	0
Excess Appropriations-in-Aid to be surrendered to the Consolidated Fund		—	—	286	—

**Actual Outturn – resources**

Request for Resources 1: Actual amount net resources outturn £1,063,554,164.57. Actual amount of savings in resources over Estimate £77,299,835.43.

Request for Resources 2: Actual amount net resources outturn £2,171,382,250.00. Actual amount of savings in resources over Estimate £31,347,750.00.

**Actual Outturn – cash**

Net cash requirement: Outturn net requirement £3,393,252,641.90 which is £50,921,641.90 more than Estimate. The difference between the actual amount and the figures above in Schedule 1 are the result of roundings in the Schedule.

The actual receipts were £2,175,687,429.33.

## Schedule 2

## Operating Cost Statement for the Year Ended 31 March 2002

	Note	2001–02		2000–01	
		£000	£000	£000	£000
<b>Administration costs</b>					
Staff costs	2		17,889		20,972
Other administration costs	3		40,058		18,468
<b>Gross administration costs</b>	7		<b>57,947</b>		<b>39,440</b>
Operating income	5		(238)		(278)
<b>Net administration costs</b>			<b>57,709</b>		<b>39,162</b>
<b>Programme costs</b>					
<b>Request for Resources 1</b>					
Expenditure	7	1,025,080		952,385	
Less: income	5	(12,979)	1,012,101	(20,885)	931,500
<b>Request for Resources 2</b>					
Expenditure	7	2,171,382		2,086,326	
Less: income	5	(2,171,515)	(133)	(2,086,475)	(149)
<b>Net Programme Costs</b>	4		<b>1,011,968</b>		<b>931,351</b>
<b>Net Operating Costs</b>	6&7		<b>1,069,677</b>		<b>970,513</b>
<b>Net Resource Outturn</b>	6&7		<b>3,234,937</b>		<b>3,068,050</b>

All income and expenditure are derived from continuing operations.

## Statement of Recognised Gains and Losses for year ended 31 March 2002

	2001–02	2000–01
	£000	£000
Net gain on revaluation of Tangible Fixed Assets	17,727	8,096

The income relating to the Request for Resources 2 (Home Broadcasting) is higher than the amount paid over to the BBC due to the expenses incurred by the Department (charged to Request for Resources 1) in administering the Licence fee.

Staff costs have fallen in 2001/02 relative to 2000/01 because staff costs relating to the Royal Parks Constabulary were re-classified as Request for Resources 1 programme expenditure. In 2001/02 these costs amounted to £5,527k.

## Schedule 3

## Balance Sheet as at 31 March 2002

	Note	2001–02		2000–01	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible Assets	9	65		292	
Tangible assets	10	55,921		59,055	
			55,986		59,347
<b>Current assets</b>					
Stocks	13	50		75	
Debtors	14	176,600		19,844	
Cash at bank and in hand	15	(140,984)		11,741	
		35,666		31,660	
<b>Creditors due within one year</b>	16	(29,477)		(64,508)	
<b>Net Current (Liabilities)/Assets</b>			6,189		(32,848)
<b>Total assets less current liabilities</b>			62,175		26,499
<b>Provision for liabilities and charges</b>	17		(9)		(14)
			<b>62,166</b>		<b>26,485</b>
<b>Taxpayers' Equity</b>					
General Fund	23		36,264		(1,064)
Revaluation Reserve	18		25,387		27,024
Donated Asset Reserve	19		515		525
			<b>62,166</b>		<b>26,485</b>

Signed and Approved

*Sue Street*

Accounting Officer for the Department for Culture, Media &amp; Sport

30 October 2002

## Schedule 4

## Cash Flow Statement for Year Ended 31 March 2002

	2001–02	2000–01
Note	£000	£000
<b>Net cash outflow from operating activities</b>	(1,224,543)	(932,975)
<b>Capital expenditure and financial investment</b>	(1,201)	(489)
<b>Receipts due to the Consolidated Fund which are outside the scope of the Department's activities</b>	—	8,461
<b>Payments of amounts due to the Consolidated Fund</b>	(2,182,056)	(2,158,555)
<b>Financing</b>	3,255,075	3,025,585
<b>Increase/(Decrease) in cash in the period</b>	15 <b>(152,725)</b>	<b>(57,973)</b>
<b>Reconciliation of operating cost to operating cash flows</b>		
Net operating cost	1,069,677	970,513
Adjustments for non-cash transactions	3&4 (24,833)	(5,024)
Adjustments for movements in working capital other than cash (excluding pre-payment of Grant-in-Aid)	12 26,724	(32,424)
Adjustments for pre-payment of Grant-in-Aid	12 153,011	—
(Loss)/Profit on Disposal of Fixed Assets	(36)	(90)
Early Retirement Costs	—	—
<b>Net cash flow from operating activities</b>	<b>1,224,543</b>	<b>932,975</b>
<b>Analysis of capital expenditure and financial investment</b>		
Intangible fixed-asset additions	9 74	353
Tangible fixed-asset additions	10 1,145	5,054
Proceeds of disposal of fixed assets	8 (18)	(4,918)
<b>Net cash outflow from investing activities</b>	8 <b>1,201</b>	<b>489</b>
<b>Analysis of financing and reconciliation to the net cash requirement</b>		
From Consolidated Fund (Supply) - current year	3,250,483	3,025,585
<b>Transfer of functions from Home Office and Cabinet Office</b>	4,592	—
<b>Net financing</b>	3,255,075	3,025,585
<b>(Increase)/Decrease in cash</b>	152,725	57,973
<b>Net cash flows other than financing</b>	<b>3,407,800</b>	<b>3,083,558</b>
<b>Adjustment for payments and receipts not related to supply</b>		
Amounts due to the Consolidated Fund - received in a prior year and paid over	(12,900)	(67,260)
Amounts due to the Consolidated Fund - received and not paid over	6,531	12,900
Transfer of functions from Home Office and Cabinet Office	(8,176)	—
<b>Net cash requirement (Schedule 1)</b>	<b>3,393,255</b>	<b>3,029,198</b>

## Schedule 5

## Resources by Departmental Aims and Objectives

	2001-02		Net	2000-01		Net
	Gross	Income		Gross	Income	
	£000	£000	£000	£000	£000	£000
Objective 1	148,847	(2,093)	146,754	133,629	(2,873)	130,756
Objective 2	517,657	(6,737)	510,920	470,671	(8,351)	462,320
Objective 3	149,658	(315)	149,343	131,836	(2,319)	129,517
Objective 4	142,521	(289)	142,232	143,022	(2,337)	140,685
Objective 5	6,450	(3,556)	2,894	7,314	(5,241)	2,073
Objective 6	117,894	(227)	117,667	105,353	(42)	105,311
BBC	2,171,382	(2,171,515)	(133)	2,086,326	(2,086,475)	(149)
<b>Net Operating Costs</b>	<b>3,254,409</b>	<b>(2,184,732)</b>	<b>1,069,677</b>	<b>3,078,151</b>	<b>(2,107,638)</b>	<b>970,513</b>

Figures for the BBC grant and associated licence fee income from Request for Resources 2 are shown separately because of their materiality. They relate to the Department's Objective 2.

DCMS Objectives are as follows: —

- Objective 1** create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad;
- Objective 2** broaden access for this and future generations to a rich and varied cultural and sporting life, and to our distinctive built environment;
- Objective 3** raise the standards of cultural education and training;
- Objective 4** ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design;
- Objective 5** maintain public support for the National Lottery and ensure that the objective of the Lottery Fund supports DCMS' and other national priorities; and
- Objective 6** promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and combatting social exclusion.

## Notes to Departmental Resource Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the *Resource Accounting Manual* issued by HM Treasury. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the Department by reference to their current costs.

#### 1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its Agency - the Royal Parks Agency, and advisory NDPBs. The following advisory bodies are included by way of accounting for funds paid through grant expenses: Regional Cultural Consortia; Advisory Committee on Historic Wreck Sites; Treasure Trove Reviewing Committee/Treasure Trove Valuation Committee; Advisory Committee on the Government Art Collection; Reviewing Committee on the Export of Works of Art; Advisory Committee for the Public Lending Right; and Advisory Council on Libraries.

#### 1.3 Intangible Fixed Assets

These relate to licences to use software that have been developed by third parties, and are valued at cost.

#### 1.4 Tangible Fixed Assets

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

- i. Property on the Departmental estate;
- ii. Property held by the Department of Transport, Local Government and the Regions in the name of the Secretary of State.

For DCMS as an entity, freehold land has been subject to professional revaluation as at 31st March 2002, in accordance with the *Resource Accounting Manual*. Buildings, equipment, fixtures and fittings have not been restated using appropriate indices, as for 2000-01 the modified historic costs are not materially different to the historic costs, therefore the historic costs have been shown in the Balance Sheet. In the case of computers, however, there was a significant difference in value between the modified historical cost and the historical cost when the indices were applied. As a result, these assets were written down to their modified historical cost value, with the fall in value treated as an impairment and charged to the Operating Cost Statement. RPA properties were revalued during 2001/02 as part of a five year rolling programme, using a methodology in line with the *Resource Accounting Manual*. This revaluation resulted in a significant reduction in the value of the buildings concerned. This reduction was treated as an impairment. Other RPA assets have been restated using suitable indices. The minimum level for capitalisation of a tangible fixed asset is £2,000, which was agreed with NAO and Treasury effective from 1 April 1998.

The Department and RPA have a number of non-operational heritage assets held for their historic and cultural association alone. In accordance with the *Resource Accounting Manual* these non-operational Heritage Assets have been valued at NIL.

There has been a change in accounting policy relating to the Government Art Collection, in accordance with the *Resource Accounting Manual*, which requires that additions to collections from 1 April 2000 are recognised in the Balance Sheet. The purchase price will normally provide a reliable basis for valuation.

#### 1.5 Depreciation

Freehold land, and Collections are not depreciated.

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

Asset lives are in the following ranges:

Buildings	up to 75 years
Leasehold Improvements	the term of the lease
Plant	3 Years
Equipment & Computers	3-10 years
Fixtures and Fittings	3-20 years
Intangible Assets	1 year

### 1.6 Research

Expenditure on research is treated as an operating cost in the year in which it is incurred.

### 1.7 Operating Income

Operating income comprises fees and charges for services provided to external customers and public sector repayment work. It includes both operating income appropriated-in-aid of the Vote and income to the Consolidated Fund authorised by HM Treasury to be treated as operating income.

### 1.8 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department as defined under the Administration Cost Control Regime, together with associated operating income.

Programme cost reflect non-administration costs, including payments of grants and other disbursements by the Department.

### 1.9 Grants Payable

Government Grant-in-Aid paid or payable is recorded as expenditure on an annual basis in relation to the grant drawn down by the grantee from DCMS.

Government Grants paid or payable are recorded as expenditure on an annual basis in relation to the grant payable to the grantee from DCMS.

### 1.10 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the government's standard rate of 6 per cent in real terms on all assets less liabilities, except for donated assets, additions to Collections, cash balances with OPG and the amount due to the Consolidated Fund, where the charge is nil.

### 1.11 Foreign Exchange

Revenue and expenditure incurred in foreign currencies which are not covered by a forward contract are translated at the rate of exchange ruling on the date of the transaction.

### 1.12 Taxation

VAT is accounted for in accordance with SSAP 5.

### 1.13 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a Defined Benefit Scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. There is a separate scheme statement for the PCSPS as a whole.



**1.14 Early Departure Costs**

The Department is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

**1.15 Operating Leases**

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

**2. Staff Number and Costs**

a) Staff costs consist of:

	<u>2001–02</u>				<u>2000–01</u>
	Total	Officials	Ministers	Special Advisers	Total
	£000	£000	£000	£000	£000
Wages and Salaries	14,068	13,667	230	171	17,284
Social Security Costs	1,389	1,353	20	16	1,322
Other pension costs	2,432	2,423	—	9	2,366
<b>Total</b>	<b>17,889</b>	<b>17,443</b>	<b>250</b>	<b>196</b>	<b>20,972</b>

For 2001–02 contributions of £2,335,936 (£2,230,219 in 2000–01) were paid to the PCSPS at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range of 12-18.5% (11-18.5% in 2000–01) of pensionable pay. There is an additional £79,625 (£136k in 2000–01) of Early Retirement costs included within Other Pension Costs.

The fall in total staff costs between the two years is explained by the re-classification of Royal Parks Constabulary staff cost as programme expenditure. In 2001/02 these amounted to £5,527k, (analysed as £5,511k for RPC staff salaries and £16k for RPC early retirement costs).

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

	<u>2001-02</u>	<u>2000-01</u>
Objective 1	57	51
Objective 2	422	411
Objective 3	58	51
Objective 4	55	55
Objective 5	23	20
Objective 6	45	40
<b>Total</b>	<b>660</b>	<b>628</b>

The numbers include 146 staff employed by the Royal Parks Constabulary.

c) The salary and pension entitlements of the most senior managers of the Department were as follows:

Name and Title	Age	Salary (as defined below)		Real increase in pension at age 60		Total accrued pension at age 60 at 31 March 2002	
		2001–02	2000–01	2001–02	2000–01	2001–02	2000–01
		£000	£000	£000	£000	£000	£000
Robin Young <i>Permanent Secretary</i> (until 1 June)	53	25–30	115–120	0–2.5	5–10	45–50	40–45
Sue Street <i>Permanent Secretary</i> (from 2 December)	52	25–30	—	0–2.5	—	25–30	—
Paul Bolt <i>Director</i>	48	25–30	65–70	0–2.5	0–2.5	20–25	20–25
Philippa Drew <i>Director</i>	55	85–90	80–85	0–2.5	0–2.5	35–40	30–35
Nicholas Kroll <i>Director</i>	47	90–95	70–75	5–7.5	0–2.5	25–30	15–20
Brian Leonard <i>Director</i>	54	75–80	70–75	0–2.5	0–2.5	25–30	20–25
Andrew Ramsay <i>Director</i>	50	85–90	80–85	0–2.5	0–2.5	30–35	25–30
Alex Stewart <i>Director</i>	48	70–75	70–75	0–2.5	0–2.5	20–25	20–25

Pensions benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a “final Salary” basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years’ pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pensions increase in payment, in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member’s pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Salaries include gross salaries, reserved rights to London Weighting or London allowances, recruitment and retention allowances. Bonuses paid in respect of the year are also included.

None of the above senior managers received benefits in kind.

The information above relates to the Permanent Secretary and Directors of the Department. Equivalent information relating to the RPA, consolidated into the Department’s resource account, is given in its separate accounts.

d) The remuneration of Ministers (from the DCMS Vote, but excluding pension costs) was as follows:

	Age	Ministerial Salary received at 31 March 2002	Real increase in pension at age 65	Total accrued pension at age 65 at 31 March 2002
		£000	£000	£000
Rt Hon Tessa Jowell MP <i>Secretary of State</i> (from 8 June 2001)	54	55–60	0–2.5	0–5
Rt Hon Dr Kim Howells MP <i>Parliamentary Under Secretary of State</i> (from 11 June 2001)	55	20–25	0–2.5	0–5
Rt Hon Baroness Blackstone <i>Minister of State</i> (from 11 June 2001)	59	55–60	0–2.5	5–10
Rt Hon Richard Caborn MP <i>Minister of State</i> (from 11 June 2001)	58	25–30	0–2.5	0–5

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

None of the above Ministers received benefits in kind.

### 3. Other Administration Costs

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Rentals under operating leases	4,756	4,090
Non cash items:		
Depreciation & Amortisation	3,294	2,439
Impairment	18,853	—
Auditors remuneration and expenses	91	85
Cost of Capital Charge	2,488	2,424
Early Retirement Costs	12	10
Notional income	(10)	—
Loss on disposal of fixed assets	36	90
Other Expenditure	10,538	9,330
	<b><u>40,058</u></b>	<b><u>18,468</u></b>

### 4. Net programme costs

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Current grants and other current expenditure	3,188,861	3,038,641
Capital grants and other capital expenditure	7,496	4
Non-Cash Items – depreciation	105	66
	<b><u>3,196,462</u></b>	<b><u>3,038,711</u></b>
Less Programme Income (note 5)	(2,184,494)	(2,107,360)
	<b><u>1,011,968</u></b>	<b><u>931,351</u></b>

## 5. Income

	Appropriated in Aid	2001–02 Payable to Consolidated Fund	Total
	£000	£000	£000
<b>Operating Income analysed by classification and activity, is as follows</b>			
<b>RfR1 Administration income:</b>			
EC Refunds	35	—	35
NLDF — recovery of the Department's costs in administering the fund	203	—	203
Amounts Written Back	—	—	—
<b>Total RfR1 Administration Income</b>	<b>238</b>	<b>—</b>	<b>238</b>
<b>RfR1 Programme income:</b>			
NLDF — Reimbursement of the Department's Grant-in-Aid to the National Lottery Commission for regulation on the Lottery	3,355	—	3,355
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	3	—	3
Amounts repayable relating to hotel industry and tourist projects	163	—	163
Rates and utilities rebates relating to site buildings on land to the north of St Pancras	6	—	6
Recovery of Costs relating to ceremonies	—	—	—
Royal Parks Agency: fees and charges for licences, rents, gardening services, sports charges, unclaimed lost property, sponsorship, receipts from concessionaires and for the private use of telephones.	5,069	—	5,069
Payments by the BBC, ITC and Radio Authority to meet costs of the Broadcasting Standards Commission, and fees for self help TV transmission licences.	987	—	987
Receipts from the Gaming Board of Great Britain	1,851	—	1,851
British Library superannuation transfers	—	955	955
Rent from English Heritage for Fortress House	—	862	862
Fees for licences issued by Football Licensing Authority	—	9	9
Miscellaneous	—	5	5
Excess A-in-A	(286)	—	(286)
<b>Total RfR1 Programme Income</b>	<b>11,148</b>	<b>1,831</b>	<b>12,979</b>
RfR2 — BBC Licence fees receivable: Not Appropriated-in-Aid	—	2,171,515	2,171,515
<b>Total Income</b>	<b>11,386</b>	<b>2,173,346</b>	<b>2,184,732</b>

	Appropriated in Aid	2000-01 Payable to Consolidated Fund	Total
	£000	£000	£000
<b>Operating Income analysed by classification and activity, is as follows</b>			
<b>RfR1 Administration income:</b>			
EC Refunds	38	—	38
New Deal Employment Scheme receipts	2	—	2
NLDF — recovery of the Department's costs in administering the fund	238	—	238
Amounts Written Back	—	—	—
<b>Total RfR1 Administration Income</b>	<b>278</b>	<b>—</b>	<b>278</b>
<b>RfR1 Programme income:</b>			
NLDF — Reimbursement of the Department's Grant-in-Aid to the National Lottery Commission for regulation on the Lottery	5,016	—	5,016
Receipts from the National Heritage Lottery Fund to the Royal Commission for Historical Manuscripts for assessment work.	2	—	2
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	4	—	4
Amounts repayable relating to hotel industry and tourist projects	264	—	264
Filming and Broadcasting receipts	14	—	14
Recovery of Costs relating to ceremonies	9	—	9
Royal Parks Agency: fees and charges for licences, rents, gardening services, sports charges, unclaimed lost property, sponsorship, receipts from concessionaires and for the private use of telephones.	4,934	—	4,934
Reimbursement from the Department of Trade and Industry of sector challenge grants	644	—	644
Payments by the BBC, ITC and Radio Authority to meet costs of the Broadcasting Standards Commission, and fees for self help TV transmission licences.	987	—	987
Sale of redundant convalescent home goods — Osborne House	21	—	21
Sale of Southampton Buildings	—	9,878	9,878
Rent from British Museum for 6 Burlington Gardens	—	176	176
Rent from English Heritage for Fortress House	—	863	863
Rent from British Library for 25 Southampton buildings	—	42	42
Recoveries of Arts Pairing Scheme grants	—	46	46
Receipts from fines for illegal trading in Trafalgar Square	—	1	1
Receipts from Royal Commission on Historical Manuscripts	—	1	1
Fees for licences issued by Football Licensing Authority	—	9	9
Miscellaneous	—	46	46
Excess A-in-A	(2,072)	—	(2,072)
<b>Total RfR1 Programme Income</b>	<b>9,823</b>	<b>11,062</b>	<b>20,885</b>
RfR2 — BBC Licence fees receivable: Not Appropriated-in-Aid	—	2,086,475	2,086,475
<b>Total Income</b>	<b>10,101</b>	<b>2,097,537</b>	<b>2,107,638</b>

Total Request for Resources 1 Income of £13,217k (£23,235k in 2000–01) consists of £238k (£278k in 2000–01) of Operating Income and £12,979k (£22,957k in 2000–01) of Programme Income. This income is reduced by the excess appropriation-in-aid, of £286k, (£2,072k in 2000–01).

The BBC income consists of monies not Appropriated-in-Aid of £2,173,856k (£2,093,133k in 2000–01), and the change, compared to last year, of the cash that is in transit of £2,341k (£6,658k in 2000–01).

Operating income not appropriated-in-aid (ie transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see Note 6). In 2001–02, all operating income not classified as A in A was within public expenditure.

Under Section 180 and Schedule 18 of the Broadcasting Act 1990, the BBC is responsible for administering the collection of Television licence fees, including the enforcement of the licensing system.

An estimated £218 million of licence fee revenue (£142 million for 2000–01) remained uncollected because of licence fee evasion in 2001–02, including hidden evasion, eg. the use of a colour television when only a monochrome licence has been purchased. Evasion is calculated by estimating the number of households with a television, and comparing this to the number of licences in force.

This estimate is derived from a new, improved statistical model of evasion, which replaces the model used in previous years. The new model estimates a higher level of evasion, the difference arising mainly from new data on second homes and student accommodation and improved estimates of the number of licences required for business premises and hotels. Under the new model, the estimated cost of evasion in 2000–01 was £232 million, compared with the estimate of £141 million quoted in last year's Appropriation Accounts.

Measures are being taken by the BBC to tackle evasion, so far as it considers them practical and cost effective.

## 6. Reconciliation of Net Operating Cost to Control Total and Net Resource Outturn

	2001–02	2000–01
	£000	£000
<b>Net Operating Cost</b>	<b>1,069,677</b>	<b>970,513</b>
Add: Operating income not classified A-in-A but within public expenditure	2,175,687	2,104,195
	3,245,364	3,074,708
Less: Transfer of Estimate cover in respect of transfer of functions	(8,086)	—
Add: Licence fee monies in transit not yet surrendered	(2,341)	(6,658)
<b>Net Resource Outturn</b>	<b>3,234,937</b>	<b>3,068,050</b>

Net operating cost is the total of expenditure and income appearing in the operating cost statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1).

## 7. Analysis of net resource outturn and net operating cost by function

2001-02

	Admin.	Other	Grants	A-in-A	Net Total	Estimate	Net total outturn compared with estimate
	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1</b>							
<b>A. Museums, Galleries and Libraries</b>							
Government Indemnity Scheme		0			0	150	150
Public Library Volunteering Scheme		268			268	268	0
British Library St Pancras		6		(6)	—	—	0
Other Libraries Support		15			15	115	100
Historical Manuscripts Commission (Receipts)					0	(5)	(5)
<b>B. Arts</b>							
Government Art Collection		243		(3)	240	386	146
Other Arts Support		254			254	311	57
<b>C. Sports</b>							
National Playing Fields Association (Children's Play)		496			496	521	25
Other Sport Support		0			0	54	54
British Chess Federation		50			50	47	(3)
Commonwealth Games		2,476			2,476	4,500	2,024
<b>D. historic Buildings Monuments &amp; Sites</b>							
Public Buildings, Monuments & Statues		1,085			1,085	1,305	220
Ceremonies		210			210	210	0
Chatham Historic Dockyard		300			300	300	0
World Cultural Convention		142			142	130	(12)
Underwater Archeology		258			258	340	82
International Council on Monuments and Sites (ICOMOS)		38			38	38	0
World Heritage Committee		2			2	15	13
Other Heritage Support		25			25	—	(25)
<b>E. The Royal Parks</b>	3,464	21,625		(5,069)	20,020	21,020	1,000
<b>F. Tourism</b>							
Tourism Strategy Fund		72			72	63	(9)
Invest to Save					—	—	—
Sector Challenge					0	—	0
<b>G. Broadcasting &amp; Media</b>							
Sianel Pedwar Cymru (S4C)		76,817			76,817	76,817	0
Broadcasting Standards Commission				(986)	(986)	(985)	1
Grant to BBC for Met Office							
Weather Services		3,082			3,082	3,081	(1)
Sector Challenge Media					0	—	0
Other Film Support		32			32	156	124
Audio Visual Eureka		205			205	393	188
Film Development Loans		0			0	—	0
Independent Television Commission/Self-help TV		1		(1)	0	(2)	(2)

	2001-02						Net total outturn compared with estimate
	Admin.	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>H. Administration &amp; Research</b>							
Central Administration	30,092			(238)	29,854	31,185	1,331
Research and other services		1,349			1,349	2,144	795
<b>I. Gambling and National Lottery Commission</b>							
National Lottery Commission				(3,355)	(3,355)	(4,993)	(1,638)
Gaming Board for Great Britain				(1,851)	(1,851)	(1,265)	586
<b>J. Culture Online</b>		915			915	4,051	3,136
<b>K. The Royal Parks</b>	22,899				22,899	4,739	(18,160)
<b>L. Administration &amp; Research</b>	1,492				1,492	1,847	355
<b>M. Museums, Galleries and Libraries</b>							
British Museum			35,969		35,969	36,069	100
Natural History Museum			32,377		32,377	32,377	0
Imperial War Museum			13,118		13,118	13,118	0
National Gallery			19,949		19,949	19,949	0
National Maritime Museum			12,588		12,588	12,588	0
National Museums and Galleries on Merseyside			15,468		15,468	15,468	0
National Portrait Gallery			5,462		5,462	5,462	0
National Museum of Science and Industry			26,734		26,734	26,700	(34)
National Coal Mining Museum of England			1,332		1,332	1,332	0
Tate Gallery			26,755		26,755	26,755	0
Victoria and Albert Museum			32,337		32,337	32,487	150
Wallace Collection			2,163		2,163	2,163	0
Museum of Science and Industry in Manchester			2,739		2,739	2,739	0
Museum of London			4,951		4,951	4,951	0
Sir John Soane's Museum			699		699	699	0
Horniman Museum			2,974		2,974	3,106	132
Geffrye Museum			1,174		1,174	1,174	0
Royal Armouries			5,945		5,945	5,945	0
Museums Reserve			—		0	1,724	1,724
Tyne & Wear Museums			1,000		1,000	1,000	0
Design Museum			200		200	200	0
British Library			88,617		88,617	94,318	5,701
Public Lending Right			5,214		5,214	5,214	0
Historical Manuscripts Commission			1,212		1,212	1,179	(33)
Re: Source Museums Libraries & Archives Council			12,210		12,210	12,996	786
Designated Museums Challenge Fund			8,465		8,465	9,456	991
Wolfson Public Libraries Scheme			2,580		2,580	3,663	1,083
<b>N. Arts</b>							
Arts Council of England			252,455		252,455	252,455	0
<b>O. Sports</b>							
Football Licensing Authority			941		941	945	4
United Kingdom Sports Council			16,773		16,773	17,600	827
Sport England			43,162		43,162	45,162	2,000



## 2001-02

	Admin.	Other	Grants	A-in-A	Net Total	Estimate	Net total outturn compared with estimate
	£000	£000	£000	£000	£000	£000	£000
<b>P. Historic Buildings, Monuments and Sites</b>							
Royal Household			16,617		16,617	16,602	(15)
English Heritage			110,401		110,401	110,397	(4)
Churches Conservation Trust			3,000		3,000	3,000	0
National Heritage Memorial Fund			5,000		5,000	5,000	0
Commission for Architecture and the Built Environment			1,536		1,536	1,591	55
Historic Royal Palaces			242		242	345	103
Royal Naval College			1,513		1,513	1,500	(13)
<b>Q. Tourism</b>							
British Tourist Authority			49,700		49,700	49,700	0
English Tourist Council			14,591	(163)	14,428	15,000	572
GLA Grant			1,900		1,900	1,900	0
<b>R. Broadcasting and Media</b>							
The Film Council			20,860		20,860	20,860	0
Broadcasting Standards Commission			2,041		2,041	2,041	0
The National Film and Television School			2,550		2,550	2,400	(150)
<b>S. Gambling and National Lottery Commission</b>							
National Lottery Commission			3,333		3,333	4,994	1,661
Gaming Board for Great Britain			3,683		3,683	3,680	(3)
<b>T. Spaces for Sport &amp; Art</b>			579		579	60,000	59,421
<b>U. Listed Places of Worship</b>			1,659		1,659	10,000	8,341
<b>V. Listed Places of Worship</b>		0			—	1,000	1,000
<b>W. Queen's Golden Jubilee</b>		346			346	3,000	2,654
<b>X. Transfer from Home Office</b>				(7,876)	(7,876)	(7,876)	0
<b>Y. Transfer from Cabinet Office</b>				(210)	(210)	(210)	0
Excess A-in-A		—		286	286	—	(286)
<b>Total RfR1</b>	<b>57,947</b>	<b>110,312</b>	<b>914,768</b>	<b>(19,472)</b>	<b>1,063,555</b>	<b>1,140,854</b>	<b>77,299</b>
<b>Request for Resources 2</b>							
<b>A. BBC—Home Broadcasting</b>	—	—	2,171,382	—	2,171,382	2,202,730	31,348
<b>Total RfR2</b>	—	—	<b>2,171,382</b>	—	<b>2,171,382</b>	<b>2,202,730</b>	<b>31,348</b>
<b>Resource outturn</b>	57,947	110,312	3,086,150	(19,472)	3,234,937	3,343,584	108,647
Non A-in-A operating income	—	—	(2,171,515)	(1,831)	(2,173,346)	(2,170,812)	2,534
A-in-A arising from Machinery of Government changes not recognised as income	—	—	—	8,086	8,086	—	—
<b>Net operating cost</b>	<b>57,947</b>	<b>110,312</b>	<b>914,635</b>	<b>(13,217)</b>	<b>1,069,677</b>	<b>1,172,772</b>	<b>111,181</b>

2000-01							Net total outturn compared with estimate
	Admin.	Other Current	Grants	A-in-A	Net Total	Estimate	estimate
	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1</b>							
<b>A. Museums and Galleries</b>							
Government Indemnity Scheme		2			2	150	148
Spoliation Compensation			125		125	—	(125)
<b>B. Libraries</b>							
British Library St Pancras		4			4	—	(4)
Royal Commission on Historical Manuscripts				(2)	(2)	(5)	(3)
Culture-on-Line		635			635	2,340	1,705
<b>C. Arts</b>							
Government Art Collection		292		(4)	288	416	128
Other Arts Support		307			307	553	246
<b>D. Historic Buildings Monuments &amp; Sites</b>							
Public Buildings, Monuments & Statues		1,416		(44)	1,372	1,788	416
Ceremonies		589			589	997	408
Chatham Historic Dockyard		300			300	300	0
World Cultural Convention		138			138	130	(8)
Underwater Archeology		257			257	277	20
International Council on Monuments and Sites (ICOMOS)		16			16	38	22
World Heritage Committee					—	15	15
Other Heritage Support		52			52	37	(15)
<b>E. The Royal Parks</b>	8,343	18,378		(4,934)	21,787	21,409	(378)
<b>F. Tourism</b>							
Tourism Strategy Fund		47			47	96	49
Invest to Save		48			48	50	2
Sector Challenge		2		(2)	—	—	0
<b>G. Broadcasting &amp; Media</b>							
Sianel Pedwar Cymru (S4C)		75,126			75,126	75,127	1
Broadcasting Standards Commission				(986)	(986)	(986)	0
Grant to BBC for Met Office Weather Services		3,006			3,006	3,006	0
Sector Challenge Media		642		(642)	—	210	210
Other Film Support		189			189	155	(34)
Audio Visual Eureka		188			188	393	205
Film Development Loans		(8)			(8)	—	8
Independent Television Commission/Self-help TV		1		(1)	—	—	0
<b>H. Administration &amp; Research</b>							
Central Administration	26,234			(278)	25,956	26,803	847
Research and other services		1,024			1,024	2,575	1,551
<b>I. National Lottery Commission</b>							
National Lottery Commission				(5,016)	(5,016)	(5,016)	0
<b>J. The Royal Parks</b>	4,298				4,298	4,373	75
<b>K. Administration &amp; Research</b>	565				565	2,000	1,435

	2000-01						Net total outturn compared with estimate
	Admin.	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>L. Museums &amp; Galleries</b>							
British Museum			34,939		34,939	34,939	0
Natural History Museum			30,408		30,408	30,408	0
Imperial War Museum			11,743		11,743	11,743	0
National Gallery			19,215		19,215	19,215	0
National Maritime Museum			11,660		11,660	11,660	0
National Museums and Galleries on Merseyside			14,013		14,013	14,013	0
National Portrait Gallery			5,138		5,138	5,138	0
National Museum of Science and Industry			24,347		24,347	24,368	21
National Coal Mining Museum of England			1,152		1,152	1,152	0
Tate Gallery			24,881		24,881	24,881	0
Victoria and Albert Museum			30,449		30,449	30,549	100
Wallace Collection			2,073		2,073	2,073	0
Museum of Science and Industry in Manchester			2,677		2,677	2,677	0
Museum of London			4,480		4,480	4,480	0
Sir John Soane's Museum			593		593	593	0
Horniman Museum			3,327		3,327	3,327	0
Geffrye Museum			1,176		1,176	1,176	0
Royal Armouries			5,227		5,227	5,437	210
Museums Reserve					—	169	169
Tyne & Wear Museums			994		994	994	0
<b>M. Libraries</b>							
British Library			82,266		82,266	90,163	7,897
Public Lending Right			5,137		5,137	5,150	13
Royal Commission on Historical Manuscripts			1,103		1,103	1,120	17
<b>N. Museums Libraries &amp; Archives</b>							
Re: Source Museums Libraries & Archives Council			13,164		13,164	13,520	356
Designated Museums Challenge Fund			3,044		3,044	4,500	1,456
Wolfson Public Libraries Scheme			454		454	2,117	1,663
<b>O. Arts</b>							
Arts Council of England			238,179		238,179	238,179	0
<b>P. Sports</b>							
Football Licensing Authority			940		940	960	20
United Kingdom Sports Council			12,750		12,750	12,750	0
Sport England			38,323		38,323	38,323	0
National Playing Fields Association (Children's Play)			495		495	516	21
Other Sport Support			10		10	10	0
British Chess Federation			53		53	50	(3)

2000-01							Net total outturn compared with estimate
	Admin.	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	£000
<b>Q. Historic Buildings, Monuments and Sites</b>							
Royal Household			16,091		16,091	16,091	0
English Heritage			119,000		119,000	119,000	0
Churches Conservation Trust			2,829		2,829	2,829	0
National Heritage Memorial Fund			3,500		3,500	3,500	0
Commission for Architecture and the Built Environment			1,848		1,848	1,897	49
Historic Royal Palaces			203		203	275	72
Royal Naval College			1,993		1,993	2,000	7
Somerset House			1,500		1,500	1,500	0
<b>R. Tourism</b>							
British Tourist Authority			37,020		37,020	37,000	(20)
English Tourist Council		157	10,068	(264)	9,961	11,068	1,107
<b>S. Broadcasting and Media</b>							
The Film Council			21,760		21,760	21,760	0
Broadcasting Standards Commission			1,901		1,901	1,971	70
The National Film and Television School			2,300		2,300	2,300	0
<b>T. National Lottery Commission</b>							
			5,016		5,016	5,017	1
<b>U. Spaces for Sport &amp; Art</b>							
Excess A-in-A			13	2,072	13	15,000	14,987
					2,072	—	(2,072)
<b>Total RfR1</b>	<b>39,440</b>	<b>102,808</b>	<b>849,577</b>	<b>10,101</b>	<b>981,724</b>	<b>1,014,789</b>	<b>33,065</b>
<b>Request for Resources 2</b>							
<b>A. BBC—Home Broadcasting</b>							
	—	—	2,086,326	—	2,086,326	2,060,000	(26,326)
<b>Total RfR2</b>	<b>—</b>	<b>—</b>	<b>2,086,326</b>	<b>—</b>	<b>2,086,326</b>	<b>2,060,000</b>	<b>(26,326)</b>
<b>Resource outturn</b>	39,440	102,808	2,935,903	(10,101)	3,068,050	3,074,789	6,739
Non A-in-A operating income	—	—	(2,086,475)	(11,062)	(2,097,537)	(2,073,581)	23,956
<b>Net operating cost</b>	<b>39,440</b>	<b>102,808</b>	<b>849,428</b>	<b>(21,163)</b>	<b>970,513</b>	<b>1,001,208</b>	<b>30,695</b>

Programme Vote 1 expenditure of £1,025,080k (£952,385kin 2000-01) comprises the total of Other Current and Grants.

Functions (represented by letters A to Y) represent the disaggregation of requests for resources for control purposes and parliamentary approval. They may not correspond to Departmental objectives, which in turn reflect a disaggregation of Departmental aims for the management of activities. (For analysis of A in A, see Note 5.)

The Resource Estimate groups the following functions:

Functions A to J

— Spending in Departmental Expenditure Limits;

Functions K & L

— Spending in Annually Managed Expenditure (Depreciation and Cost of Capital charge only);

Functions M to U

— Other Spending outside Departmental Expenditure Limits;

Functions V to Y

— Spending in Departmental Expenditure Limits.

**8. Analysis of capital expenditure, financial investment and associated A-in-A**

	<b>2001-02</b>			
	Capital Expenditure	Loans etc	A-in-A	Net Total
	£000	£000	£000	£000
Request for Resources 1	1,219	—	(18)	1,201
<b>Total</b>	<b>1,219</b>	<b>—</b>	<b>(18)</b>	<b>1,201</b>

  

	<b>2000-01</b>			
	Capital Expenditure	Loans etc	A-in-A	Net Total
	£000	£000	£000	£000
Request for Resources 1	5,407	—	(4,918)	489
<b>Total</b>	<b>5,407</b>	<b>—</b>	<b>(4,918)</b>	<b>489</b>

**9. Intangible Fixed Assets**

	Software Licences	Total
	£000	£000
<b>Cost and Valuation at 1 April 2001</b>	614	614
Additions	74	74
Disposals	(7)	(7)
Revaluation	—	—
At 31 March 2002	681	681
<b>Amortisation</b>		
At 1 April 2001	322	322
Charged in year	301	301
Disposals	(7)	(7)
At 31 March 2002	616	616
<b>NBV</b>		
At 31 March 2002	<b>65</b>	<b>65</b>
At 31 March 2001	<b>292</b>	<b>292</b>

## 10. Tangible Fixed Assets

	Land & Buildings	Equipment & Computers	Fixtures & Fittings	Collections	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost and Valuation at 1 April 2001</b>	59,850	3,918	7,703	124	330	71,925
Additions	84	668	237	142	14	1,145
Disposals	—	(552)	(62)	—	—	(614)
Revaluation	3,342	(232)	(57)	—	—	3,053
At 31 March 2002	63,276	3,802	7,821	266	344	75,509
<b>Depreciation</b>						
At 1 April 2001	6,318	1,964	4,589	—	—	12,871
Charged in year	1,797	820	481	—	—	3,098
Disposals	—	(501)	(59)	—	—	(560)
Revaluations	4,216	1	(38)	—	—	4,179
At 31 March 2002	12,331	2,285	4,972	—	—	19,588
<b>NBV</b>						
<b>At 31 March 2002</b>	<b>50,945</b>	<b>1,517</b>	<b>2,849</b>	<b>266</b>	<b>344</b>	<b>55,921</b>
<b>At 31 March 2001</b>	<b>53,532</b>	<b>1,955</b>	<b>3,114</b>	<b>124</b>	<b>330</b>	<b>59,055</b>

The land to the north of the British Library St Pancras site was professionally re-valued at £18m as at 31 March 2002 by DTZ Debenham Tie Leung Limited, in accordance with the RICS Appraisal and Valuation Manual. The land was valued at its open market value.

The net book value of land and buildings comprises:

	2001–02	2000–01
	£000	£000
Freehold	48,193	50,490
Leasehold – short	2,752	3,042
	<b>50,945</b>	<b>53,532</b>

The non-operational Heritage Assets held by the Department are valued at nil, apart from purchased additions to the Government Art Collection, which have been included at cost, in the Department's asset register as from 1 April 2000. This is in accordance with the *Resource Accounting Manual*, which requires that where additions are made to collections, when the main collections existing at 31 March 2000 are not capitalised, purchase price information will normally provide a reliable basis for capitalisations.

Other non-operational Heritage Assets are:

**Apsley House:** this is valued at nil because the Department believes that any valuation of the property would not give a true reflection of its value to the nation's heritage, given that it houses the Wellington Museum and many other artifacts and memorabilia associated with the first Duke of Wellington when he lived there. Apsley House and its collection are a "set piece" and to place a value on only part of it would not be appropriate and would not give a true representation of the value of the whole. Maintenance of Apsley House is carried out under the auspices of the Department according to a five year plan.

**Wellington Arch and Marble Arch:** the management responsibility was transferred to English Heritage on 1 April 1999.

**Osborne House:** the management responsibility for the whole of the estate rests with English Heritage and is funded from English Heritage's grant-in-aid. The Department's interest in Osborne House ended with the closure of the former convalescent home run by the Civil Service Benevolent Fund, in October 2000.

**Trafalgar Square:** where management responsibility was transferred to the Greater London Authority on 1 October 2000.

**10. Tangible Fixed Assets** *(continued)*

58 statues in London: management responsibility for 47 statues was transferred to English Heritage on 1st April 1999, responsibility for 9 statues in Trafalgar Square was transferred to the Greater London Authority on 1 October 2000, leaving DCMS retaining responsibility for 2 statues.

In addition to the above, the legal title to the buildings at the Natural History Museum, the Science Museum and Imperial College were vested in the name of the Secretary of State for the Environment. Title was passed to DCMS when the Civil Estate, managed by Property Holdings, was dispersed in 1996. Legal title to these buildings was passed to the Trustees of these institutions on 10 August 2001.

The Secretary of State retains the freehold title to Blythe House, Olympia, which is used for storage by the British Museum, Victoria & Albert Museum and the Science Museum. Each of these institutions holds a share in this property, which has been individually valued by each institution over various dates, totalling £14m.

**11. Investments**

Lord Falconer, previously Dome Minister but now Minister of State at the Home Office, holds two ordinary shares (nominal value £1 each) in the New Millennium Experience Company (NMEC), and is the sole Shareholder of NMEC. NMEC is in liquidation and it is expected that the company will be fully wound up during 2002-03. In the meantime the Department is reviewing the Shareholder situation with a view to transferring Lord Falconer's shares to another Minister, now that Lord Falconer has moved to the Home Office.

**12. Movements in working capital other than cash**

	<b>2001–02</b>	<b>2000–01</b>
	£000	£000
(Decrease)/Increase in debtors (excluding Grant-in-Aid prepayments and Machinery of Government transfer debtors)	142	(7,941)
(Increase)/Decrease in creditors (excluding amounts due to consolidated fund)	26,607	(24,477)
(Decrease)/Increase in Stock	(25)	(6)
	<b>26,724</b>	<b>(32,424)</b>
Decrease in Amounts due to Consolidated Fund	6,369	54,360
Increase in debtors due to Machinery of Government transfer	3,584	—
Grant-in-Aid prepayments	153,011	—
	<b>189,688</b>	<b>21,936</b>

**13. Stocks**

	<b>2001–02</b>	<b>2000–01</b>
	£000	£000
<b>Stocks</b>	<b>50</b>	<b>75</b>

Stocks for re-sale held by the RPA as at 31 March 2002 were £75,000 and £75,000 as at 31 March 2001. In the opinion of the Board of the RPA, the net realisable value of the stock is materially different from that amount, and has been written down in value to £50,000, as shown in the balance sheet.

**14. Debtors**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Amounts falling due within one year:		
Trade debtors	2,157	2,191
Deposits and advances	1,220	1,354
VAT	1,271	1,546
Other debtors	16,018	13,159
Pre-payments and accrued income	155,934	1,594
	<u><b>176,600</b></u>	<u><b>19,844</b></u>

Other debtors includes £10,589k (£12,929k in 2000-01) that relates to amounts that have been received by the Post Office and other collection agents, relating to BBC, but have yet to be paid over to the Department. An equal amount has been included within other creditors as an amount payable to the BBC.

**15. Cash at Bank and in Hand**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Balance as at 1 April	11,741	70,751
Prior Year Adjustment	—	(1,037)
Revised Balance at 1 April	11,741	69,714
Net Cash (outflow)/inflow	(152,725)	(57,973)
Balance at 31 March	<u><b>(140,984)</b></u>	<u><b>11,741</b></u>

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances are held at 31 March.

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Balances at OPG	(141,011)	11,715
Commercial banks and cash in hand	27	26
	<u><b>(140,984)</b></u>	<u><b>11,741</b></u>

The balance at 31 March comprises:

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund	12,027	—
Other payments due to the Consolidated Fund	—	—
Grant-in-Aid prepayments	(153,011)	—
	<u><b>(140,984)</b></u>	<u><b>—</b></u>



**16. Creditors amounts falling due within one year**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
VAT	23	25
Trade creditors	64	45
Other creditors	16,359	47,415
Accruals and deferred income	6,500	4,123
Amount due to Consolidated Fund, including excess Parliamentary grant received and receipts not classified as A-in-A	6,531	12,900
	<u><b>29,477</b></u>	<u><b>64,508</b></u>

As stated within Note 13, Other Creditors includes an amount of £10,589k (12,929k in 2000-01) that relates to amounts that have been received by the Post Office, relating to the BBC, but have yet to be paid over to the Department. On receipt by the Department, this sum is also payable to the BBC.

Also within Other Creditors is an amount of £3,978k (£32,984k in 2000-01) that relates to the amount that is payable to the BBC.

Included within the amount due to the Consolidated Fund is a net deficient Parliamentary funding of £16,452k (net deficit of £1,967k in 2000-01).

**17. Provisions for Liabilities and Charges**

	Early retirement and Pension Commit- ments	Other	Total
	£000	£000	£000
Balance at 1 April 2001	14	—	14
Provision in year	—	—	—
Payments in year	—	—	—
Transfer to Creditors	(5)	—	(5)
<b>Balance at 31 March 2002</b>	<u><b>9</b></u>	<u><b>—</b></u>	<u><b>9</b></u>

**18. Revaluation Reserve**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Balance at 1 April 2001	27,024	19,453
Arising on revaluation during the year	(6,160)	8,035
Transferred to General Reserve	4,523	(464)
<b>Balance at 31 March 2002</b>	<u><b>25,387</b></u>	<u><b>27,024</b></u>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments. The reserve figures for 2000/01 have been restated to exclude £525,000 for a donated asset reserve, which is now accounted for separately in Note 19.

**19. Donated Asset Reserve**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Balance at 1 April 2001	525	—
Arising on revaluation during the year	—	525
Depreciation charged in year	(10)	—
<b>Balance at 31 March 2002</b>	<b><u>515</u></b>	<b><u>525</u></b>

**20. Capital Commitments**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
Contracted capital commitments at 31 March 2002 for which no provision has been made	<u>9</u>	<u>25</u>

**21. Commitments under operating leases**

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

	<u>2001–02</u>		<u>2000–01</u>	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Within one year	18	12	—	8
Between two and five years	—	352	—	147
After five years	4,811	—	3,925	86
	<b><u>4,829</u></b>	<b><u>364</u></b>	<b><u>3,925</u></b>	<b><u>241</u></b>

**22. Contingent Liabilities**

The Department reported £3211.8m of contingent liabilities as at 31 March 2002 (£2,755.2m at 31 March 2001) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £2,980m (£2,041.2m 31 March 2001) which indemnifies private lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display; non-statutory liabilities in respect of indemnities granted in respect of works of art on loan to the Royal Collection of £219.5m (£699.2m at 31 March 2001); £5.5m for items on loan to the Government Art Collection (£6.5m at 31 March 2001); and an indemnity cover of £1m for a sculpture in one of the royal parks (£1m at 31 March 2001).

Also included in the above total, the Department reported an assurance to fund: the Greenwich Foundation (Royal Naval College) for the 7 years 1998-99 to 2004-05 (£5.5m outstanding at 31 March 2002); and £263,650 consequent upon two proposed leases of the Tower Hill Vaults site (on behalf of the Historic Royal Palaces). There were also some unquantifiable contingent liabilities.

**23. Reconciliation of Net Operating Cost to Change in General Fund**

	<u>2001–02</u>	<u>2000–01</u>
	£000	£000
<b>Net Operating Cost for the year (see Schedule 2)</b>	(1,069,677)	(970,513)
Income not Appropriated-in-Aid paid to Consolidation Fund	(2,175,687)	(2,104,195)
Income not Appropriated-in-Aid due to Consolidation Fund	—	8,461
	<b>(3,245,364)</b>	<b>(3,066,247)</b>
Net Parliamentary Funding	3,250,483	3,025,585
Transfers from Revaluation Reserve	745	464
Non cash charges:		
Early Retirement Costs	17	24
Cost of Capital	2,488	2,424
Auditors remuneration	91	85
Impairment	18,619	—
Cash to accruals adjustment	2,073	—
Machinery of Government transfer debtors	3,584	—
Home Office Machinery of Government cash transfer	1,000	—
Machinery of Government Reserve transferred to General Fund	3,592	—
	<b>37,328</b>	<b>(37,665)</b>
General Fund at 1 April 2001	(1,064)	36,601
<b>General Fund at 31 March 2002</b>	<b>36,264</b>	<b>(1,064)</b>

**24. Analysis of net operating cost**

This note analyses funding by the Department to the relevant spending body:

	<u>2001–02</u>		<u>2000–01</u>	
	Budget	Outturn	Budget	Outturn
	£000	£000	£000	£000
Core Department	35,176	31,346	31,378	29,617
RPA	25,759	42,919	25,782	26,085
NDPBs and other sponsored bodies	1,079,919	995,545	957,629	914,960
BBC	(120)	(133)	(120)	(149)
	<b>1,140,734</b>	<b>1,069,677</b>	<b>1,014,669</b>	<b>970,513</b>

The Welsh Channel Four Authority (S4C) has been included within Non-Departmental Public Bodies.

**25. Related Party Transactions**

The Department for Culture, Media and Sport is the parent Department of the Royal Parks Agency. In addition it sponsors the institutions set out in Note 7, and is responsible for the following Lottery bodies that are regarded as related parties, some of which are also exchequer funded:

- National Heritage Memorial Fund (Heritage Lottery Fund)
- Community Fund (previously the National Lottery Charities Board)
- The Millennium Commission
- New Millennium Experience Company Ltd
- Sport England
- UK Sport
- Arts Council of England
- New Opportunities Fund
- National Endowment for Science Technology and the Arts
- Film Council

During the year the Department had no material transactions with the following self financing Public Corporations, that are also regarded as related parties:

- Channel Four Television Corporation
- Independent Television Commission
- The Radio Authority

**25. Related Party Transactions** *(continued)*

Also the following non-executive advisory NDPBs and Committees are classified as related parties:

Nine Regional Cultural Consortia  
 Advisory Committee on Historic Wreck Sites  
 Treasure Trove Reviewing Committee/Treasure Trove Valuation Committee  
 Advisory Committee on the Government Art Collection  
 Reviewing Committee on the Export of Works of Art  
 Advisory Committee for the Public Lending Right  
 Advisory Council on Libraries

The Regional Cultural Consortia receive programme funding, whereas the other advisory bodies only receive funds through the Department's administration costs.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Department for Culture, Media and Sport during the year.

**26. Notes to Schedule 5**

Programme grants, ie. other current, capital and current grants, have been allocated as follows:

	<b>2001–02</b>	<b>2000–01</b>
	£000	£000
Objective 1	143,920	129,658
Objective 2	476,333	445,667
Objective 3	145,820	128,471
Objective 4	138,690	139,280
Objective 5	5,483	6,553
Objective 6	114,834	102,756
	<b>1,025,080</b>	<b>952,385</b>

The Department's NDPBs were responsible for attributing the Grant-in-Aid received from the Department by Departmental objectives. The Department issued guidance for this purpose. The analysis was subject to review by each body's Internal Auditors, and by the Head of the sponsoring division within DCMS.

In order for many of the NDPBs to apportion the monies fairly it was necessary for them to make certain assumptions on their interpretation of the DCMS objectives. If NDPBs had made different assumptions then a different allocation could have been made. It is possible that there could be inconsistencies in allocations made by different NDPBs. The Department feels that these possible inconsistencies are immaterial.

Sponsor divisions were required to attribute "other programme" expenditure by objective.

Running costs were allocated to objectives in the same proportions as the allocations to programme expenditure.

**27. Financial Instruments**

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities. Because DCMS's activities are predominantly non-trading, and because of the way in which government departments are financed, DCMS is not exposed to the degree of financial risk faced by business organisations. Financial instruments play an extremely limited role in creating or changing the risk than would be typical of the listed companies to which the FRS applies. DCMS has very limited powers to borrow or invest surplus funds, financial liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, these accounts include no currency profile as the DCMS and its Agency have no material debtors or creditors maturing or becoming payable 12 months from the balance sheet date.

The department is financed by resources voted annually by Parliament and it is therefore not exposed to significant liquidity risks.

The department has no finance leases or loans. It holds no cash balances other than petty cash. Its financial assets and liabilities carry either nil or fixed rates of interest and DCMS is not therefore exposed to significant interest-rate risk.

The department has minimal dealings in foreign currency and any debtors or creditors arising from foreign currency transactions are short-term. In this respect the department is not subject to currency fluctuation risk.

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**28. Post Balance Sheet Events**

Since 31 March, court judgments have been made in respect of two cases. The first was a judgment in favour of the Department against the Peakviewing Group. The Group produced advertising films for the leisure industry and sought to certify these adverts as 'British films'. The Department refused to certify these 'films' because it considered many of the costs stated on the Group's applications were not bona fide. The Group challenged this decision in Court, but the Court upheld the Department's decision.

The second case involved a judgment by the European Court of Human Rights (ECHR), and was inherited by the DCMS from the Home Office when DCMS took over responsibility for the licencing of gambling. The Court found in favour of Mr Kingsley, a casino owner, for damages relating to the violation of Article 6 §1 of the European Convention of Human Rights (the right to a fair hearing before an independent tribunal) after Mr Kingsley's licence to run a casino was revoked by the Gaming Board for Great Britain. Mr Kingsley had sought leave to apply for a judicial review, claiming that the Gaming Board were biased against him. The Gaming Board's decision, however, had been upheld by the High Court prior to Mr Kingsley's appeal to the ECHR. The judgment resulted in an award for costs of £75,000 plus VAT to Mr Kingsley.

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