

# UK Statistics Authority

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ANNUAL REPORT AND ACCOUNTS 2010/11



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## ANNUAL REPORT AND ACCOUNTS 2010/11

### VOLUME II - ACCOUNTS

Accounts presented to the House of Commons pursuant to section 6(4) of the *Government Resources and Accounts Act 2000*

Accounts presented to the House of Lords by command of Her Majesty

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# Foreword



**The UK Statistics Authority** is an independent body operating at arm's length from government as a non-ministerial department. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007* and reports directly to Parliament and the devolved legislatures.

The Authority's statutory objective is to promote and safeguard the production and publication of official statistics that serve the public good.



**The Office for National Statistics** (ONS) is the Executive Office of the UK Statistics Authority and is the UK's single largest statistical producer. It is also the internationally recognised National Statistical Institute of the UK.



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## Statement of Accounting Officer's Responsibilities

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

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Authority as principal Accounting Officer of the Authority. In addition, HM Treasury has appointed a Secondary Accounting Officer, the Director General of the Office for National Statistics to be accountable for that part of the Authority's accounts relating to ONS for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Head of Authority's overall responsibility as Accounting Officer for the Authority's accounts.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the UK Statistics Authority's assets, are set out in Managing Public Money published by HM Treasury.

## Statement on Internal Control

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the UK Statistics Authority's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I discuss risk regularly with the Chair of the Authority in addition to the formal boards and committees, and my finance team members meet regularly with our HM Treasury (HMT) Spending Team.

### The Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the UK Statistics Authority for the year ended 31 March 2011 and up to the date of the approval of the Accounts, and accords with HMT guidance.

### Capacity to Handle Risk

The Authority has sub-committees which help to support its work, including the Office for National Statistics (ONS) Board with responsibility for ONS, a committee for Official Statistics with responsibility for overseeing official statistics, the Assessment Committee which has responsibility for the assessment process and Audit and Remuneration Committees.

The Chair and Members of the Audit Committee are non executive members of the UK Statistics Authority or other non executive persons appointed by the Board of the UK Statistics Authority. I attend the Audit Committee in my role as Accounting Officer, as do the Director General of ONS, the Finance Director, external and internal audit and other senior managers as required.

The Audit Committee of the Authority met five times during 2010/11 and considers and approves the Authority's Audit Strategy and Plan. It ensures that there are levels of assurance in place across the Authority's remit, ensures that the internal audit needs of the Authority are being met and that provision meets the requirements of Government Internal Audit Standards (April 2009).

The Audit Committee advises the Authority Board and the Accounting Officers for the Authority and ONS on:

- the strategic processes for risk, control and governance and the Statement of Internal Control;

- the accounting policies, and the Accounts of ONS and the UK Statistics Authority, including process for the review of the Accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors, the Comptroller and Auditor General;
- the results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's reports to those charged with governance;
- assurances relating to the corporate governance requirements for the organisation; and
- anti-fraud and corruption policies, whistle-blowing processes and arrangements for special investigations.

The Audit Committee periodically reviews its own effectiveness and reports the results of those reviews to the Authority.

Stephen Penneck, Director General of ONS, was appointed as Secondary Accounting Officer in 2009, to reflect his position in managing ONS on a day to day basis, whilst not having a separate Vote from Parliament for ONS.

A number of bespoke training sessions and facilitated risk workshops to business areas were held during the year.

### **The Risk and Control Framework**

Risk and issue management is an important aspect of how the UK Statistics Authority manages its business. The policy for risk and issue management is part of the internal control and corporate governance arrangements and communicated to all staff. All risks and issues are held on a central database. This complete listing of risks, together with mitigation and contingency plans, not only facilitates a corporate approach to risk management but enables the determination of overall exposure to risk at any point and to assess this in terms of its risk appetite, taking appropriate remedial action where indicated.

The overall risk appetite continues to be assessed as low. We have continued to develop a culture of risk management that recognises that risk and issue management is an integral part of good management practice, supporting and informing, among other things, planning and prioritisation. Risk exposure is measured by the likelihood of the risk materialising multiplied by the impact that it would have on the Authority. To be able to judge what is acceptable given the risk appetite, risk tolerance levels were set, expressed in terms of risk exposure, and escalation processes up through the management chain for all risks. It calls for judgement and common sense as well as an awareness of the external environment. It is particularly important in a time of innovation, where, in order to maximise benefits and opportunities, it may be necessary to take managed risks.

In addition to risks identified at a working level, the Authority also assesses risks which pose a significant threat to the successful achievement of key objectives and/or impact on reputation. These are identified throughout the year and those deemed to have a major or disastrous impact on the Authority should the risk materialise are formally reviewed every six months and monitored monthly by the ONS Executive Committee

and the ONS Board. This process provides the ability to identify whether overall exposure is acceptable.

As the Authority's Executive Office, ONS is responsible for producing statistics. The organisation faces scrutiny from users and the UK Statistics Authority, and minimising preventable errors is an important part of building trust. To help minimise errors, the ONS has an errors and corrections policy. Staff are required to ensure that they are aware of the principles, and their role and responsibilities in preventing and dealing with errors. The policy recognises that the possibility of errors in ONS's statistics can never be completely eliminated and aims to learn from mistakes and minimise the risk of reoccurrence.

The arrangements for Internal Audit are provided in house after the shared services contract with Companies House expired on 30 June 2010. A call-off contract with a private sector firm, to include both specialist IT and general assurance, supplements the provision of internal audit resource.

Special arrangements are in place to manage the risk around information security. Frank Nolan acts as Senior Information Risk Owner (SIRO) and works closely with the Departmental Security Officer (DSO) in managing Information Risk. The SIRO chairs the Information Assurance and Exploitation Committee which is attended by each of the Information Asset Owners. This committee provides governance and oversight for all areas of Information Risk including those activities that ensure ongoing compliance with the Government Security Policy Framework.

We have initiated a programme of work to accelerate our Information Assurance maturity across the Authority. This cross cutting programme continues to build upon the solid foundations already in place across the Authority.

The Coalition Government introduced a number of transparency measures and the Authority has complied by publishing the required information on its website.

I formally send delegation letters to those who report to me for budgets delegated to them, and they in turn send similar letters to directors and deputy directors. Our financial system, Atlas, ensures that procurements are appropriately authorised, and on rare occasions where projects and procurements exceed my delegation limits, these are referred to the HMT Spending Team for approval.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Authority and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## Sources of Assurance

The Audit Committee is constituted in accordance with HMT guidance. Internal Audit present a risk based audit strategy for their work that was agreed by the Committee and kept under review during the year. In addition to Internal Audit I gain assurance from a number of different sources. These sources include The Efficiency Reform Group Gateway Reviews, who reviewed the 2011 Census during April 2010, and provided a Green/Amber delivery confidence assessment.

I also gain assurance from the Government Statistical Service Methodology Advisory Committee (GSS MAC). GSS MAC has two main objectives: to provide a forum to allow government statisticians to obtain advice on methodological issues, from interested and experienced professional statisticians from outside government; and to provide an opportunity to build and strengthen links between the Government Statistical Service and the rest of the statistical profession. During 2010/11 the committee contributed to the early thinking of Beyond 2011, which will establish and test models to meet users' needs for census type statistics in the UK. This will have a major impact on the shape and direction of official statistics for the future.

At meetings of the Audit Committee the National Audit Office (NAO) present written and oral reports on the audit work they have carried out on the Authority's preparation of the annual accounts. This included a breach of the Authority's Net Cash Requirement for 2009/10. The NAO were assured that processes were in place to ensure that the situation did not recur. I also instigated a wider review of financial reporting controls by KPMG.

An annual fraud return was made to HM Treasury and the Audit Committee received a report on fraud and whistle blowing. This indicated that the level and value of fraud losses was higher than last year but still low. The Authority has transferred responsibility for fraud to the Head of Internal Audit from June 2011.

I have also gained assurance by commissioning external reviews into specific areas of the 2011 Census.

The *Quarterly National Accounts* were postponed from 30 June 2010 and published on 12 July 2010 to resolve some quality concerns. As a result of the delay I commissioned a review from Peter van de Ven, the Director of National Accounts, Netherlands, to ensure lessons were learned for the future.

The Pre-release Access to Official Statistics Order 2008 came into force on 1 December 2008. ONS concluded the final phase of an exercise to minimise those with pre-release access to ONS statistics in October 2010. ONS is now fully compliant with the Pre-release Access Order.

The ONS Director General holds his Directors to account for their business performance by means of Stewardship meetings.

The monitoring and assessment scrutiny function of the UK Statistics Authority is independent of ONS and Government and its remit covers the production and publication of all UK official statistics, including those of ONS. Assessment and Monitoring Reports are considered by committees of the Board before being submitted for approval to the Authority Board, and are published.

The UK Data Archive launched the Secure Data Service in March 2011. This service provides a remote access facility to academic researchers with access to sensitive statistical microdata in a secure environment which distributes access and not data. The facility has been assessed as meeting government Information Security standards.

### **The Results and Actions Taken**

Responses to the recommendations made from the KPMG review of financial reporting controls have been made. Resulting actions were followed up and presented to the Audit Committee in December 2010.

The five yearly professional property valuation at 31 March 2010 showed a significantly lower figure than that produced by applying indices to the previous valuation. This, together with accounting issues around asset recognition has led to a decision to have a professional valuation on an annual basis and not to use indices.

In her annual report to the Audit Committee the Head of Internal Audit had been satisfied that sufficient internal audit work had been undertaken to allow her to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's arrangements. Whilst Governance was deemed satisfactory, a number of areas highlighted weaknesses in the Authority's risk management and control frameworks leading to an Amber opinion for these elements.

In the following areas Internal Audit gave an "Improvement Required" opinion:

- Network security;
- Census Financial Controls (a subsequent follow up review was undertaken which confirmed that all recommendations have now been implemented in full);
- Disaster Recovery;
- Income Generation;
- Annual Survey of Hours & Earnings (ASHE);
- National Accounts and Labour Market – International Data Submission; and
- Risk Management.

In the following areas the opinions provided were "Satisfactory":

- Quality Management Strategy;
- Corporate Planning and Budgeting;
- Sustainability Reporting;
- Contract Management;
- Members' Expenses and Remuneration;
- Flex Technical refresh Programme – Governance; and
- Financial Controls.

Internal Audit's opinion of the follow up reviews for Improvements to Migration Statistics Improvement Programme was "Good progress" and for Management of Change was "Reasonable Progress". These reflected the progress to address previous Internal Audit recommendations.

The annual review of risk management was conducted to provide assurance that risk management arrangements were embedded sufficiently within working practices. The Authority took some assurance from the positive and constructive way that the recommendations were being addressed.

Following the receipt of the report on Data Handling and Security, the Committee received an update on progress made towards compliance with Level 1 (initial) of the Information Assurance Maturity Model by 2013. All actions were either complete or on track to be completed as planned within the Information Assurance Maturity Model work programme. Although exposure of risk would reduce throughout the life of the project the Committee asked that ways to shorten the timescale for achieving Level 1 be identified.

In September 2010 the Committee received a report on Management of Risk in 2011 Census and noted that the eleven most significant risks being managed had reduced to five.

Internal Audit conducted an advisory review of contingencies, mitigations and delegated authorities for the Census Programme. All the agreed actions have been subsequently completed.

An initial Internal Audit of Census financial controls recorded an opinion of "improvement required". The subsequent follow-up review concluded that "good progress" had been made in implementing the actions to address the recommendations.

Professor Ian Plewis from the University of Manchester led a review of methods for coverage assessment, coverage adjustment and quality assurance of the 2011 Census population estimates for England and Wales. The review concluded that, subject to implementation of their recommendations, the methods give confidence that the resulting final census population estimates will be suitable for use in resource allocation and planning.

The security of the personal information collected in the 2011 Census is a top priority for ONS. Census systems were accredited against government security standards before they went live. In addition, an Independent Information Assurance Review Team comprising John Dowdall, Harvey Mattinson and Peter Fagan, reviewed 2011 Census security; their report was published in February 2011. The review concluded that there was a sound basis of commitment, knowledge and personal responsibility underpinning the information security aspects of 2011 Census operations. Suggestions for improvements were completed within a short timescale and before the census systems went live demonstrating, that in the words of the review team, "the public can be assured that the information they provide to the 2011 Census will be well protected and securely managed".

The Audit Committee received a report on progress against the recommendations from the Peter van de Ven review into the delay to *Quarterly National Accounts* in December 2010. The Audit Committee noted that there would be increased attention given to contingency planning and quality assurance during the production of the *Quarterly National Accounts* in 2011.

The Audit Committee was assured that essential work to address the deficiencies in network security was in hand, and whilst there was still a prevailing risk, work was in progress to address this.

Business Continuity Planning is now fully embedded within ONS. Plans have been written and tested for all critical ONS activities. Tests have also been conducted for site specific incidents, which were found to be helpful in addressing issues with severe weather conditions. An Independent Internal Review of the Authority's Business Continuity Management System took place on 13 and 14 April 2011. The Authority has been awarded the Cabinet Office Certificate of Alignment with the British Standard BS 25999.

Eurostat undertook their biennial dialogue visit in January 2011 to review ONS's Excessive Deficit Procedures. A number of action points for ONS, HM Treasury and Bank of England resulted from the visit. An action plan has been developed in collaboration with HM Treasury and the Bank of England to address the points raised by Eurostat.

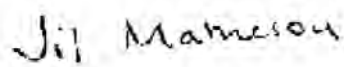
In 2010/11 the UK Statistics Authority assessed several sets of ONS statistics. In all cases their designation as National Statistics was confirmed, conditional on the implementation of requirements for change in each case. These changes are being implemented. The set of statistics were:

- *UK Annual and Quarterly National Accounts;*
- *Statistics from the General Lifestyle Survey;*
- *Effects of Taxes and Benefits on Household Income;*
- *Consumer trends;*
- *Short-term Migration for England and Wales;*
- *Short-term Economic Output Indicators;*
- *Statistics on Retail Sales;*
- *Consumer Price Indices;*
- *Annual Employment Statistics from the Business Register and Employment Survey;*
- *Adoptions in England and Wales;*
- *Statistics on Pensions;*
- *Balance of Payments Statistics;*
- *Overseas Travel and Tourism;* and
- *E-Commerce and Information and Communication Technology Activity.*

The Authority also published a Monitoring Report on Strengthening User Engagement in June 2010 and a Monitoring Brief on Communicating Inflation in December 2010.

The Audit Committee has reviewed the effectiveness of assurances from all the areas described above. The Chair of the Audit Committee, in accordance with The Audit Committee Handbook presented his annual report for 2010/11 to the UK Statistics Authority Board. Based on the evidence of some failures in key areas weighed against the increased confidence in assurance I can take a reasonable degree of assurance that the control framework is both adequate and operating effectively.

I have reviewed this evidence of the effectiveness of the system of internal control and am satisfied that the risks as set out here have been correctly identified and that actions are in place to address these risks and audit findings.

A handwritten signature in black ink that reads "Jil Matheson". The signature is written in a cursive style.

**Jil Matheson**

**Principal Accounting Officer,**

**UK Statistics Authority**

**7 July 2011**

## Remuneration Report

### Service Contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at: [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

### Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interest of the senior directors and non-executive members of the UK Statistics Authority. The Authority does not make payments in kind. These disclosures have been subject to audit.

#### Remuneration of Executive Directors of the UK Statistics Authority and Office for National Statistics, 2009/10 and 2010/11

Senior Directors Name and title	2010/11 Salary £000	2009/10 Salary £000
Ms Jil Matheson National Statistician Appointed 1 September 2009 Director General for Statistics Delivery (1 April 2009 to 31 August 2009)	140-145	135-140 plus bonus 10-15
Mr Stephen Penneck Director General Office for National Statistics Appointed 9 November 2009 Formerly Director of Methodology	125-130 plus bonus 5-10	110-115 plus bonus 10-15
Mr Richard Alldritt Head of Assessment	115-120 plus bonus 5-10	115-120 plus bonus 10-15
Mr Steve Newman Chief Financial Officer	110-115 plus bonus 5-10	110-115 plus bonus 5-10
Mr Paul Woobey Chief Information Officer	135-140	140-145 plus bonus 10-15

## Remuneration of Non-executive Directors of the UK Statistics Authority, 2009/10 and 2010/11

Non-executive members	2010/11	2009/10
Name and title	Salary £000	Salary £000
Sir Michael Scholar Chair of UK Statistics Authority Fixed contract 01-09-07 to 31-08-11	120-125	150-155
Professor Sir Roger Jowell Deputy Chair (Statistical System) Prior contract 11-11-08 to 31-01-11 New fixed contract 01-02-11 to 31-08-12	30-35	35-40
Lord David Rowe-Beddoe Deputy Chair (ONS) Prior contract 01-02-08 to 31-01-10 Fixed contract 01-02-10 to 31-01-12	35-40	35-40
Mr Partha Dasgupta Non-Executive Director Prior contract 01-02-08 to 31-01-11 New fixed contract 01-02-11 to 31-01-13	15-20	20-25
Ms Moira Gibb Non-Executive Director Prior contract 01-02-08 to 31-01-11 New fixed contract 01-02-11 to 31-01-13	20-25 (see note below)	20-25
Professor David Rhind Non-Executive Director Prior contract 01-02-08 to 31-01-10 New fixed contract 01-02-10 to 31-01-12	20-25	20-25
Professor Steve Nickell Non-Executive Director Resigned 31 October 2010	10-15 (full year equivalent 20-25)	20-25
Sir Jon Shortridge Non-Executive Director Fixed contract 01-02-10 to 31-01-13	20-25	1-5 (full year equivalent 20-25)
Dr Colette Bowe Non-Executive Director Fixed contract 01-02-10 to 31-01-13	20-25	1-5 (full year equivalent 20-25)

### Note

The salary costs for Ms Moira Gibb were invoiced by and paid to the London Borough of Camden.

## Salary

Non-executive members are paid a fee plus expenses and have no pension entitlement.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation.

The Remuneration Committee oversees the remuneration of the Senior Civil Service (SCS) of the Authority, and ONS. The Committee met on two occasions and considered remuneration of the members of the SCS for the period 2010/11. The committee consists of:

- Lord David Rowe-Beddoe – (Chair)
- Professor Sir Roger Jowell
- Ms Jil Matheson
- Sir Michael Scholar

The UK Statistics Authority Senior Civil Service (SCS) Salary arrangements follow the guidance set by the Cabinet Office in response to the Senior Salaries Review Body. SCS Pay is made up of two elements – a consolidated increase to Base Pay and a non-consolidated bonus payment. Both elements are performance related – whether they are payable and the value of them is determined by an individual's performance in the previous appraisal year.

This Report is based on payments made by the Authority and thus recorded in these accounts.

## Benefits in Kind

None of the above received benefits in kind.

## Bonus Benefits

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

## Pension Benefits

### Pension Benefits for Executive Directors of the UK Statistics Authority and Office for National Statistics

Senior Directors	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 as at 31.03.11 and related lump sum	Cash Equivalent Transfer Value at 31.03.10	Cash Equivalent Transfer Value at 31.03.11	Real Increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000
Ms Jil Matheson National Statistician	2.5 – 5.0 Plus 10-12.5 lump sum	60-65 Plus 185-190 lump sum	1,193	1,435	90
Mr Stephen Penneck Director General Office for National Statistics	5.0 – 7.5 Plus 17.5-20 lump sum	60-65 Plus 185-190 lump sum	1,180	1,483	133
Mr Richard Alldritt Head of Assessment	0-2.5 lump sum 0	35-40	591	689	12
Mr Steve Newman Chief Financial Officer	0 – 2.5 lump sum 0	10-15	153	203	26
Mr Paul Woobey Chief Information Officer	2.5 – 5.0 lump sum 0 (Nuvos Pension Scheme)	10-15	93	148	36

#### Note

The actuarial factors used to calculate the Cash Equivalent Transfer Value (CETVs) were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

The posts held by the non-executive members of the UK Statistics Authority are non pensionable.

## Civil Service Pensions

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

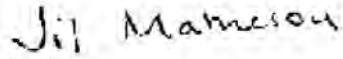
### **Cash Equivalent Transfer Values**

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

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

### **Real increase in CETV**

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



**Jil Matheson**

**Principal Accounting Officer,  
UK Statistics Authority  
7 July 2011**

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

I certify that I have audited the financial statements of the Statistics Board<sup>1</sup> for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Statement of Comprehensive Net Expenditure and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and the related notes, as included in Volume II of the Annual Report and Annual Accounts document. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report (Volume II) that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Statistics Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Statistics Board; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report (Volume I) and Annual Accounts (Volume II) to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied

<sup>1</sup> The Statistics Board is the statutory name of the UK Statistics Authority under the Statistics and Registration Service Act 2007

to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

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

### **Opinion on Financial Statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Statistics Board's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Corporate and Summary Financial Information (Volume I) for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**

**Comptroller and Auditor General**

**National Audit Office**

**157-197 Buckingham Palace Road**

**Victoria, London, SW1W 9SP**

**14 July 2011**

# Primary Statements to the Accounts

## Statement of Parliamentary Supply

### Summary of Resource Outturn 2010/11

Request for Resources	Note	Estimate			Outturn			2010/11 £000	2009/10 £000
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Total outturn compared with Estimate: savings/ (excess)	Net Total
Providing Statistical Services	3	352,233	(35,000)	317,233	335,553	(33,879)	301,674	15,559	206,475
Total resources	4	352,233	(35,000)	317,233	335,553	(33,879)	301,674	15,559	206,475
Non-operating cost A in A							-		-

#### Note

Reasons for variances between Estimate and Outturn are provided in the Corporate and Summary Financial Information in volume 1 on pages 64 to 77.

### Net Cash Requirement 2010/11

	Note	Estimate £000	Outturn £000	2010/11 Net total Outturn compared with Estimate: savings/ (excess) £000	2009/10 Outturn £000
Net cash requirement	5	315,218	304,307	10,911	208,112

The notes on pages 27 to 65 form part of these accounts

# Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

		2010/11	2009/10 (restated)
Request for Resources	Note	£000	£000
<i>Programme Costs</i>			
Staff Costs	7	139,089	124,803
Programme costs	8	196,464	111,503
Operating income	9	(33,879)	(32,261)
Net Operating Cost for the year		301,674	204,045
<b>Other Comprehensive Expenditure</b>			
Net loss/(gain) on:			
Revaluation of property, plant & equipment		1,433	13,252
Revaluation of intangibles		510	(852)
Total Comprehensive Expenditure		303,617	216,445

## Note

The 2009/10 comparatives have been restated in line with IAS 1 to reflect the 2010/11 changes in the Government Financial Reporting Manual whereby £1,691,000 notional interest on working capital previously charged in 2009/10 no longer applies. Programme costs amounting to £12,016,000 have been re-analysed as staff costs in line with definitions from the Office for Government Commerce Value Programme Business Case guidance notes.

# Statement of Financial Position

as at 31 March 2011

		2010/11		2009/10		2008/09	
	Note	£000	£000	£000	£000	£000	£000
<b>Non-current assets:</b>							
Property, plant and equipment	10 & 10.1	45,722		50,724		64,139	
Intangible assets	11 & 11.1	35,186		34,960		36,026	
Deposits and advances falling due after more than one year	13	319		313		404	
<b>Total Non-current assets</b>			81,227		85,997		100,569
<b>Current assets:</b>							
Trade and other receivables	13	2,604		4,352		2,683	
Other current assets	13	17,810		7,496		8,451	
Financial assets	13	280		274		268	
Cash and cash equivalents	14	2,350		-		1,011	
<b>Total current assets</b>			23,044		12,122		12,413
<b>Total assets</b>			104,271		98,119		112,982
<b>Current liabilities:</b>							
Cash and cash equivalents	14	-		(251)		-	
Trade and other payables	15	(36,926)		(24,375)		(29,721)	
Current early retirement provision	16	(3,023)		(5,912)		(5,824)	
<b>Total current liabilities</b>			(39,949)		(30,538)		(35,545)
<b>Total assets less current liabilities</b>			64,322		67,581		77,437
<b>Non-current liabilities:</b>							
Other provisions	16	(15,353)		(14,501)		(12,846)	
Early retirement provision	16	(5,493)		(10,615)		(13,618)	
<b>Total Non-current liabilities</b>			(20,846)		(25,116)		(26,464)
<b>Assets less liabilities</b>			43,476		42,465		50,973
<b>Taxpayers' equity:</b>							
General fund			31,571		28,218		23,597
Revaluation reserve			11,905		14,247		27,376
			43,476		42,465		50,973

*Jil Matheson*

**Jil Matheson**

Principal Accounting Officer, UK Statistics Authority

7 July 2011

The notes on pages 27 to 65 form part of these accounts

# Statement of Cash Flows

for the year ended 31 March 2011

		2010/11	2009/10 (restated)
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	4	(301,674)	(204,045)
Adjustment for non-cash transactions	8	20,564	30,424
(Increase)/Decrease in trade and other receivables	13	(8,578)	(629)
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Expenditure</i>		(1)	-
increase/(Decrease) in trade payables	15	12,551	(5,346)
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Expenditure</i>	10, 10.1, 11 & 15	(1,678)	(373)
Use of provisions	16	(10,072)	(15,216)
<b>Net cash outflow from operating activities</b>		<b>(288,888)</b>	<b>(195,185)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, plant and equipment	10 & 10.1	(8,027)	(7,199)
Purchase of intangible assets	11 & 11.1	(7,392)	(5,728)
<b>Net cash outflow from investing activities</b>		<b>(15,419)</b>	<b>(12,927)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		306,657	207,189
From the Consolidated Fund (Supply) - prior year		251	-
<b>Net Financing</b>		<b>306,908</b>	<b>207,189</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund</b>		<b>2,601</b>	<b>(923)</b>
Excess income paid back to the Consolidated Fund in the period		-	(339)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for payments to the Consolidated Fund</b>		<b>2,601</b>	<b>(1,262)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>(251)</b>	<b>1,011</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>2,350</b>	<b>(251)</b>

## Note

The 2009/10 comparatives have been restated in line with IAS 1 to reflect the 2010/11 changes in the Government Financial Reporting Manual whereby £1,691,000 notional interest on working capital previously charged in 2009/10 no longer applies.

# Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

		General Fund	Revaluation Reserve	Total Reserves
	Note	£000	£000	£000
Balance at 1 April 2009		23,597	27,376	50,973
<b>Changes in taxpayers' equity for 2009/10</b>				
Net Parliamentary Funding - drawn down		207,189	-	207,189
Net Parliamentary Funding - deemed		672	-	672
Comprehensive Expenditure for the year		(204,045)	-	(204,045)
<b>Non cash adjustments</b>				
Non cash charges - auditor's remuneration	8	76	-	76
<b>Movements in reserves</b>				
Recognised in Statement of Comprehensive Expenditure		-	(12,400)	(12,400)
Transfers between reserves		729	(729)	-
Balance at 31 March 2010		28,218	14,247	42,465
<b>Changes in taxpayers' equity for 2010/11</b>				
Net Parliamentary Funding - drawn down		306,657	-	306,657
Excess Vote - prior year		251	-	251
Comprehensive Expenditure for the year		(301,674)	-	(301,674)
<b>Non cash adjustments</b>				
Non cash charges - auditor's remuneration	8	70	-	70
Amounts issued from Consolidated Fund for supply but not spent at year end		(2,350)	-	(2,350)
<b>Movements in reserves</b>				
Transfers between reserves		399	(399)	-
Recognised in Statement of Comprehensive Expenditure		-	(1,943)	(1,943)
Balance at 31 March 2011		31,571	11,905	43,476

## Note

The General Fund is used to account for all financial resources, except for capitalised assets. The Revaluation Reserve records unrealised gains and losses on revaluation of assets.

The notes on pages 27 to 65 form part of these accounts

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Statistics Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Authority to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and in-house software.

### 1.2 Financing

The Authority is primarily resourced by funds approved by the House of Commons through the annual Appropriation Act. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund.

The functional currency for the UK Statistics Authority is UK Sterling; the Authority keeps a small balance of postal orders, shopping vouchers and stamps.

The Authority also retains a small balance of Euros.

### 1.3 Property, plant and equipment assets

Property, plant and equipment (PPE) assets include land and buildings, computers and associated equipment, office machinery and furniture and fittings in keeping with IAS 16.

Civil Estate property is occupied in Newport, Titchfield and Christchurch. The land and buildings are stated at current market value using professional valuations on an annual basis replacing the previous policy of every five years and appropriate indices in intervening years. The change to an annual professional valuation was made to more fully reflect specific local market conditions. The assets reported for Drummond

Gate and Myddelton Street, both London properties, are property related ongoing refurbishment works and stated at current cost by using indices taken from the Authority's publication Price Index Numbers for Current Cost Accounting.

The properties occupied at Titchfield, Christchurch and Newport were professionally valued as at 31 December 2010 by DVS, the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuations were prepared in accordance with the appropriate sections of the Practice Statements (PS) and the United Kingdom Practice Statements (UKPS) contained within the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

All other PPE assets are re-valued from the beginning of the quarter of acquisition. These assets are stated at current costs by using indices taken from the Authority's publication Price Index Numbers for Current Cost Accounting.

## **1.4 Intangible assets**

Intangible assets consist of software licenses and in-house developed software.

Software licenses are not re-valued and are included at depreciated historical cost. In-house developed software is stated at current costs by using indices taken from the Authority's index developed by the Office for National Statistics (ONS) National Accounts Division.

Software assets must exceed a capitalisation threshold of £2,000 (including VAT) and have a life greater than one year.

## **1.5 Statistical records**

Statistical information has built up over many years and is stored for reference purposes. No attempt is normally made to value this data, as there is no realistic way of doing so that would arrive at a meaningful valuation.

The cost of storing and maintaining the data has been charged to the Statement of Comprehensive Net Expenditure as incurred.

## **1.6 Depreciation and amortisation**

Depreciation is calculated so as to write off the re-valued cost of assets over the estimated useful economic life on a straight line basis (except where otherwise indicated), as follows:

- Civil Estate Land is not depreciated.
- Computer assets with an acquisition value greater than £50,000 are reviewed and attributed a life of 7 years where applicable. The Authority holds assets which would normally be attributed with a 7 year life but have been allocated a life of 4 years in keeping with the context to which the usage is linked. Assets with an acquisition value less than £50,000 are allocated a life of 4 years.

- Office machinery assets with an acquisition value greater than £50,000 are reviewed and attributed a life of 7 years where applicable. Assets with an acquisition value less than £50,000 are allocated a life of 4 years.
- Furniture and fittings assets are allocated a life of 10 years.
- Drummond Gate and Myddelton Street building refurbishment assets are allocated a life which is no greater than the remaining life of the lease. Newport buildings are depreciated over a life range of five to twenty five years; Titchfield buildings are depreciated over a life range of six to twenty three years; and Christchurch buildings depreciation over a life range of six to twenty three years.
- For property, plant and equipment a full year's depreciation is charged in the year of acquisition with the exception of building refurbishments where depreciation is charged from the quarter in which the assets are completed.
- In-house developed software and applications are amortised over a life of 9 years, subject to an annual review, which is charged from the quarter in which the assets are completed.
- Software licenses are amortised on a reducing balance basis over a life of 4 years.
- Each group of assets is reviewed annually for impairment.

## **1.7 Assets in the course of construction**

Assets under construction are capitalised where meeting the requirements of IAS 16 or IAS 38 as appropriate and transferred out of assets under construction into the relevant category of PPE or intangibles on completion.

## **1.8 Research and development**

The Authority undertakes certain research into statistical and survey methodology. Costs are charged to the Statement of Comprehensive Net Expenditure as they arise.

## **1.9 Operating income**

Operating income which relates directly to the operating activities of the Authority comprises of invoiced value of services supplied to the private sector, the wider public sector and other government departments. Income represents the value of invoices raised on completion of work and the value of work completed. Prices are calculated in accordance with Managing Public Money published by the Treasury and aim to recover the full economic cost of their production.

## **1.10 Foreign exchange**

The Authority conducts a small number of transactions which are denominated in a foreign currency which are reviewed in accordance with IAS 21 and 39 (derivatives).

Transactions, other than Euros, are translated into sterling at the exchange rate ruling on the date of each transaction.

Assets and liabilities denominated in Euros are translated into sterling at the exchange rate ruling at the Statement of Financial Position date.

## **1.11 Leases**

Leases are reviewed in accordance with IAS 17.

The total cost of operating leases is expensed in equal instalments over the life of the lease.

## **1.12 Financial instruments**

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised less impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due in accordance with agreed terms.

## **1.13 Provisions**

The Authority provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best estimate of the expenditure required to settle the obligation. Where the effect of time value is significant, longer term provisions are discounted at the rate of 2.2 per cent, except for pension provisions which are discounted at the rate of 2.9 per cent; both rates are published by HM Treasury. These provisions are reviewed each year in accordance with IAS 37.

## **1.14 Trade receivables**

Trade receivables are recognised at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable. The Authority currently does not hold a provision.

## **1.15 Staff costs**

Under IAS19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end.

## **1.16 Early departure costs**

The Authority meets the responsibility of additional costs of employees who take voluntary early severance or who retire early by paying the amounts required over the period between early departure and normal retirement date. The Authority provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments which are discounted by the HM Treasury discount rate of 2.9 per cent.

## **1.17 VAT**

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment or tangible assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## **1.18 Cost of capital charge**

The financial structure of the Authority does not include specific interest-bearing debt. Previously a charge reflecting the cost of capital utilised by the Authority was included in operating costs. Changes to accounting policies published by HM Treasury mean that this charge is no longer applied. The comparative statements for 2009/10 have been re-stated.

## **1.19 Programme Expenditure**

The Statement of Comprehensive Net Expenditure is analysed between programme and staff costs and income. The classification of expenditure and income as programme follows the definition of programme costs set out in HM Treasury Consolidated Budgeting Guidance, and as voted by Parliament in the Treasury's Supply Estimate.

## **1.20 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes as described in note 7 and in the Authority's Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory, except in respect of dependants' benefits. The Authority recognises the expected costs of these elements on a systematic and rational basis over a period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Authority recognises the contribution payable for the year.

## 1.21 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Authority discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money and Government Accounting Northern Ireland.

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

The Authority does not have any contingent liabilities.

## 1.22 Standards not yet adopted

As noted in paragraph one these statements have been prepared in accordance with the 2010/11 FReM. The following standards have been issued or amended but will be effective when they have been adopted by the FReM. The Authority will consider their impact in detail once they have been adopted by the FReM, but believes these will have no impact.

### **IFRS 9 Financial Instruments**

The IASB intend that IFRS 9 will replace IAS 39 Financial Instruments, Recognition and Measurement in its entirety.

The amendments have an effective date of 1 January 2013.

### **IFRS 1 First-time adoption of IFRSs**

The amendment exempts first-time adopters from providing the additional disclosures introduced by Improving Disclosures about Financial Instruments (Amendments to IFRS 7), and clarifies its transitional provisions. The amendment has an effective date of 1 July 2010.

### **IFRS 7 Financial Instruments Disclosure**

In response to the credit crisis, IFRS 7 has been strengthened to require more disclosure on transfer transactions (e.g. securitisations) involving financial assets. The amendment has an effective date of 1 July 2011.

## 1.23 Standards outside the improvement cycle

The following amendments to IFRSs have been made outside the improvement cycle. The Authority will consider their impact in detail once they have been adopted, but believes these will have no impact.

## **IFRS 1 First Time Adoption**

IFRS 1 has been revised and restructured with an effective date 1 July 2009; there has been no change in the substance of the standard.

The presentation of financial statements aims to assist users in their ability to analyse and compare the information given in the financial statements. Changes include changes to titles of some of the financial statements and changes to the components of the financial statements.

The International Financial Reporting Standards IFRS 1 First-time Adoption Date 1 April 2008 has been adopted by the UK Statistics Authority.

Additional amendments with an effective date of 1 January 2010 allows entities not to reassess a lease arrangement if the same assessment as required by IFRIC 4 has been made under previous GAAP, and entities in the oil and gas industry to use the carrying amounts under previous GAAP for oil and gas assets as deemed cost on transition.

## **IFRS 2 Group Cash-Settled Share-based Payment Transactions**

The amendments clarify the scope and accounting for share-based payment transactions among group entities. This amendment has an effective date of 1 January 2010.

## **IFRS 3 Business Combinations**

The revision of IFRS 3 addressed the issue of providing improved guidance on the application of the acquisition method. The Authority does not have any business combinations.

## **IAS 27 Consolidated and Separate Financial Statements**

IAS 27 has been amended as a result of the revision of IFRS 3. The most significant changes are that changes in a parent entity's ownership interest in a subsidiary that do not result in the loss of control should be accounted for as equity transactions; that total comprehensive income (including losses) should be attributed to the non-controlling interests even if this results in the non-controlling interests having a negative balance; and that where an entity loses control of a subsidiary any gains or loss should be recognised in profit or loss. These amendments have an effective date of 1 July 2009.

## **IAS 32 Financial Instruments**

IAS 32 classifies rights issues and this amendment has an effective date of 1 February 2010.

## **IAS 39 Eligible Hedged Items**

The amendment clarifies the application of the principles for determining whether a hedged risk or portion of cash flows in particular situations are eligible for designation. The amendment has an effective date of 1 July 2009.

## 1.24 Amendments resulting from annual improvements

The following amendments to IFRSs and IFRICs resulting from Annual Improvements to IFRSs (May 2008, April 2009). The Authority will consider their impact in detail, but believes these will have no impact.

### **IFRS 2 Share-Based Payment**

The amendment confirms that the contribution of a business upon formation of a joint venture and transactions relating to combinations of businesses or entities under common control are outside the scope of IFRS 2. The amendment has an effective date of 1 July 2009.

### **IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations**

The amendment clarifies that where an entity is committed to a sale plan involving loss of control of a subsidiary, the assets and liabilities of the subsidiary should be classified as held for sale. The amendment has an effective date of 1 July 2009.

### **IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations**

The amendment clarifies that IFRS 5, and those IFRSs that specifically refer to non-current assets (or disposal groups) that are classified as held for sale or discontinued operations, specify all the disclosures required for those assets or operations, although additional disclosures may be necessary for held for sale assets or groups to comply with IAS 1. The amendment has an effective date of 1 January 2010.

### **IAS 1 Presentation of Financial Statements**

The amendment clarifies that where an entity has a liability in the form of a convertible instrument, its classification as current or non-current is not affected by an option that would require the entity to settle the liability in shares at any time.

### **IAS 7 Statement of Cash Flows**

The amendment clarifies that only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) can be classified as a cash flow from investing activities. This amendment has an effective date of 1 January 2010.

### **IAS 17 Leases**

The amendment clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease, even if title is not expected to pass to the lessee. This amendment has an effective date of 1 January 2010.

### **IAS 36 Impairment of Assets**

The amendment clarifies that the cash-generating unit(s) to which goodwill is allocated for the purposes of impairment testing should be no larger than the operating segment level as defined in IFRS 8, before any aggregation of such segments as permitted by that standard. This amendment has an effective date of 1 January 2010.

### **IAS 38 Intangible Assets**

The amendment clarifies that an intangible asset acquired in a business combination that is separable only where linked with a related contract, identifiable asset or liability should be recognised together with the related item as an asset separately from goodwill.

The amendment also clarifies the description of valuation techniques commonly used to measure intangible assets at fair value where no active market exists. This amendment has an effective date of 1 July 2009.

### **IAS 39 Financial Instruments: Recognition and Measurement**

The amendments clarify that a loan prepayment option is not separable where the penalties incurred compensate the lender for the loss of interest income; that in respect of contracts for business combinations only forward contracts, and not option contracts, are excluded from the scope of IAS 39; and that gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows affect profit or loss. This amendment has an effective date of 1 January 2010.

### **IFRIC 9 Reassessment of Embedded Derivatives**

The amendment clarifies that embedded derivatives in contracts acquired in a business combination (as defined in IFRS 3), a combination of entities or businesses under common control or the formation of a joint venture are outside the scope of IFRIC 9. This amendment has an effective date of 1 July 2009.

### **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

The amendment removes the restriction that a hedging instrument in a hedge of a net investment in a foreign operation may not be held by that same foreign operation. This amendment has an effective date of 1 July 2009.

### **IFRIC 17 Distributions of Non-Cash Assets to Owners**

The interpretation provides guidance on accounting for dividends payable, where such dividends are distributions of non-cash assets or distributions that give a choice of non-cash assets or a cash alternative.

The interpretation extends the scope of IFRS 5 to non-current assets (or disposal groups) that are classified as held for distribution to owners (acting in their capacity as owners). This amendment has an effective date of 1 July 2009.

## **1.25 Significant FReM changes expected for 2011/12**

Significant FReM changes expected for 2011/12 (representing best practice disclosures on the spirit of IAS 8.30) which will impact on the Authority.

- Chapter 3 Parliamentary Accountability – second stage of the alignment project.
- Chapter 11 Income and Expenditure – change for the second stage of the alignment project concerning parliamentary totals.

It has been determined that the following FReM changes will not have a significant impact on the financial statements.

- Chapter 2 Accounting Principles – True and Fair Override Provision.
- Chapter 4 Accounting Boundaries – second stage alignment project.
- Chapter 6 Tangible non-current assets – changes in relation to Accounting for Capital Grants and Similar Financing.
- Chapter 13 Accounting for Consolidated Fund Revenue – Tax Credits.

## 2. Segment information of expenditure and income

For the year ending 31 March 2011

	2010/11 Gross expenditure	2010/11 Income	2010/11 Net expenditure	2009/10 Gross expenditure	2009/10 Income	2009/10 Net expenditure
	£000	£000	£000	£000	£000	£000
<b>Reportable Segments</b>						
Economic, Labour and Social Analysis	16,938	(4,000)	12,938	17,687	(3,801)	13,886
Surveys and Administrative Sources	58,054	(18,792)	39,262	61,873	(21,737)	40,136
Population, Health and Regional	9,235	(1,324)	7,911	10,358	(1,871)	8,487
Census 2011	160,010	(3,681)	156,329	51,638	(1,178)	50,460
Information Management	34,258	(1)	34,257	28,425	(68)	28,357
Methodology	6,835	(622)	6,213	6,686	(496)	6,190
Corporate Support	28,888	(5,459)	23,429	29,245	(3,110)	26,135
	314,218	(33,879)	280,339	205,912	(32,261)	173,651

### Reconciliation between segment information and the Statement of Comprehensive Net Expenditure

	Note	2010/11 Gross expenditure	2010/11 Income	2010/11 Net expenditure	2009/10 Gross expenditure	2009/10 Income	2009/10 Net expenditure
		£000	£000	£000	£000	£000	£000
Total reported by segment		314,218	(33,879)	280,339	205,912	(32,261)	173,651
Reconciling items							
Depreciation	8	13,436	-	13,436	15,849	-	15,849
Provisions created in year	16	6,241	-	6,241	15,774	-	15,774
Provisions not required in year	16	(3,509)	-	(3,509)	(2,077)	-	(2,077)
Bad debt write off	8	132	-	132	5	-	5
Unwinding/rewinding discount on provisions	8	174	-	174	254	-	254
Downward revaluations of fixed assets	8	4,018	-	4,018	464	-	464
Performance related pay year end accrual	7	840	-	840	46	-	46
Loss on disposal of equipment	8	3	-	3	79	-	79
Statement of Comprehensive Net Expenditure		335,553	(33,879)	301,674	236,306	(32,261)	204,045

#### Note

This is the first time the Authority has reported on its operational segments and includes prior year comparatives.

This represents the segmental analysis presented to the Investment and Planning Committee chaired by the Director General.

### 3. Analysis of net resource by section

For the year ending 31 March 2011

	Outturn						2010/11 Estimate	2009/10	
	Admin	Other Current	Grants	Gross resource Expenditure	A in A	Net Total	Net Total	Net Total outurn compared with Estimate	Prior-year outurn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for resources 1: To promote and safeguard the production and publication of official statistics that serve the public good									
Central Government Spending									
Section A:									
Programme costs	-	335,553	-	335,553	(33,879)	301,674	317,233	15,559	206,475
Resource Outturn	-	335,553	-	335,553	(33,879)	301,674	317,233	15,559	206,475

## 4. Reconciliation of outturn to net operating cost against Programme Budget

For the year ending 31 March 2011

### 4.1 Reconciliation of net resource outturn to the Statement of Comprehensive Net Expenditure

		Outturn	Supply Estimate	2010/11 Outturn compared with Estimate	2009/10 Outturn
	Note	£000	£000	£000	£000
Net Resource Outturn	3	301,674	317,233	15,559	206,475
Non-supply Expenditure		-	-	-	-
Prior period adjustment		-	-	-	(2,430)
Net operating cost		301,674	317,233	15,559	204,045

#### Note

Prior period adjustments have been made in line with IFRS 1 to reflect changes in the Government Reporting Manual whereby interest in Working Capital charges of £1,691,000 are no longer applied and also includes a prior period adjustment of £739,000 for performance related pay.

### 4.2 Outturn against final Programme Budget

	Budget	2010/11 Outturn	2009/10 Outturn (restated)
	£000	£000	£000
Gross Programme Budget	352,233	335,553	237,997
Prior period adjustment	-	-	(1,691)
Income allowable against the Programme Budget	(35,000)	(33,879)	(32,261)
Net outturn against final Programme/Administrative Budget	317,233	301,674	204,045

#### Note

A prior period adjustment of £1,691,000 reflects changes in the Government Financial Reporting Manual whereby £1,691,000 notional Interest on Working Capital previously charged in 2009/10 no longer applies.

## 5. Reconciliation of net resources to net cash requirement

For the year ending 31 March 2011

		Estimate	Outturn	Net total Outturn compared with estimate: saving/(excess)	2009/10 Outturn
	Note	£000	£000	£000	£000
<b>Resource Outturn</b>	3	317,233	301,674	15,559	206,475
Capital					
Acquisition of property, plant and equipment		15,000	14,627	373	14,374
<b>Non operating A in A</b>					
Proceeds of fixed asset disposals		(15)	-	(15)	-
<b>Accrual adjustments</b>					
Non-cash items	8	(27,400)	(20,564)	(6,836)	(30,424)
Prior period adjustment		-	-	-	(1,691)
Changes in working capital other than cash		-	(1,502)	1,502	4,162
Use of provision	16	10,400	10,072	328	15,216
Net cash requirement		315,218	304,307	10,911	208,112

### Note

Prior period adjustment of £1,691,000 notional Interest on Working Capital charged in 2009/10 no longer applies.

## 6. Analysis of income payable to the Consolidated Fund

For the year ending 31 March 2011

		Estimate	2010/11	2009/10
	Note	£000	£000	£000
Proceeds on disposal of Property, Plant and Equipment Assets	5	15	-	-

### Note

The Supply Estimate included non-operating appropriations in aid (expected proceeds from disposal of plant and equipment assets) that were not realised in the financial year.

## 7. Staff numbers and related costs

For the year ending 31 March 2011

### 7.1 Staff costs comprise:

	Total	Permanently employed staff	2010/11 Others	2009/10 (restated) Total
	£000	£000	£000	£000
Wages and salaries	101,918	88,267	13,651	103,587
Census Field Staff	14,318	14,318	-	-
Social security costs	6,443	6,390	53	6,370
Census Field Staff	855	855	-	-
Other pension costs	15,217	15,118	99	14,846
Census Field Staff	338	338	-	-
Total	139,089	125,286	13,803	124,803
Less recoveries in respect of outward secondments	(218)	(218)	-	(327)
<i>Total net costs</i>	138,871	125,068	13,803	124,476

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

### 7.2 Staff numbers

	Total FTE	Permanently employed FTE	2010/11 Others FTE	2009/10 Total FTE
Statistical Services	3,377	3,234	143	3,302
Census Field Staff	786	786	-	-

#### Note

The staff numbers were averaged out on a month by month basis and relate to the number of staff on the payroll each month.

### 7.3 Capitalised staff costs

	Cost	2010/11 FTEs	Cost	2009/10 FTEs
	£000	£000	£000	
Computer configurations	-	-	173	9
Web Development Programme	515	22	524	9
Labour Force Survey	501	21	-	-
Consumer and Retail Price Indices	109	5	-	-
Total	1,125	48	697	18

#### Note

The FTE's reported in 2009/10 for computer configuration work is for one month only, the remaining FTE's are averaged out on a month by month basis.

## Notes

The 2009/10 comparatives are restated in line with IAS 1 to reflect the 2010/11 changes in the Government Financial Reporting Manual whereby programme costs amounting to £12,016,000 have been re-analysed as staff costs in line with the definitions from the Office for Government Commerce Value Programme Business Case guidance notes.

In addition to the figures in note 7.1, £1,125,488 (2009/10 £697,320) of salary costs have been charged to capital and are not included in the Statement of Comprehensive Net Expenditure. An analysis by capital project is provided in note 7.3.

Recoveries of £218,000 (2009/10: £327,000) in respect of outward secondments are shown as administration income shown in note 9.

## Pensions

The Principal Civil Service Pension Schemes (PCSPS), is an unfunded multi-employer defined benefit scheme, but the Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out on 31 March 2007. Details can be found in the accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2010/11, employers' contributions of £15,160,884 were payable to the PCSPS (2009/10: £14,652,920) at one of four rates in the range of 16.7 to 24.3 per cent (2009/10: 16.7 to 24.3 per cent) of pensionable pay, based on salary bands.

The scheme's Actuary reviews contributions every four years following a full scheme valuation. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt for a partnership pension account, a stakeholder pension with an employer contribution.

Employers' contributions of £334,016 (2009/10 £180,302) were paid to one or more of a panel of three appointed stakeholder pension providers.

Employers contributions are age-related and range from 3 to 12.5 per cent (2009/10: 3 to 12.5 per cent) of pensionable pay. In addition, employer contributions of £21,520 representing 0.8 per cent; (2009/10: £12,778, 0.8 per cent) of pensionable pay were payable to PCSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £39,953 (2009/10: £20,019).

Contributions prepaid for both 2010/11 and 2009/10 were nil.

4 persons (2009/10: 2 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2009/10 nil).

These costs are centrally funded by the Civil Service Vote managed by the PPPA.

## 7.4 Reporting of Civil Service and other compensation schemes – exit packages

### For the year ending 31 March 2011

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2010/11	2009/10	2010/11	2009/10	£000	£000
Exit package cost band					2010/11	2009/10
<£10,000	2	-	1	5	11	21
£10,000 - £25,000	9	3	-	9	139	207
£25,000 - £50,000	6	8	-	6	209	513
£50,000 - £100,000	19	9	-	20	1,500	2,126
£100,000 - £150,000	8	2	-	5	927	907
£150,000 - £200,000	6	2	-	2	1,045	695
>£200,000	3	2	-	7	785	2,314
Total number of exit packages by type (total cost)	53	26	1	54	4,616	6,783

## Note

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

Where the Authority has agreed early retirements, the additional costs are met by the Authority and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 8. Programme Costs

For the year ending 31 March 2011

	2010/11		2009/10 (restated)	
	£000	£000	£000	£000
<i>Rentals under Operating leases</i>				
Hire of plant and machines	153		228	
Other operating leases	3,944	4,097	2,182	2,410
<i>Non-cash items</i>				
Depreciation	13,436		15,849	
Downward revaluation and amortisation	4,018		464	
Loss on disposal of equipment	3		79	
Write off of aged debtors and credit notes	132		5	
External audit fee	70		76	
Provisions	2,731		13,697	
Unwinding/rewinding of discount on provisions	174	20,564	254	30,424
Travel and subsistence		6,290		7,066
Hospitality		120		207
Consultancy		1,977		2,136
Ex-gratia payments		119		154
Exchange rate (gains)/losses		(37)		37
Information technology		22,276		12,705
Accommodation		10,933		9,528
Other expenditure		4,668		6,129
Census Services		114,881		28,717
External training		1,402		1,488
Miscellaneous fees		1,100		949
Payments for carrying out surveys		4,527		5,693
Stationery		759		895
Postage		797		856
Telecommunications		1,991		2,109
		196,464		111,503

### Note

The 2009/10 comparatives have been restated in line with IAS 1 to reflect the 2010/11 changes in the Government Financial Reporting Manual whereby £1,691,000 notional interest on working capital previously charged in 2009/10 no longer applies. Programme costs amounting to £12,016,000 have been re-analysed as staff costs in line with definitions from the Office for Government Commerce Value Programme Business Case guidance notes.

External audit fees do not include fees for non-audit services.

## 9. Income

For the year ending 31 March 2011

	2010/11	2009/10
	£000	£000
Operational income	5,510	3,216
Statistical services	27,588	28,975
EU Income	781	70
	<u>33,879</u>	<u>32,261</u>

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

	2010/11			2009/10		
	External	Public Sector	Total	External	Public Sector	Total
	£000	£000	£000	£000	£000	£000
Operational income	36	5,474	5,510	17	3,199	3,216
Statistical services	1,943	25,645	27,588	2,863	26,112	28,975
EU Income	781	-	781	70	-	70
	<u>2,760</u>	<u>31,119</u>	<u>33,879</u>	<u>2,950</u>	<u>29,311</u>	<u>32,261</u>

## 10. Property, plant and equipment

For the year ending 31 March 2011

	Land	Buildings	Computers	Office Machinery	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At April 2009	9,267	51,506	17,718	3,033	11,422	92,946
Additions	-	211	3,209	10	667	4,097
Transfers from Assets under construction	-	2,581	6,811	-	-	9,392
Disposals	-	-	(9,213)	(534)	(813)	(10,560)
Reclassifications	-	-	(5)	5	-	-
Revaluations	1,208	(30,243)	1,306	63	-	(27,666)
<b>At 31 March 2010</b>	<b>10,475</b>	<b>24,055</b>	<b>19,826</b>	<b>2,577</b>	<b>11,276</b>	<b>68,209</b>
<b>Depreciation</b>						
At April 2009	-	12,048	16,273	2,515	6,123	36,959
Charged in year	-	3,604	3,484	236	1,194	8,518
Disposals	-	-	(9,211)	(532)	(808)	(10,551)
Reclassifications	-	-	(1)	1	-	-
Revaluations	-	(14,718)	725	42	-	(13,951)
<b>At 31 March 2010</b>	<b>-</b>	<b>934</b>	<b>11,270</b>	<b>2,262</b>	<b>6,509</b>	<b>20,975</b>
<b>Cost or valuation</b>						
At April 2010	10,475	24,055	19,826	2,577	11,276	68,209
Additions	-	-	2,558	56	359	2,973
Transfers from Assets under construction	-	5,939	-	-	-	5,939
Disposals	-	-	(553)	(18)	(1,213)	(1,784)
Reclassifications	-	-	(191)	2	-	(189)
Revaluations	(113)	(5,712)	(1,242)	77	209	(6,781)
<b>At 31 March 2011</b>	<b>10,362</b>	<b>24,282</b>	<b>20,398</b>	<b>2,694</b>	<b>10,631</b>	<b>68,367</b>
<b>Depreciation</b>						
At April 2010	-	934	11,270	2,262	6,509	20,975
Charged in year	-	1,759	3,200	178	1,038	6,175
Disposals	-	-	(545)	(18)	(1,212)	(1,775)
Reclassifications	-	-	(24)	2	-	(22)
Revaluations	-	(937)	(578)	61	124	(1,330)
<b>At 31 March 2011</b>	<b>-</b>	<b>1,756</b>	<b>13,323</b>	<b>2,485</b>	<b>6,459</b>	<b>24,023</b>
<b>Net book value at 31 March 2009</b>	<b>9,267</b>	<b>39,458</b>	<b>1,445</b>	<b>518</b>	<b>5,299</b>	<b>55,987</b>
<b>Net book value at 31 March 2010</b>	<b>10,475</b>	<b>23,121</b>	<b>8,556</b>	<b>315</b>	<b>4,767</b>	<b>47,234</b>
<b>Net book value at 31 March 2011</b>	<b>10,362</b>	<b>22,526</b>	<b>7,075</b>	<b>209</b>	<b>4,172</b>	<b>44,344</b>
<b>Asset financing:</b>						
Owned	10,362	21,627	7,075	209	4,172	43,445
Leasehold ownership	-	899	-	-	-	899
<b>Net book value at 31 March 2011</b>	<b>10,362</b>	<b>22,526</b>	<b>7,075</b>	<b>209</b>	<b>4,172</b>	<b>44,344</b>

## Note

Included in the £2,973,000 of additions are £701,000 worth of capital creditors. The capital creditors brought forward from 2009/10 amounted to £1,264,000.

The properties at Titchfield, Christchurch and Newport were professionally valued at 31 December 2010 by DVS, the commercial arm of the Valuation Office Agency who are qualified to undertake these valuations. The valuations were prepared in accordance with the appropriate sections of the Practice Statements and the United Kingdom Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

## 10.1 Assets Under Construction

	Computer configurations	Building refurbishments	Total
	£000	£000	£000
At April 2009	6,811	1,341	8,152
In year expenditure	-	4,730	4,730
Transfers to fixed assets	(6,811)	(2,581)	(9,392)
<b>At 31 March 2010</b>	-	3,490	3,490
At April 2010	-	3,490	3,490
In year expenditure	-	3,827	3,827
Transfers to fixed assets	-	(5,939)	(5,939)
<b>At 31 March 2011</b>	-	1,378	1,378

## Note

The in year expenditure of £3,827,000 includes £645,000 worth of capital creditors. The amount of capital creditors brought forward from 2009/10 was £1,309,000.

## Statement of Financial Position

	2010/11 Total	2009/10 Total	2008/09 Total
	£000	£000	£000
<b>Non-current assets</b>			
Net book value of property plant and equipment	44,344	47,234	55,987
Assets under construction	1,378	3,490	8,152
	45,722	50,724	64,139

## 11. Intangible fixed assets

For the year ending 31 March 2011

### In-house developed software applications

	NeSS projects	Odyssey projects	I-Dissemination project	The Social Survey Repository	Total
	£000	£000	£000	£000	£000
<b>Valuation</b>					
At March 2009	15,448	22,999	4,200	-	42,647
Transfers from assets under construction	-	-	678	-	678
Revaluations	451	671	132	-	1,254
<b>At 31 March 2010</b>	<b>15,899</b>	<b>23,670</b>	<b>5,010</b>	<b>-</b>	<b>44,579</b>
<b>Amortisation</b>					
At March 2009	5,468	5,671	117	-	11,256
Charged in year	1,866	3,009	554	-	5,429
Revaluations	185	207	10	-	402
<b>At 31 March 2010</b>	<b>7,519</b>	<b>8,887</b>	<b>681</b>	<b>-</b>	<b>17,087</b>
<b>Valuation</b>					
At March 2010	15,899	23,670	5,010	-	44,579
Transfers from assets under construction	-	-	-	2,500	2,500
Revaluations	(278)	(415)	(88)	24	(757)
<b>At 31 March 2011</b>	<b>15,621</b>	<b>23,255</b>	<b>4,922</b>	<b>2,524</b>	<b>46,322</b>
<b>Amortisation</b>					
At March 2010	7,519	8,887	681	-	17,087
Charged in year	1,841	2,968	551	70	5,430
Revaluations	(113)	(127)	(7)	-	(247)
<b>At 31 March 2011</b>	<b>9,247</b>	<b>11,728</b>	<b>1,225</b>	<b>70</b>	<b>22,270</b>
<b>Net book value of in-house software 31 March 2009</b>	<b>9,980</b>	<b>17,328</b>	<b>4,083</b>	<b>-</b>	<b>31,391</b>
<b>Net book value of in-house software 31 March 2010</b>	<b>8,380</b>	<b>14,783</b>	<b>4,329</b>	<b>-</b>	<b>27,492</b>
<b>Net book value of in-house software 31 March 2011</b>	<b>6,374</b>	<b>11,527</b>	<b>3,697</b>	<b>2,454</b>	<b>24,052</b>

#### Note

The net book value of in-house developed software would be £21,913,000 if historic cost accounting had been applied.

The NeSS website is an online resource for people working in regeneration and social research, or for anyone interested in knowing about where they live. It provides information related to deprivation about local communities, such as crime, drugs, unemployment, community breakdown, and schools with low educational attainment. This supports the development and measurement of integrated and sustainable solutions to local problems.

The Odyssey projects are a number of small projects which form a central ONS repository for data (CORD) which is fully supported by metadata. Incorporated within this is a set of standard statistical tools covering time series, estimation, disclosure and tabulation.

The I-Dissemination project is the Publication Hub which has provided for the first time a one-stop-shop for statistics users where they can find each day links to all of the new National Statistics from across Government

## Software Licenses

	2010/11 Software licences	2009/10 Software licences
	£000	£000
<b>Valuation</b>		
At 1 March	9,969	10,782
Additions	905	1,084
Disposals	(900)	(1,897)
Reclassifications	188	-
Valuation at 31 March	10,162	9,969
<b>Amortisation</b>		
At March	6,782	6,707
Charge in year	1,830	1,902
Disposals	(902)	(1,827)
Reclassifications	21	-
Amortisation provision at 31 March	7,731	6,782

	2010/11 Total	2009/10 Total	2008/09 Total
	£000	£000	£000
<b>Net book value of software licences</b>	2,431	3,187	4,075

### Note

Included in the software licences additions of £905,000 is £285,000 capital creditors, the amount brought forward from 2009/10 is £2,000.

## 11.1 Assets Under Construction

	I-Dissemination project	Web Development Project	The Social Survey Repository	CPI/RPI Project	Publication Hub	Total
	£000	£000	£000	£000	£000	£000
At April 2009	560	-	-	-	-	560
In year expenditure	1	2,659	623	999	181	4,463
Write off	(64)	-	-	-	-	(64)
Transfers to fixed assets	(497)	-	-	-	(181)	(678)
<b>At 31 March 2010</b>	-	2,659	623	999	-	4,281
At April 2010	-	2,659	623	999	-	4,281
In year expenditure	-	2,810	2,139	1,973	-	6,922
Write off	-	-	-	-	-	-
Transfers to fixed assets	-	-	(2,500)	-	-	(2,500)
<b>At 31 March 2011</b>	-	5,469	262	2,972	-	8,703

	2010/11 Total	2009/10 Total	2008/09 Total
	£000	£000	£000
<b>Net book value of assets under construction</b>	8,703	4,281	560

#### Notes

Included in the additions of £6,922,000 is £183,000 capital creditors, the amount of capital creditors brought forward from 2009/10 is £31,000.

The I-Dissemination project is the Publication Hub which has provided for the first time a one-stop-shop for statistics users where they can find each day links to all of the new National Statistics from across Government.

The Web Development Project delivers a new ONS website, with improved search and navigation. The programme also delivers new internal systems for statistical production areas to release their outputs onto the new website. As well as a new website, the programme will also provide an Application Programme Interface through which other parties will be able to directly access ONS statistics for use in their own systems.

The Social Survey Repository will replace the Annual Population Survey/Labour Force Survey reweighting and Scientific Information Retrieval 2002 systems, based in Newport which currently weight, reweight, impute, produce derived variables, attach geographies and store the APS and LFS data. It will be built on the CASPA platform (Common Architecture for Statistical Processing and Analysis).

The development of the new Consumer Prices Index (CPI) and Retail Prices Index (RPI) computer system provides a new and flexible system improving ONS's capability to continue to produce important economic indicators.

The Publication Hub Project is a website bringing together information about releases from across the Government Statistical Service (GSS). It is a central point of access for official statistics in the UK.

## Statement of Financial Position

	2010/11 Total	2009/10 Total	2008/09 Total
	£000	£000	£000
<b>Non-current assets</b>			
In-house developed software	24,052	27,492	31,391
Software licences	2,431	3,187	4,075
Assets under construction	8,703	4,281	560
Intangible assets	35,186	34,960	36,026

## 12. Financial Instruments

### For the year ending 31 March 2011

As the cash requirements of the Authority are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Authority's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

### Currency risk

	2010/11 Non-interest bearing financial assets	2010/11 Non-interest bearing financial liabilities	2009/10 Non-interest bearing financial assets	2009/10 Non-interest bearing financial liabilities
	£000	£000	£000	£000
Euro	1,235	(174)	646	(96)
Gross financial assets/liabilities	1,235	(174)	646	(96)

## 13. Trade receivables and other assets

For the year ending 31 March 2011

	2010/11	2009/10	2008/09
	£000	£000	£000
<b>Amounts falling due within one year:</b>			
Trade receivables	2,604	4,352	2,683
Deposit and advances	123	202	132
Other receivables	12,555	3,067	4,760
Prepayments and accrued income	5,412	4,501	3,827
	<u>20,694</u>	<u>12,122</u>	<u>11,402</u>
<b>Amounts falling due after more than one year:</b>			
Deposits and advances	39	39	136
Other debtors	280	274	268
	<u>21,013</u>	<u>12,435</u>	<u>11,806</u>

### 13.1 Intra-Government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	15,550	6,568	7,264	280	274	268
Balances with local authorities	31	302	30	-	-	-
Balances with NHS Trusts	11	3	17	-	-	-
Balances with public corporations and trading funds	375	22	619	-	-	-
Subtotal: intra-government balances	<u>15,967</u>	<u>6,895</u>	<u>7,930</u>	<u>280</u>	<u>274</u>	<u>268</u>
Balances with bodies external to government	4,291	4,740	3,224	-	-	-
Balances with staff	436	487	248	39	39	136
Total debtors at 31 March	<u>20,694</u>	<u>12,122</u>	<u>11,402</u>	<u>319</u>	<u>313</u>	<u>404</u>

## Total trade receivables outstanding

	2010/11	2009/10	2008/09
	£000	£000	£000
1-30 days	2,577	3,922	2,504
31-60 days	23	396	96
61-90 days	3	23	80
91-180 days	1	-	1
	2,604	4,341	2,681
Greater than 181 days	-	11	2
	2,604	4,352	2,683

## Statement of Financial Position

	2010/11	2009/10	2008/09
	£000	£000	£000
Deposits and advances falling due after more than one year	319	313	404
Trade and other receivables	2,604	4,352	2,683
Other current assets	17,810	7,496	8,451
Financial assets	280	274	268
	21,013	12,435	11,806

## 14. Cash and cash equivalents

For the year ending 31 March 2011

	2010/11	2009/10	2008/09
	£000	£000	£000
Balance at 1 April	(251)	1,011	2,435
Net change in cash and cash equivalent balances	2,601	(1,262)	(1,424)
Balance at 31 March	2,350	(251)	1,011
<b>The following balances at 31 March were held at:</b>			
Government Banking Service accounts	2,227	(615)	851
Commercial banks and cash in hand	1	46	2
Cash equivalents	122	318	158
Balance at 31 March	2,350	(251)	1,011

### Notes

The Authority keeps a balance of postal orders, shopping vouchers and stamps which are used for incentive payments and also retains a small balance of Euros.

## 15. Trade payables and other current liabilities

For the year ending 31 March 2011

	2010/11	2009/10	2008/09
	£000	£000	£000
<b>Amounts falling due within one year:</b>			
Other taxation and social security	3,920	2,486	2,517
Trade payables	898	9,650	11,371
Other payables	495	133	469
Accruals and deferred income	29,263	12,106	14,353
Amounts issued from Consolidated Fund for supply but not spent at year end	2,350	-	672
Consolidated fund extra receipts due to be paid to the Consolidated fund	-	-	339
	36,926	24,375	29,721

### 15.1 Intra-Government Balances

	2010/11	2009/10	2008/09
	£000	£000	£000
<b>Amounts falling due within one year:</b>			
Balances with other central government bodies	7,763	4,583	4,942
Balances with local authorities	43	22	1
Balances with Eurostat	390	144	302
Balances with public corporations and trading funds	-	254	-
	8,196	5,003	5,245
Balances with bodies external to government	21,670	14,350	21,158
Balances with staff (Holiday Pay and Performance Related Pay)	7,060	5,022	3,318
Total creditors at 31 March	36,926	24,375	29,721

#### Notes

2009/10 figures reflect a net yearly movement of £962,000 of accrued holiday and flexi pay.

2010/11 figures reflects an in year net increase of £635,000 made up of a reduction of £457,000 for accrued holiday and flexi pay and a first time accrual of £1,092,000 holiday pay for census field staff.

## 16. Provisions for liabilities and charges

For the year ending 31 March 2011

	Early Departure Costs	Onerous Contracts	Bessborough Rent	Drummond Gate Dilapidations	Relocation Costs	Myddelton Street Dilapidations	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2009	19,442	9,618	1,504	-	693	957	74	32,288
Provided in year	4,498	3,827	84	7,365	-	-	-	15,774
Provisions not required written back	-	(1,899)	-	-	(104)	-	(74)	(2,077)
Provisions utilised in the year	(7,610)	(5,944)	(1,343)	-	(319)	-	-	(15,216)
Unwinding of discount	833	99	5	-	-	43	-	980
Rewinding of discount	(636)	(63)	-	-	-	(22)	-	(721)
Balance at 31 March 2010	16,527	5,638	250	7,365	270	978	-	31,028
Balance at 1 April 2010	16,527	5,638	250	7,365	270	978	-	31,028
Provided in year	-	5,999	-	-	2	240	-	6,241
Provisions not required written back	(1,206)	(585)	-	(1,120)	(166)	(432)	-	(3,509)
Provisions utilised in the year	(6,753)	(2,963)	(250)	-	(106)	-	-	(10,072)
Unwinding of discount	619	89	-	1,211	-	22	-	1,941
Rewinding of discount	(672)	(39)	-	(1,049)	-	-	-	(1,760)
Balance at 31 March 2011	8,515	8,139	-	6,407	-	808	-	23,869

	2010/11	2009/10	2008/09
	£000	£000	£000
Current early retirement provision	3,023	5,912	5,824
Early retirement provision due after more than one year	5,493	10,615	13,618
Other provisions	15,353	14,501	12,846
	23,869	31,028	32,288

### Analysis of expected timing of discounted flows

	Early Departure Costs	Onerous Contracts	Drummond Gate Dilapidations	Myddelton Street Dilapidations	Total
	£000	£000	£000	£000	£000
In the remainder of the Spending Review period to 2016	7,587	6,867	-	808	15,262
Between 2017 and 2020	903	1,272	6,407	-	8,582
Between 2021 and 2026	25	-	-	-	25
Balance at 31 March 2011	8,515	8,139	6,407	808	23,869

## Notes

### Early Departure Costs

The Authority meets the additional costs of benefits, beyond the normal PCSPS benefits, in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and the normal retirement date. The Authority provides for this in full when the early retirement programme becomes binding on the Authority by establishing a provision for the estimated payments discounted by the Treasury pensions discount rate of 2.9 per cent in 2010/11.

By April 2011 the staffing in the London office will reach the levels envisaged in the 2006/07 relocation programme, and a provision has been made for early retirement of those staff.

### Drummond Gate Onerous Contract

As part of the decision to relocate all remaining London staff for Myddelton Street, Drummond Gate was vacated in June 2008. The property is being actively marketed and discussions are taking place with a number of potential tenants.

Following the termination of the lease for Myddelton Street the remaining staff in London will occupy most of one floor in Drummond Gate. We have already leased over approximately three and a half floors and have a heads of agreement for one other floor.

The lease income does not fully cover the total cost of the lease and running costs and therefore a provision has been made to cover the onerous elements of the lease.

The provision has been discounted by the Treasury discount rate of 2.2 per cent

### Lancaster Court Onerous Contract

The Authority leases buildings at Lancaster Court in Titchfield that are surplus to its requirements, and had sub-let those to a third party who have terminated the sub-lease.

Due to the depressed state of the property market it is anticipated that we will not be able to find a tenant for the short time remaining on the lease and this estimated provision recognises the cost until the end of the lease in June 2014. The provision has been discounted by the Treasury discount rate of 2.2 per cent.

### Bessborough Rent

In June 2006 ONS disposed of the Bessborough and Rampayne annexes to its Drummond Gate Office in London, as reduced staff numbers led to a need for smaller office accommodation requirements. As part of the agreement the tenant was allowed a rent free period which ended in 2010/11.

### Drummond Gate Dilapidations

The offices at Drummond Gate are mainly let to tenants elsewhere in the public sector. When the lease expires in January 2018 it will not be renewed.

The UK Statistics Authority expects to have to pay a sum in respect of dilapidations under the terms of the lease.

### Relocation Costs

As a result of the Lyons and Gershon reports, decisions were taken to relocate a number of staff from Titchfield and London to Newport. This provision represents an estimate of the costs outstanding from 2007/08 and costs expected to be incurred, and now includes additions to reflect the extension of plans to 2010/11.

### Myddelton Street Dilapidations

The former Family Record Centre in Myddelton Street has space for over 300 staff and in the longer term the centre is too large based on projections for staff required in London.

We have agreed to leave in June 2011, slightly earlier than the lease break, when the Authority will pay a sum in respect of dilapidations.

### Other

In the previous year other provisions covered employment tribunal costs and excess fares. The Authority does not have these provisions moving forward.

## 17. Capital commitments

For the year ending 31 March 2011

	2010/11	2009/10
	£000	£000
Contracted building refurbishments commitments	152	362
Contracted IT commitments Intangible Assets	600	469
Total commitments as at 31 March not otherwise included in these financial statements	752	831

## 18. Commitments under leases

For the year ending 31 March 2011

### Operating leases

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

	2010/11	2009/10
	£000	£000
Buildings:		
Not later than one year	5,970	5,982
Later than one year and not later than five years	16,665	22,696
Later than five years	7,150	20,665
	<u>29,785</u>	<u>49,343</u>
Other:		
Not later than one year	125	223
Later than one year and not later than five years	-	534
Later than five years	-	2
	<u>125</u>	<u>759</u>

### Note

The cost of building leases include commitments for Drummond Gate. This property is being actively marketed and contracts have been agreed for three out of the six floors, the following income streams are anticipated.

	2010/11
	£000
Not later than one year	1,980
Later than one year and not later than five years	11,316
Later than five years	5,087
	<u>18,383</u>

## 19. Other financial commitments

### For the year ending 31 March 2011

The Authority has entered into non-cancellable contracts (which are not leases or PFI contracts), for Information Management Services, Facilities Management and services in support of the Census. The payments to which the Authority is committed are as follows:

	2010/11	2009/10
	£000	£000
Not later than one year	74,299	107,912
Later than one year and not later than five years	17,867	97,335
	<u>92,166</u>	<u>205,247</u>

## 20. Contingent liabilities

For the year ending 31 March 2011

None.

## 21. Special payments and losses

For the year ending 31 March 2011

	2010/11	2009/10
	£000	£000
Ex-gratia claims	2	3
Special payments	117	122
Equipment losses	25	12
	<u>144</u>	<u>137</u>

The Authority has paid out £119,000 ex-gratia and special payments to employees in keeping with the Civil Service Management code during 2010/11. All cases were below the individual disclosure threshold of £250,000.

	2010/11	2009/10
Number of Claims/Losses		
Ex-gratia claims	28	19
Special Payments	27	13
Equipment losses	49	38
	<u>104</u>	<u>70</u>

## 22. Related party transactions

### For the year ending 31 March 2011

The United Kingdom Statistics Authority has had various material transactions with other government departments and other central government bodies (negative value denotes income). Most of these transactions have been with:

- Central Office of Information – aggregate value £1,222,226;
- Department for Work and Pensions – aggregate value £(10,049,274);
- Department for Communities and Local Government – aggregate value £(2,457,318);
- Department for Business, Innovation, and Skills – aggregate value £(1,864,302);
- Department of Health – aggregate value £(1,807,827);
- National Savings and Investments – aggregate value £(1,118,724);
- Northern Ireland Statistics and Research Agency – aggregate value £(2,943,149);
- Scottish Government – aggregate value £(1,225,117);
- UK Intellectual Property Office – aggregated value £(1,149,413);
- Welsh Government – aggregated value £(1,408,928).

No board member, key manager or other related parties have undertaken any material transactions with the Authority during the year.

## 23. Events arising after the reporting date

None.

## 24. Date of Authorisation of the Accounts

The Accounts were authorised to be issued on 14 July 2011







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