

DEPARTMENT OF EDUCATION  
**RESOURCE ACCOUNTS**

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for the year ended 31 March 2003



DEPARTMENT OF EDUCATION  
**RESOURCE ACCOUNTS**

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for the year ended **31 March 2003**

Presented to The Houses of Parliament by the Secretary of State  
for Northern Ireland  
in accordance with article 2(2) (a) of the Northern Ireland  
Act 2000 (Prescribed Documents) Order 2002

13 November 2003

Ordered by the House of Commons to be printed  
13 November 2003

# Annual Report and Accounts

Accounts for the year ended 31 March 2003

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# **DEPARTMENT OF EDUCATION**

## **ANNUAL REPORT**

### **SCOPE**

#### **1. Departmental Accounting Boundary**

These accounts have been prepared in accordance with directions given by the Department of Finance and Personnel in pursuance of the Government Resources and Accounts Act (NI) 2001 and relate to the activities of the Department of Education and the Special Education Needs Tribunal. All other associated education bodies are outside the accounting boundary defined within the 2002-03 Northern Ireland Resource Accounting Manual issued by the Department of Finance and Personnel.

#### **2. Aim and Objectives**

The aim of the Department is "To provide for the education and development of all our young people to the highest possible standards, with equal access for all".

To meet this aim the Department has developed the following supporting objectives:

- Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society, and
- Promoting, through the youth service, the personal and social development of children and young people and assist them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, to encourage the development of mutual understanding and promoting recognition of and respect for cultural diversity.

#### **3. Principal Activities**

The principal activities of the Department are:-

- central responsibility for policy and planning for pre-school provision, education of children at school (ages 4-18), the youth service and community relations in schools;
- the funding of the principal bodies responsible for the executive delivery of these services.

#### **4. Associated Bodies**

The Department provides funding to a number of public and private sector bodies which are outside the Departmental Resource Accounting boundary. For resource accounts purposes with the exception of the Special Education Needs Tribunal all of the NDPBs fall outside the Departmental Accounting boundary and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts.

The following list represents those bodies for which the Department had direct funding responsibility during this financial year.

**Executive NDPBs:-**

Belfast Education and Library Board  
Council for Catholic Maintained Schools  
Northern Ireland Council for Curriculum, Examinations and Assessment  
North Eastern Education and Library Board  
Southern Education and Library Board  
South Eastern Education and Library Board  
Staff Commission for Education and Library Boards  
Western Education and Library Board  
Youth Council for Northern Ireland

**Tribunals:-**

Special Educational Needs Tribunal

**Private Sector Bodies:-**

Grant Maintained Integrated Schools \*  
Voluntary Grammar Schools \*  
Northern Ireland Council for Integrated Education  
Comhairle na Gaelscolaíochta

\*Note: Other schools, maintained and controlled, are funded via the education and library boards.

**5. Important events occurring after the Year End**

There have been no significant events since the financial year end.

**6. Pension and Early Departure Costs**

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Department meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS (NI) as a whole.

Pension arrangements for the Minister are covered by the provisions of the Assembly Members Pension Scheme (NI) 2000 (AMPS), which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the AMPS. Government Departments covered by the scheme meet the costs of pension cover provided for the Minister by inclusion of a notional superannuation liability charge. Accounts for AMPS are available from HMSO.

The Department is also required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

## **OPERATING AND FINANCIAL REVIEW**

### **7. Operating Results for the Period**

The Department's main activities and responsibilities remained unchanged during the period. These are primarily to give strategic policy direction to the education service and to allocate the funding provided by the Executive. Education provision at local level is made principally by the 5 education and library boards and other partner bodies which are funded by the Department. The Department's Net Resource Outturn for the year was £1,458m compared to a total of £1,531m authorised by the Assembly. The main factors causing this variance were carry forward to 2003-04 of certain Education and Library Board provision, slippage on certain capital programmes, slippage on certain Executive Programme Fund provision and prior period adjustments put through in the current year.

### **8. Dynamics of the Business**

The Department has fully disclosed known contingent liabilities in Note 24 and post-balance sheet events in Note 31 of the Resource Accounts. In the financial periods immediately ahead, the resource, policy and administrative framework within which education services are delivered may be affected by:

- Executive decisions on resources in the context of Budget 2003;
- Policy decisions about the arrangements for post-primary education following on from the report of the Post-Primary Review Body; and
- The outcome of the Review of Public Administration, which has been initiated by the Executive.

### **9. Investment for the Future**

The Department does not directly own any substantial assets. The education estate is primarily in the ownership of the 5 education and library boards and the trustees of voluntary schools. One of the Department's key objectives is to improve the condition of the schools' estate and to reduce the backlog of priority capital projects. In February 2003, the Minister of State with responsibility for Finance announced a capital development programme of some 43 projects with a total capital value of £263.1m, including 6 projects which are to be taken forward as Public Private Partnerships.

### **10. Going Concern**

Under FRS 18, when the closing balance sheet position shows a surplus of liabilities over assets, the Accounting Officer is required to make an assessment of the viability of the Department as a going concern. No material uncertainties affecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

## 11. Balance Sheet Value

In accordance with NIRAM, the Department is not able to accrue funding due from the Consolidated Fund in respect of Parliamentary / Assembly Grant to match current liabilities recorded within the Balance Sheet. As a result the closing balance sheet position shows a surplus of liabilities over assets.

## 12. Suspension of Devolution

The Secretary of State for Northern Ireland signed an Order on 14 October 2002 suspending devolved government in Northern Ireland from midnight that night. Note 33 contains further details on the effects of this suspension.

## MANAGEMENT

### 13. Ministerial Responsibility

During the year, the following Northern Ireland Executive Minister had responsibility for the Department of Education until 14 October 2002.

Minister for Education

Mr Martin McGuinness, MP MLA

During the year, the following Minister of State had responsibility for the Department of Education from 15 October 2002.

Minister of State with responsibility for Education

Ms Jane Kennedy, MP

### 14. Senior Officers

The composition of the Departmental Management Board - the Senior Management Team - during the year was as follows:

Mr Gerry McGinn

Permanent Secretary

Mr Stephen Peover

Deputy Secretary (to 3 February 2003)

Ms Marion Matchett

Chief Inspector Education & Training Inspectorate

### Heads of Divisions and Assistant Chief Inspectors:

Dr Mark Browne

Post-Primary Review Team

Mrs June Ingram

Schools and Pupil Services

Mr Neill Jackson

Corporate Services (to 16 July 2002)

Mrs Maura McCusker

Corporate Services (from 6 November 2002)

Mrs Christine Jendoubi

Standards and Improvement

Mr Nigel McCormick

Development and Infrastructure

Mr Terry Smyth

Equality, Rights and Youth Service

Mr David Woods

Finance and Strategic Planning

Mr John Caldwell

Resource Allocation (from 12 August 2002)

(Temporarily Promoted)

Mr John Birch

Assistant Chief Inspector (to 16 July 2002)

Mr Paul McAlister

Assistant Chief Inspector (from 29 July 2002)

Mr Vivian McIver

Assistant Chief Inspector

Mrs Loretto Watson

Assistant Chief Inspector

Mr Stanley Goudie

Assistant Chief Inspector

## **15. Senior Official Appointments**

The Permanent Head of the Department was appointed by the Northern Ireland Civil Service Recruitment Service after an open competition. The appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

One member of the Management Board, Stephen Peover, was appointed by the Northern Ireland Civil Service Advisory Panel. Marion Matchett was appointed by the Northern Ireland Civil Service Commissioners after an open competition. These appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in the Northern Ireland Civil Service Pay and Conditions of Service Code.

## **16. Remuneration**

Ministerial remuneration is provided for in a determination by the Secretary of State entitled the Assembly Members' Pensions' Determination (Northern Ireland) 2000. The determination was made under Section 48 of the Northern Ireland Act 1998 (c.47) by virtue of paragraph 9 of the Schedule to the Northern Ireland Act 2000 (c.1).

The Permanent Secretary's pay is determined by the Permanent Secretaries Remuneration Committee taking account of the recommendations of the annual Senior Salaries Review Body report.

The pay of other members of the Departmental Board is set by the recommendations of the annual Senior Salaries Review Body report.

Further details on remuneration are included within Note 2 to the resource accounts.

## **PUBLIC INTEREST AND OTHER**

### **17. Employment of Disabled Persons**

The Department of Education follows the Northern Ireland Civil Service Code of Practice concerning disabled persons. The Northern Ireland Civil Service is committed to providing equality of opportunity as stated in the Service's Equal Opportunities Policy Statement. The policy is that "all eligible persons shall have equal opportunity for employment and advancement in the Northern Ireland Civil Service on the basis of their ability, qualifications and aptitude for work. The Service aims to provide access to the full range of recruitment and career opportunities for all people with disabilities, to establish working conditions which encourage the full participation of disabled people and seek to ensure the retention of existing staff who are affected by disability through rehabilitation, training and reassignment".

Full details can be found in the Code of Practice.

### **18. Equal Opportunities**

The Department of Education is an equal opportunities employer and has adopted the Northern Ireland Civil Service (NICS) Equal Opportunities Policy Statement. It is Departmental policy that people shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for work. The policy states that there is a legal framework to protect individuals from unfair discrimination which should be taken to mean acting in such a way as to place at a disadvantage or treat unfairly

any individual because of factors such as religion, sex, marital status etc. The policy also applies to the employment in NICS of people with a disability or mental impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

Awareness of equal opportunities best practice is promoted throughout the Department by the Personnel and Development Services Branch.

#### **19. Payment of Suppliers**

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year 99.0% of bills were paid within this standard. No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

#### **20. Auditor**

The Comptroller and Auditor General is the auditor for the Department's accounts.

#### **21. Provision of information to employees**

Information on matters of interest to employees is provided to them by a number of means such as the internal Intranet, the in-house magazine, issue of circulars and regular team briefings.

The Department has agreed consultation arrangements with the recognised trade union, the Northern Ireland Public Service Alliance (NIPSA), with formal meetings taking place at least six times per year and bi-annual meetings on matters such as equal opportunities and health and safety. In addition, trade union side is regularly consulted on matters relating to employees' terms and conditions.

As well as the formal consultation arrangements with trade union side, the Department seeks to obtain the views of all staff by staff surveys and focus groups. The results of these are published on the internal Intranet and staff are consulted about and contribute to the resultant action.

**Signed:** Gerry McGinn  
Accounting Officer

**Date:** 29 October 2003

## DEPARTMENT OF EDUCATION

### STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

1. Under the Government Resources and Accounts Act (NI) 2001, the department is required to prepare resource accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. DFP has appointed the Permanent Head of Department as Accounting Officer of the department, with responsibility for preparing the department's accounts and for transmitting them to the Comptroller and Auditor General (C&AG).
4. In preparing the accounts, the Accounting Officer is required to comply with the **Northern Ireland Resource Accounting Manual (NIRAM)** prepared by DFP, and in particular to:
  - a) observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - b) make judgements and estimates on a reasonable basis;
  - c) state whether applicable accounting standards, as set out in the NIRAM, have been followed, and disclose and explain any material departures in the accounts;
  - d) prepare the accounts on a going-concern basis.
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in **Government Accounting Northern Ireland**.

## DEPARTMENT OF EDUCATION

### STATEMENT ON INTERNAL CONTROL - TRANSITIONAL STATEMENT

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives set by the Department's Minister, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The procedures necessary to implement DFP guidance are in place and further action is planned to ensure that the processes established become embedded more fully into the business planning and decision making processes of the Department.

The Department has set out its attitude to risk in a Risk Management Framework, which also outlines the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and managed. We have carried out appropriate procedures to ensure that risks associated with the Department's key Business Plan objectives have been assessed, and determined a control strategy for each of the significant risks. Risk ownership has been allocated to the appropriate staff.

The nature of the risk, the current level of control, any further action being taken, and risk owners, are recorded in divisional risk registers and, for higher-level or overarching risks, in the corporate risk register. A risk matrix has been developed to assist in ensuring consistency of scoring in relation to the degree of risk.

The Department's senior management team (SMT) has collective responsibility for monitoring and reviewing the high-level risks recorded in the corporate risk register and for receiving reports on significant risks arising from divisional risk registers. SMT has procedures in place for verifying that risk management and internal control are regularly reviewed and reported on.

#### **In the coming year the Department plans to:**

- regularly review and update the corporate and divisional risk registers to ensure that they remain an accurate record of the risks facing the Department;
- undertake evaluations, on a sample basis, of the measures in place to manage risk, to ensure that these are operating effectively;
- provide additional training for relevant staff; and
- ensure greater coherence and integration with the arrangements for establishing and reviewing the Department's business plan.

The Department has an Internal Audit Unit, which operates to Government Internal Audit Standards. They submit regular reports to the Department's Audit and Risk Management Committee. The reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control, together with recommendations for improvement.

The risk management arrangements currently in place have been assessed by Internal Audit against HM Treasury guidance. This review has confirmed a high level of compliance with the guidance and also pointed to some areas for improvement and consolidation, including the need for further staff training across the Department.

My review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors, and comments made by the external auditors in their management letters and other reports;
- the subsidiary statements on internal control presented by heads of branch and heads of division within the Department, who have responsibility for the development and maintenance of the internal control framework in their respective areas; and
- the statements on internal control, and associated documentation, submitted by the accounting officers of the Department's NDPBs.

**Signed:** Gerry McGinn  
Accounting Officer

**Date:** 29 October 2003

**DEPARTMENT OF EDUCATION**  
**THE CERTIFICATE AND REPORT OF THE COMPTROLLER**  
**AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**

I certify that I have audited the financial statements on pages 12 to 51 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 23.

**Respective responsibilities of the Accounting Officer and Auditor**

As described on page 7, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 8 and 9 reflects the Department's compliance with the Department of Finance and Personnel's guidance 'Corporate governance: Statement on Internal Control'. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

**Basis of audit opinion**

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

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

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department of Education at 31 March 2003 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied for the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

See also my report at page 52.

**J M DOWDALL CB**  
Comptroller and Auditor General

30 October 2003

Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

# DEPARTMENT OF EDUCATION

## SCHEDULE 1

### Summary of Resource Outturn 2002-03

		2002-03						2001-02	
		Estimate			Outturn				
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total Outturn compared with Estimate Saving/ (Excess)	Prior Year Outturn
		1	2	3	4	5	6	7	8
		£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A (Note 5 and 9)		1,504,450	(5,101)	1,499,349	1,437,836	(3,532)	1,434,304	65,045	1,340,352
Request for Resources B (Note 5 and 9)		31,856	-	31,856	24,000	-	24,000	7,856	27,097
<b>Total resources</b>		<b>1,536,306</b>	<b>(5,101)</b>	<b>1,531,205</b>	<b>1,461,836</b>	<b>( 3,532)</b>	<b>1,458,304</b>	<b>72,901</b>	<b>1,367,449</b>
<b>Non-operating cost</b>									
<b>Accruing Resource (Note 5)</b>		-	-	26	-	-	5	21	-
<b>Net cash requirement</b>		-	-	<b>1,523,074</b>	-	-	<b>1,452,798</b>	<b>70,276</b>	<b>1,355,442</b>
Reconciliation of resources to cash requirement	Note			£000			£000	£000	£000
<b>Net Total Resources</b>	9			1,531,205			1,458,304	72,901	1,367,449
<b>Capital:</b>									
Acquisition of fixed assets - cash purchase	10 11&12			2,329			309	2,020	388
Investments				-			-	-	-
<b>Non Operating ARs</b>									
Book value of fixed asset disposals	11			(26)			( 18)	(8)	(9)
<b>Accruals adjustments:</b>									
Non Cash Items	3 & 17			(2,631)			(6,118)	3,487	1,586
Changes in working capital other than cash	13			( 8,025)			1,953	(9,978)	(17,381)
Changes in creditors falling due after more than one year	16			-			1,535	(1,535)	-
Use of provision	17			222			205	17	37
Other Adjustment							( 178)	178	178
Payment of Grant in respect of prior year							( 3,194)	3,194	3,194
<b>Net Cash Requirement (Schedule 4)</b>				<b>1,523,074</b>			<b>1,452,798</b>	<b>70,276</b>	<b>1,355,442</b>

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

The majority of the variance is accounted for by the following large differences:

- (i) carry forward of £46.8m to 2003-04 of certain Education and Library Board Provision, principally to facilitate the operation of Local Management of Schools,
- (ii) slippage of £12.2m on certain capital programmes in Voluntary and Grant Maintained Integrated Schools, mainly due to vesting complexities, planning/road planning issues, design issues, and inclement weather conditions,
- (iii) slower than expected progress amounting to £6.9m in the roll-out of existing Executive Programme Fund projects; later than expected allocations to DE for new projects leading to difficulties in generating expenditure in year; and re-phasing to 2003/04 of £1.05m in respect of one project,
- (iv) slower than expected progress amounting to £12.4m with various Infrastructure/Reinvestment and Reform Initiative major capital projects as a result of planning, site and design issues arising, and of tendering delays. Insufficient lead-in time for minor works projects to be planned and completed in year, and
- (v) prior period adjustments of (£12.4m) put through in the current year.

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

The majority of the variance is accounted for by the following large differences:

- (i) carry forward of £46.8m to 2003-04 of certain Education and Library Board Provision, principally to facilitate the operation of Local Management of Schools,
- (ii) slippage of £12.2m on certain capital programmes in Voluntary and Grant Maintained Integrated Schools, mainly due to vesting complexities, planning/road planning issues, design issues, and inclement weather conditions,
- (iii) slower than expected progress amounting to £6.9m in the roll-out of existing Executive Programme Fund projects; later than expected allocations to DE for new projects leading to difficulties in generating expenditure in year; and re-phasing to 2003/04 of £1.05m in respect of one project,
- (iv) slower than expected progress amounting to £12.4m with various Infrastructure/Reinvestment and Reform Initiative major capital projects as a result of planning, site and design issues arising, and of tendering delays. Insufficient lead-in time for minor works projects to be planned and completed in year, and
- (v) prior period adjustments of (£12.4m) put through in the current year.

Adjustments have been made to Schedule 1 in respect of prior period adjustments. These adjustments are the result of changes in accounting policy and also correcting fundamental errors in the accounts which resulted in balancing items appearing in the previous years figures. The effect of each change on the respective lines are detailed below. The effect of the change in accounting policy in the current year would have been similar in quantum.

- (i) Net Total Resources (£12,423,581.47)
- (ii) Acquisition of fixed assets (£1,344.00)
- (iii) Disposal of fixed assets (£11,932.80)
- (iv) Non Cash Items (£3,814,696.82)
- (v) Use of provision £129,795.00
- (vi) Changes in working capital other than cash £10,897,993.00
- (vii) Other Adjustments (£178,190.00)
- (viii) Payment of grant in respect of prior year (£3,194,225.00)

### Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources the following income relates to the Department and is payable to the Consolidated Fund; (cash receipts being shown in italics)

		Forecast 2002-03		Outturn 2002-03	
		Income	Receipts	Income	Receipts
	Note	£000	£000	£000	£000
Operating income and receipts - excess ARs	5	-	-	2	2
Non-operating income and receipts - excess ARs	5				
Subtotal		-	-	2	2
Other operating income and receipts not classified as ARs	5	2,896	-	6,933	179
Other non-operating income and receipts not classified as ARs	5	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	5	-	-	-	-
<b>Total</b>		<b>2,896</b>	<b>-</b>	<b>6,935</b>	<b>181</b>

### Actual Outturn - Resources

Request for Resources A: Actual amount net resources outturn £1,434,305,098.08. Actual amount in savings in resources over Estimate £65,043,901.92.

Request for Resources B: Actual amount of net resources outturn £23,999,823.31. Actual amount in savings in resources over Estimate £7,856,176.69.

### Actual Outturn - Cash

Net cash requirement - Outturn net requirement £1,452,797,750.26 which is £70,276,249.74 less than Estimate.

The actual receipts surrenderable to the Consolidated Fund were £180,928.12.

## DEPARTMENT OF EDUCATION

### SCHEDULE 2

**Operating Cost Statement**  
for the year ended 31 March 2003

		2002-03		Restated 2001-02	
	Note	£000	£000	£000	£000
<b>Administration Costs:</b>					
Staff costs	2		16,368		14,788
Other administration costs	3		5,206		6,141
<b>Gross Administration Costs</b>			<b>21,574</b>		<b>20,929</b>
Operating Income	5		( 7 )		( 9 )
<b>Net Administration Costs</b>			<b>21,567</b>		<b>20,920</b>
<b>Programme Costs:</b>					
<b>Request for Resources A</b>					
Expenditure	4	1,427,287		1,311,847	
less: Income from EU (DE principal)	5	(6,754)		(3,153)	
less: Income	5	(3,706)	1,416,827	(1,811)	1,306,883
<b>Request for Resources B</b>					
Expenditure	4	25,399		24,006	
Less : Income		-	25,399	-	24,006
<b>Net Programme Costs</b>	4		<b>1,442,226</b>		<b>1,330,889</b>
<b>Net operating cost</b>	7		<b>1,463,793</b>		<b>1,351,809</b>
<b>Net resource outturn</b>	7		<b>1,458,304</b>		<b>1,367,449</b>
All income and expenditure are derived from continuing operations.					
Net Resource Outturn for 2001/02 has not been restated as for the purposes of Parliamentary Control this figure is indelible.					

**Statement of Recognised Gains and Losses**  
for the year ended 31 March 2003

		2002-03		Restated 2001-02	
	Note	£000		£000	
Net gain/(loss) on revaluation of tangible fixed assets	11		(67)		12
Net gain on revaluation of intangible fixed assets	12		3		3
Prior Year adjustment	18		(5)		(723)
<b>Total Recognised Losses for the financial year</b>			<b>(69)</b>		<b>(708)</b>

## DEPARTMENT OF EDUCATION

### SCHEDULE 3

#### Balance Sheet

as at 31 March 2003

	Note	2002-03		Restated 2001-02	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	11	594		619	
Intangible assets	12	<u>141</u>		<u>181</u>	
			<b>735</b>		<b>800</b>
<b>Current Assets:</b>					
Debtors	14	15,419		12,575	
Cash at bank and in hand	15	<u>3,402</u>		<u>6,946</u>	
		18,821		19,521	
<b>Creditors</b> (amounts falling due within one year)	16	<u>(45,789)</u>		<u>(37,546)</u>	
<b>Net Current Liabilities</b>			<b>(26,968)</b>		<b>(18,025)</b>
<b>Total Assets less Current Liabilities</b>			<b>(26,233)</b>		<b>(17,225)</b>
<b>Creditors</b> (amounts falling due after more than one year)	16	-		(1,535)	
<b>Provisions for Liabilities and Charges</b>	17	<u>(1,162)</u>		<u>(1,128)</u>	
			<b>(1,162)</b>		<b>(2,663)</b>
			<b>(27,395)</b>		<b>(19,888)</b>
<b>Taxpayers Equity</b>					
General Fund	18		(27,426)		(19,989)
Revaluation reserve	19		<u>31</u>		<u>101</u>
			<b>(27,395)</b>		<b>(19,888)</b>

Signed: Gerry McGinn  
Accounting Officer

Date: 29 October 2003

## DEPARTMENT OF EDUCATION

### SCHEDULE 4

#### Cash Flow Statement

for the year ended 31 March 2003

		2002-03	Restated 2001-02
		£000	£000
<b>Net cash outflow from operating activities</b> (Note a)		(1,459,372)	(1,350,560)
<b>Capital expenditure and financial investment</b> (Note b)		(1,840)	(387)
<b>Receipts due to the Consolidated Fund which are outside the scope of the Department's activities</b>		-	-
Payments of amounts due to the Consolidated Fund		(201)	(4,496)
<b>Financing</b> (Note c)		1,457,869	1,360,155
<b>Increase/(Decrease) in cash in the period</b>		<b>(3,544)</b>	<b>4,712</b>
<b>Notes:</b>			
a See the table below giving a reconciliation of operating cost to operating cash flows.			
b See the table below giving an an analysis of capital expenditure and financial investment.			
c See the table below giving an analysis of financing and reconciliation to the net cash requirement.			
Reconciliation of operating cost to operating cash flows	Note	2002-03	Restated 2001-02
<b>Net operating cost</b>		<b>1,463,793</b>	<b>1,351,809</b>
Adjust for non-cash transactions	3	(2,307)	(2,250)
Adjustment for movements in working capital other than cash	13	(2,189)	835
Use of provisions	17	75	166
<b>Net cash outflow from operating activities</b>		<b>1,459,372</b>	<b>1,350,560</b>
Analysis of capital expenditure and financial investment		2002-03	Restated 2001-02
Intangible fixed assets additions	12	39	84
Tangible fixed assets additions	11	271	303
Proceeds of disposal of fixed assets		( 5)	-
Loans to other bodies		-	-
Repayment of loans to other bodies		1,535	-
<b>Net cash outflow from investing activities</b>		<b>1,840</b>	<b>387</b>
Analysis of financing, and reconciliation to the net cash requirement		2002-03	Restated 2001-02
From the Consolidated Fund (Supply) - current year #	18	1,456,181	1,353,754
From Consolidated Fund (Supply) - prior year *	18	1,688	6,401
<b>Net Financing</b>		<b>1,457,869</b>	<b>1,360,155</b>
<b>(Increase)/Decrease in cash</b>	<b>15</b>	<b>3,544</b>	<b>(4,712)</b>
<b>Net Cash flows other than financing</b>		<b>1,461,413</b>	<b>1,355,443</b>
<b>Adjustments for payments and receipts not related to supply :</b>			
Amounts due to Consolidated Fund - received in a prior year and paid over		(39)	(1,340)
Amounts due to Consolidated Fund - received and not paid over		17	63
Transitional Adjustment (Note ref to Working Capital Note)	13	-	(7,319)
Prior Period Adjustment		(8,593)	-
<b>Net cash requirement (Schedule 1)</b>		<b>1,452,798</b>	<b>1,346,847</b>

# Amount of grant actually issued to support the net cash requirement = £1,456,181,000.00

\* Amount of grant actually issued to support the prior year net cash requirement = £1,687,949.38

## DEPARTMENT OF EDUCATION

### SCHEDULE 5

#### Resources by Departmental Aim and Objectives

for the year ended 31 March 2003

**Aim:** To provide for the education and development of all our young people to the highest possible standards, with equal access for all.

	2002-03			Restated 2001-02		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
<b>Objective 1</b>	1,447,995	(10,467)	1,437,528	1,332,003	(4,973)	1,327,030
<b>Objective 2</b>	26,265	-	26,265	24,779	-	24,779
<b>Net Operating Costs</b>	<b>1,474,260</b>	<b>(10,467)</b>	<b>1,463,793</b>	<b>1,356,782</b>	<b>(4,973)</b>	<b>1,351,809</b>

The Department's objectives were as follows:

#### Objective 1

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement, that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

#### Objective 2

Promoting, through the youth service, the personal and social development of children and young people and assist them to gain knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, to encourage the development of mutual understanding and promoting recognition of and respect for cultural diversity.

See Note 20.

**DEPARTMENT OF EDUCATION**  
**ANNUAL REPORT AND ACCOUNTS 2002-03**

**Notes to the Departmental Resource Accounts**

**1. Statement of Accounting Policies**

The financial statements have been prepared in accordance with the 2002-03 Northern Ireland Resource Accounting Manual (NIRAM) issued by the Department of Finance and Personnel. The accounting policies contained in the NIRAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the NIRAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In accordance with NIRAM, the Department is not able to accrue funding due from the Consolidated Fund in respect of Parliamentary/Assembly Grant to match current liabilities recorded within the Balance Sheet. Under FRS 18, such a closing balance sheet position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. However, no material uncertainties effecting the Department's ability to continue as a going concern have been assessed and these accounts have therefore been prepared under the going concern principle.

**1.1 Accounting Convention**

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

**1.2 Basis of Consolidation**

These accounts comprise a consolidation of the Special Educational Needs Tribunal which falls within the Departmental boundary as defined in the Northern Ireland Resource Accounting Manual (section 1.5) issued by the Department of Finance and Personnel. Transactions between entities included in the consolidation are eliminated.

**1.3 Tangible Fixed Assets**

Tangible fixed assets are initially recognised at cost, including directly attributable costs in bringing the asset into working condition for its intended use.

At each annual reporting date, tangible fixed assets are stated at valuation, determined as follows:

- Land and Buildings excluding Dwellings

Title to land and buildings excluding dwellings shown in the accounts is held by the Department of Education. Land has been restated at current cost using a professional valuation, which is provided every five years and appropriate indices in intervening years. During the period of these accounts buildings have not been restated using a professional valuation but rather have been revalued using appropriate indices.

- Other Tangible Fixed Assets

Transport equipment and information technology have been stated at current cost using appropriate indices. The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

#### **1.4 Depreciation**

Depreciation of tangible fixed assets is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land is not depreciated.

Asset lives are reviewed annually and are normally within the following ranges:

Buildings excluding dwellings	25 years
Information Technology	3 to 10 years
Transport Equipment	4 years

Tangible fixed assets, other than land and buildings excluding dwellings are re-valued annually on the basis of the latest available indices. Revaluation below historic cost which are not temporary fluctuations in market value are treated as an impairment as per FRS 11 and charged in full to the Operating Cost Statement.

Impairment reviews of fixed assets are performed annually and additionally where there is an indication of an impairment as defined by FRS 11.

#### **1.5 Intangible Fixed Assets**

Purchased computer software licenses are capitalised as an intangible fixed asset where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped fixed asset. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence and their useful economic lives.

#### **1.6 Stocks**

The accounting policy in respect to recognition of stocks is that it is not deemed to be material, and is expensed to the Operating Cost Statement as purchased.

#### **1.7 Operating Income**

Operating income is income which relates directly to the operating activities of the Department. It principally comprises, contributions from the European Union but also includes other income such as that from the sale of tangible fixed assets. It includes both operating Accruing Resources and income to the Consolidated Fund which in accordance with the NIRAM is treated as operating income.

#### **1.8 Administration and Programme Expenditure**

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department.

## **1.9 Capital Charge**

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the Government's standard rate of 6 per cent in real terms on the average carrying amount of all assets less liabilities except for liabilities for amounts to be surrendered to the Consolidated Fund, where the charge is nil.

## **1.10 Foreign Exchange**

Transactions that are denominated in a foreign currency which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the Operating Cost Statement.

## **1.11 Pensions**

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Department meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS (NI) as a whole.

## **1.12 Early Departure Costs**

### **DE Employees**

The Department meets the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS (NI) over the period between early departure and normal retirement date. The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote. The amount provided is shown net of any such payments.

### **Teachers**

The Teachers Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

## **1.13 Leases**

All leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

### **1.14 Grants Payable**

In line with NIRAM, DE recognise grant on the basis of the underlying activity of the recipient as follows:

- The extent of the grant liability in relation to Education and Library Boards and other NDPBs for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the ELB / NDPB makes the payments which are due to be funded by DE. This is equivalent to grant issued by the Department.
- Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of recurrent funding as at 31 March each year reflects the totality of the schools' entitlement under Local Management of Schools' arrangements.
- Grant issued to Voluntary Grammar and Grant Maintained Integrated Schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.
- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

### **1.15 Provisions**

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate of 6 per cent in real terms.

### **1.16 Contingent Liabilities**

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

- items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental minute prior to the Department entering into the arrangement;
- all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Northern Ireland Resource Accounting Manual to be noted in the resource accounts.

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

### **1.17 Value Added Tax**

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply, however input tax on purchases is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.18 Third Party Assets**

The Department holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government more generally has a direct beneficial interest in them.

### **1.19 Change in Accounting Policy**

Comparative figures have been restated to reflect a change in accounting policy.

The Department recognises grants paid to its Non Departmental Public Bodies on the basis of the underlying activity of the recipient. The extent of the grant liability in relation to NDPBs is equal to their expenditure to the extent that the latter has been properly incurred. NDPB's expenditure in this context is when the NDPB makes the payments, which are due to be funded by DE. The Department regards this as equivalent to grants it has issued to the NDPBs in the year.

In the 2001-02 resource accounts the grants to NDPBs for which the Department accounted were equivalent to the NDPBs' accrued expenditure (excluding non-cash items). This accounting policy was changed as it did not comply with the Northern Ireland Resource Accounting Manual.

As a result, comparative figures for the year ended 31 March 2002 in Schedules 2 to 5 have been restated to reflect the Prior Period Adjustments arising from the change in accounting policy and correction of fundamental errors. Comparative figures in Schedule 1 have not been restated as, for the purposes of Parliamentary control, these figures are indelible. Details of the Prior Period Adjustments which are treated as current year expenditure or income in Schedule 1, are shown as a footnote to the Schedule on page 13.

## 2. Staff Numbers and Costs

A) Staff costs consist of :					
	2002-03				2001-02
	Total	Officials	Ministers	Special Advisers	Total
	£000	£000	£000	£000	£000
Wages and salaries	12,896	12,847	20	29	12,232
Social security costs	878	873	2	3	865
Other pension costs	1,790	1,790	-	-	1,691
Sub Total	15,564	15,510	22	32	14,788
Inward Secondments	979	979	-	-	-
<b>TOTAL</b>	<b>16,543</b>	<b>16,489</b>	<b>22</b>	<b>32</b>	<b>14,788</b>
Less recoveries in respect of outward secondments	-	-	-	-	-
<b>Total Net Costs</b>	<b>16,543</b>	<b>16,489</b>	<b>22</b>	<b>32</b>	<b>14,788</b>
These costs are shown in Schedule 2 as:					
Administration Costs	16,368	16,314	22	32	14,788
Programme Costs	175	175	-	-	-
<b>Total Net Costs</b>	<b>16,543</b>	<b>16,489</b>	<b>22</b>	<b>32</b>	<b>14,788</b>

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department of Education is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 1999 and an interim estimate of the scheme liability is available at 31 March 2002. A full actuarial valuation of the scheme liability is currently underway.

For 2002/03, employers' contributions of £1,790,277 were payable to the PCSPS(NI) (2001/02 £1,690,734) at one of four rates in the range 12 to 19.5 per cent of pensionable pay, based on salary bands. The 2003/04 rates are in the range 12 to 18 per cent of pensionable pay, based on the revalorised salary bands.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions which are age-related and range from 3 to 12.5 per cent of pensionable pay will be paid to one or more of a panel of four appointed stakeholder pension providers. The employer will also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, will be payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

The Department did not have any employees joining any such partnership pension account. Therefore contributions due to the partnership pension providers at the balance sheet date were 'nil'. Contributions prepaid at that date were 'nil'.

**B)** The average number of whole-time equivalent persons employed (including senior management, ministers, special advisers, staff on secondment or loan into the department and agency/temporary staff, but excluding staff on secondment to other organisations) during the year was as follows:

	<b>2002-03</b>	<b>2001-02</b>
	<b>Number</b>	<b>Number</b>
Objective 1	559	558
Objective 2	26	20
<b>Total</b>	<b>585</b>	<b>578</b>
Staff engaged on capital projects	-	-

C) The salary, pension entitlements and the value of any taxable benefits in kind of the Minister and most senior members of the Department of Education were as follows:

	Age	Salary	Real Increase in Pension at age 65	Total Accrued Pension at age 65 at 31 March 2003	Benefits in Kind (Rounded to nearest £100)	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
2002-03	Years	£000	£000	£000		
<b>Minister</b>						
Mr Martin McGuinness	52	20-25	-	-	-	-
MP MLA (To 14 October 2002)						
<b>2001-02</b>						
<b>Minister</b>						
Mr Martin McGuinness	51	35-40	-	-	-	-
MP MLA						

#### NOTES

Between 1 April 2002 and 14 October 2002 the Department of Education was under the control of Mr Martin McGuinness, MP MLA. His Ministerial salary and allowances were paid by the Northern Ireland Assembly and have therefore been treated as a notional cost in these resource accounts. Details of his Ministerial salary, allowances and other benefits are given above.

Note 33 explains the effect of suspension of devolution, resulting in the transfer of functions from Devolved Ministers to a Northern Ireland Office (NIO) Ministerial team. Each member of the Ministerial team oversees a number of Northern Ireland Departments.

From 15 October 2002 the Department of Education was under the direction and control of Ms Jane Kennedy, MP. Her salary and allowances were paid by NIO or the Cabinet Office rather than the NI Assembly. These costs have not been included as notional costs in the Operating Cost Schedule in the same way as Devolved Minister's salaries. Details of Ms Jane Kennedy's salary and allowances, will be provided in the 2002/03 NIO resource accounts.

	Age	Salary, including performance pay  (Note A)	Real Increase in Pension at age 60  (Note B)	Total Accrued Pension at age 60 at 31 March 2003  £000	Benefits in Kind (Rounded to nearest £100)  (Note C)	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
2002-03	Years	£000	£000	£000		
<b>Officials</b>						
Mr Gerry McGinn Permanent Secretary		Consent for disclosure withheld				
Mr Stephen Peover Deputy Secretary Transferred out 3 February 2003		Consent for disclosure withheld				
Ms Marion Matchett Chief Inspector Education and Training		Consent for disclosure withheld				
Dr Mark Browne School Funding and Administration		Consent for disclosure withheld				
Mrs June Ingram Teachers, School Policy and Improvement		Consent for disclosure withheld				
Mr Neill Jackson Corporate Services Transferred out 16 July 2002		Consent for disclosure withheld				
Mrs Christine Jendoubi Children and Young People		Consent for disclosure withheld				
Mr Nigel McCormick Development and Infrastructure		Consent for disclosure withheld				
Mr Terry Smyth Equality, Rights and Social Inclusion		Consent for disclosure withheld				
Mr David Woods Finance and Strategic Planning		Consent for disclosure withheld				
Mr John Birch Education and Training Retired 16 July 2002		Consent for disclosure withheld				
Mr Vivian Mclver Education and Training		Consent for disclosure withheld				

	Age	Salary, including performance pay  (Note A)	Real Increase in Pension at age 60  (Note B)	Total Accrued Pension at age 60 at 31 March 2003  £000	Benefits in Kind (Rounded to nearest £100)  (Note C)	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
2002-03	Years	£000	£000	£000		
<b>Officials</b>						
Mrs Loretto Watson Education and Training		Consent for disclosure withheld				
Mr Stanley Goudie Education and Training		Consent for disclosure withheld				
Mr Paul McAlister Education and Training Appointed 29 July 2002		Consent for disclosure withheld				
Mrs Maura McCusker Corporate Services Appointed 6 November 2002		Consent for disclosure withheld				
Mr John Caldwell Resource Allocation Temporary Promotion from 12 August 2002		Consent for disclosure withheld				
<b>2001-02</b>						
<b>Officials</b>						
Mr Nigel Hamilton Pemanent Secretary to 5 July 2001	53	20-25	0-2.5	25-30		
Mr Gerry McGinn Pemanent Secretary from 1 September 2001		Consent for disclosure withheld				
Mr Stephen Peover Deputy Secretary		Consent for disclosure withheld				
Ms Marion Matchett Chief Inspector Education and Training		Consent for disclosure withheld				
Dr Mark Browne School Funding and Administration		Consent for disclosure withheld				

	Age	Salary, including performance pay (Note A)	Real Increase in Pension at age 60 (Note B)	Total Accrued Pension at age 60 at 31 March 2003 £000	Benefits in Kind (Rounded to nearest £100) (Note C)	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
2001-02	Years	£000	£000	£000		
<b>Officials</b>						
Mrs June Ingram Teachers, School Policy and Improvement		Consent for disclosure withheld				
Mr Neill Jackson Corporate Services		Consent for disclosure withheld				
Mrs Christine Jendoubi Children and Young People		Consent for disclosure withheld				
Mr Nigel McCormick Development and Infrastructure		Consent for disclosure withheld				
Mr Terry Smyth Equality, Rights and Social Inclusion		Consent for disclosure withheld				
Mr David Woods Finance		Consent for disclosure withheld				
Mr John Birch Education and Training		Consent for disclosure withheld				
Mr Vivian McIver Education and Training		Consent for disclosure withheld				
Mrs Loretto Watson Education and Training		Consent for disclosure withheld				
Mr Stanley Goudie Education and Training From 15 October 2001		Consent for disclosure withheld				

## NOTES

### NOTE A

"Salary" includes gross salary, performance pay or bonuses, overtime, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

### NOTE B

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (**classic**, **premium** and **classic plus**). New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

#### (a) *Classic Scheme*

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

#### (b) *Premium Scheme*

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8 ths of the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

#### (c) *Classic Plus Scheme*

This is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

All staff in service at 1 October 2002 will be given the option to join the **premium** or **classic plus** arrangements.

Pensions payable under **classic**, **premium** and **classic plus** are increased in line with the Retail Prices Index.

***(d) Partnership Pension Account***

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3 and 12.5 per cent (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3 per cent (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 risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up 25 per cent of the fund as a lump sum.

**NOTE C**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

### 3. Other Administration Costs

	2002-03		2001-02	
	£000	£000	£000	£000
<b>Rentals under operating leases</b>		49		130
<b>Non Cash Items</b> (Note a and b)				
Depreciation and amortisation of fixed assets				
tangible fixed assets	208		236	
intangible fixed assets	82		54	
Loss on disposal of fixed assets	-		21	
Loss on revaluation of Fixed Assets	20		79	
Cost of capital charge	(413)		(701)	
Auditor's remuneration and expenses	136		175	
Accommodation and other notional charges	2,143		2,256	
Provisions:				
provided in year	109		136	
unwinding of discount on provisions	-	2,285	-	2,256
<b>Other expenditure</b>		<b>2,872</b>		<b>3,755</b>
		<b>5,206</b>		<b>6,141</b>

Note a - the total of non-cash transactions included the Reconciliation of Operating Costs to Operating Cashflows in Schedule 4 comprises:

	2002-03		
	£000		
Other administration costs - non cash items (as above)	2,285		
Add: other non-cash amounts charged to operating expenditure	22		
less non-cash income			
deferred donation income released from the Donated Asset Reserve	-		
profit on sale of fixed assets	-		
<b>Total non cash transactions</b>	<b>2,307</b>		

Note b - the total of non-cash items included the Reconciliation of Resources to Net Cash Requirement comprises:

	2002-03		
	£000		
Total non-cash transactions as above	2,307		
Adjustment for profits and losses on disposal of fixed assets			
- losses on disposal of tangible fixed assets	-		
- profits on disposal of tangible fixed assets	-		
Adjust for the effect of prior period adjustments	3,821		
<b>Non cash items per reconciliation of resources to net cash requirement</b>	<b>6,128</b>		

#### 4. Net Programme Costs

	2002-03	2001-02
	£000	£000
Current grants and other current expenditure	1,452,511	1,335,853
Staff Costs	175	-
	<b>1,452,686</b>	<b>1,335,853</b>
	(10,460)	(4,964)
<b>Less: programme income (note 5)</b>	<b>1,442,226</b>	<b>1,330,889</b>

#### 5. Income and Accruing Resource

##### Operating Income

Operating Income not Accruing Resource (ie transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see note 7). In 2002-03 all operating income not classified as Accruing Resource was within public expenditure.

	2002-03			2001-02		
	Resource Outturn	Operating Cost Statement		Resource Outturn	Operating Cost Statement	
	Accruing Resource	Payable to Consolidated Fund	Total	Accruing Resource	Payable to Consolidated Fund	Total
	£000	£000	£000	£000	£000	£000
<b>Administration income:</b>						
Admin Fees	1	6	7	5	4	9
	<b>1</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>9</b>
<b>Programme income:</b>						
Contribution from European Union						
- DE acting as principal for EU	-	6,754	6,754	-	3,153	3,153
Sale of land and buildings (NDPBs)	3,531	-	3,531	1,692	-	1,692
Other Income	-	175	175	60	59	119
	<b>3,531</b>	<b>6,929</b>	<b>10,460</b>	<b>1,752</b>	<b>3,212</b>	<b>4,964</b>
<b>Total Operating Income</b>	<b>3,532</b>	<b>6,935</b>	<b>10,467</b>	<b>1,757</b>	<b>3,216</b>	<b>4,973</b>

##### Non-operating Accruing Resource

	2002-03	2001-02
	£000	£000
Disposals of Fixed Assets	5	-

## 6. Administration Cost Limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2002-03		2001-02	
	Outturn £000	Limits £000	Outturn £000	Limits £000
Request for Resources A (Gross Limit)	18,244	18,973	17,585	17,862
Request for Resources B (Gross Limit)	779	829	773	778
<b>Total within Administration cost control</b>	<b>19,023</b>	<b>19,802</b>	<b>18,358</b>	<b>18,640</b>
Administration Expenditure excluded from Administration cost limit	5,905		2,120	
Administration Income Allowable within the administration cost limit	-		-	
<b>Total Administration Outturn</b>	<b>24,928</b>		<b>20,478</b>	

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

	2002-03	2001-02
	£000	£000
Net Operating Cost (Note a)	<b>1,463,793</b>	<b>1,351,809</b>
Remove non supply expenditure (-) and income (+), including income scored as Consolidated Fund extra receipts (CFERS):		
Operating Income not classified as Accrued Resource	6,935	3,216
Adjust for the effects of prior period adjustments	(12,424)	-
Adjust for prior adjustment put through in current year due to indelible nature of Schedule 1	-	12,424
<b>Net resource outturn (Note a)</b>	<b>1,458,304</b>	<b>1,367,449</b>

Note a - Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

## 8. Analysis of Net Operating Cost by Spending Body

	2002-03		2001-02
	Budget £000	Outturn £000	Outturn £000
<b>Spending Body:</b>			
Core Department	1,531,100	1,463,689	1,351,809
Non Departmental Public Bodies	-	-	-
Local Authorities	-	-	-
Other Bodies	105	104	-
	<b>1,531,205</b>	<b>1,463,793</b>	<b>1,351,809</b>

## 9. Analysis of Net Resource Outturn by function and reconciliation to Operating Cost Statement

	2002-03						2001-02		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Estimate	Net Total Outturn compared with Estimate	Prior Year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources A</b>									
<b>Departmental Expenditure within DEL:</b>									
Function 1 Central Administration	18,245	789	-	19,034	(1)	19,033	19,739	706	17,999
Function 2 Education and Library Boards	-	1,059,001	52,208	1,111,209	(3,529)	1,107,680	1,151,106	43,426	1,035,229
Function 3 Voluntary and Grant Maintained Integrated Schools	-	16	257,023	257,039	(2)	257,037	269,269	12,232	251,174
Function 4 Council for Curriculum Examinations and Assessment	-	-	13,109	13,109	-	13,109	13,504	395	12,008
Function 5 Council for Catholic Maintained Schools	-	-	2,341	2,341	-	2,341	2,345	4	2,248
Function 6 Miscellaneous Educational Services	-	1,706	3,396	5,102	-	5,102	5,396	294	4,401
Function 7 EU Programme for Peace and Reconciliation	-	-	7,324	7,324	-	7,324	1,911	(5,413)	3,080
Function 8 Executive Programme Funds	-	1,667	2,792	4,459	-	4,459	10,353	5,894	1,800
Function 9 Infrastructure/Reinvestment and Reform Initiative	-	-	12,480	12,480	-	12,480	23,319	10,839	-
<b>Annually Managed Expenditure (AME):</b>									
Function 10 Non-cash items	5,736	-	-	5,736	-	5,736	2,288	(3,448)	2,067
<b>Other Expenditure:</b>									
Function 11 Interest on and repayment of loans on property transferred to the Department	-	3	-	3	-	3	93	90	188
Function 12 Departmental assets - disposals	-	-	-	-	-	-	26	26	-
<b>Total</b>	<b>23,981</b>	<b>1,063,182</b>	<b>350,673</b>	<b>1,437,836</b>	<b>(3,532)</b>	<b>1,434,304</b>	<b>1,499,349</b>	<b>65,045</b>	<b>1,330,194</b>

## 9. Analysis of Net Resource Outturn by function and reconciliation to Operating Cost Statement (cont'd)

	2002-03							2001-02	
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Estimate	Net Total Outturn compared with Estimate	Prior Year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources B</b>									
<b>Departmental Expenditure within DEL:</b>									
Function 1 Central Administration	779	-	-	779	-	779	846	67	773
Function 2 Education and Library Boards	-	14,386	1,047	15,433	-	15,433	18,832	3,399	16,447
Function 3 Youth Council and other Youth Services	-	13	3,025	3,038	-	3,038	4,389	1,351	3,404
Function 4 Voluntary bodies and other services supporting community relations ERDF - Funding for Community Relations	-	-	1,472	1,472	-	1,472	1,801	329	1,493
	-	-	-	-	-	-	-	-	212
Function 5 EU Programme for Peace and Reconciliation	-	-	1,750	1,750	-	1,750	1,950	200	847
Function 6 Executive Programme Funds	-	229	(5)	224	-	224	1,209	985	1,602
Function 7 Infrastructure/Reinvestment and Reform Initiative	-	-	1,136	1,136	-	1,136	2,708	1,572	-
<b>Annually Managed Expenditure (AME):</b>									
Function 8 Non-cash items	168	-	-	168	-	168	121	(47)	53
<b>Total</b>	<b>947</b>	<b>14,628</b>	<b>8,425</b>	<b>24,000</b>	<b>-</b>	<b>24,000</b>	<b>31,856</b>	<b>7,856</b>	<b>24,831</b>
<b>Resource Outturn</b>	<b>24,928</b>	<b>1,077,810</b>	<b>359,098</b>	<b>1,461,836</b>	<b>(3,532)</b>	<b>1,458,304</b>	<b>1,531,205</b>	<b>72,901</b>	<b>1,355,025</b>
<b>Reconciliation to Operating Cost Statement</b>									
Adjust for the effects of prior period adjustments				12,424		12,424			-
Income payable to the Consolidated Fund					(6,935)	(6,935)			(3,216)
<b>Gross Operating Expenditure</b>				<b>1,474,260</b>					<b>1,356,782</b>
<b>Operating Income</b>					<b>(10,467)</b>				<b>(4,973)</b>
<b>Net Operating Cost</b>						<b>1,463,793</b>			<b>1,351,809</b>

## 10. Analysis of Capital Expenditure, Financial Investment and Associated Accruing Resources

	2002-03				2001-02			
	Capital Expenditure	Loans etc.	Accruing Resources	Net Total	Capital Expenditure	Loans etc.	Accruing Resources	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources A	310	-	-	310	390	-	-	390
<b>Total</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>390</b>
Adjust for the effect of prior period adjustments	1	-	-	1				
Note as disclosed in Schedule 1	<b>309</b>	<b>-</b>	<b>-</b>	<b>309</b>				

## 11. Tangible Fixed Assets

	Land & Buildings excluding dwellings	Transport Equipment	Information Technology	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2002	203	54	1,063	1,320
Adjustment to Opening Balance (See Note 34)	-	-	5	5
Restated Balance as at 1 April 2002	203	54	1,068	1,325
Additions	-	-	271	271
Donations	-	-	-	-
Disposals	-	(21)	(60)	(81)
Revaluations	(67)	-	(51)	(118)
<b>At 31 March 2003</b>	<b>136</b>	<b>33</b>	<b>1,228</b>	<b>1,397</b>
<b>Depreciation</b>				
At 1 April 2002	11	37	653	701
Adjustment to Opening Balance (See Note 34)	-	-	-	-
Restated Balance as at 1 April 2002	11	37	653	701
Charged in year	3	6	199	208
Disposals	-	(21)	(54)	(75)
Revaluation	-	-	(31)	(31)
<b>At 31 March 2003</b>	<b>14</b>	<b>22</b>	<b>767</b>	<b>803</b>
<b>Net book value at 31 March 2003</b>	<b>122</b>	<b>11</b>	<b>461</b>	<b>594</b>
<b>Net book value at 31 March 2002 (Restated)</b>	<b>192</b>	<b>17</b>	<b>415</b>	<b>624</b>
<b>Asset financing</b>				
Owned	122	11	461	594
Finance Leased	-	-	-	-
On balance sheet PFI contracts	-	-	-	-
<b>Net book value at 31 March 2003</b>	<b>122</b>	<b>11</b>	<b>461</b>	<b>594</b>

**Note:**

Land and Buildings excluding Dwellings are usually revalued on a quinquennial basis by the Valuation and Lands Agency for Northern Ireland. During intervening years, land and buildings excluding dwellings are revalued on the basis of the latest available indices. However, for the purpose of the 2002/03 resource accounts, land was revalued on 30 September 2002 on the basis of existing use value by the VLA and buildings were revalued on the basis of the latest available indices. Other tangible assets were revalued on the basis of the latest available indices.

**12. Intangible Fixed Assets**

The department's intangible fixed assets comprise purchased software licences.

<b>2002-03</b>	
	<b>Software Licences £000</b>
<b>Cost or valuation</b>	
At 1 April 2002	328
Additions	39
Donations	-
Disposals	-
Revaluations	5
<b>At 31 March 2003</b>	<b>372</b>
<b>Amortisation</b>	
At 1 April 2002	147
Charged in year	82
Disposals	-
Revaluation	2
<b>At 31 March 2003</b>	<b>231</b>
<b>Net book value at 31 March 2003</b>	<b>141</b>
<b>Net book value at 31 March 2002</b>	<b>181</b>

### 13. Movement in Working Capital other than Cash

	2002-03	2001-02
	£000	£000
The movements in working capital used in the Reconciliation of resources to cash requirement and comprises:		
Increase(+) / Decrease (-) in Debtors	2,844	(957)
Increase (-) / Decrease (+) in Creditors falling due within one year	(8,243)	12,836
	<u>(5,399)</u>	<u>11,879</u>
Adjustment: movement in working capital not related to voted resource consumption	( 3,546)	(18,363)
Net decrease in working capital other than cash	<u>(8,945)</u>	<u>(6,484)</u>
Adjust for the effect of prior period adjustments	10,898	
Note as disclosed in Schedule 1	<u>1,953</u>	

	2002-03	2001-02
	£000	£000
The movements in working capital used in the Cash Flow Statement comprises:		
Increase(+) / Decrease (-) in Debtors	2,844	(957)
Increase (-) / Decrease (+) in Creditors falling due within one year	(8,243)	12,836
	<u>(5,399)</u>	<u>11,879</u>
Adjustment: movement in working capital not related to net operating costs	3,210	(11,044)
Net decrease in working capital other than cash	<u>(2,189)</u>	<u>835</u>

### 14. Debtors

Amounts falling due within one year:	2002-03	2001-02
	£000	£000
Trade debtors (Note a)	15,294	8,479
Other debtors	41	4,034
Prepayments and accrued income	84	62
Amounts due from the Consolidated Fund in respect of supply	-	-
	<u>15,419</u>	<u>12,575</u>

**Note a** - Included within trade debtors is £14,898,767 (2001-02: £8,265,613) that will be due to the Consolidated Fund once the debts are collected.

## 15. Cash at Bank and in Hand

	2002-03	2001-02
	£000	£000
Balance as at 1 April	6,946	2,234
Net change in cash balances	(3,544)	4,712
<b>Balance At 31 March</b>	<b>3,402</b>	<b>6,946</b>
The following balances at 31 March are held at:		
Office of HM Paymaster General	-	-
Commercial banks and cash in hand	3,402	6,946
Balance at 31 March	3,402	6,946
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund		
Amounts issued from the Consolidated Fund for supply but not spent at year end	3,383	6,946
Consolidated Fund extra receipts received and due to be paid to the consolidated fund	19	-
	3,402	6,946

## 16. Creditors

Amounts falling due within one year	2002-03	2001-02
	£000	£000
Other taxation and social security	14,764	13,624
Trade creditors	11,560	5,331
Other creditors	163	121
Accruals and deferred income	1,001	3,144
Loans	-	114
Amounts issued from the Consolidated Fund for supply but not spent at year end	3,383	6,907
Consolidated Fund extra receipts received and receivable and other due amounts to be paid to the Consolidated Fund	14,918	8,305
	<b>45,789</b>	<b>37,546</b>
<b>Amounts falling due after more than one year</b>		
Loans	-	1,535
	-	1,535
<b>Total</b>	<b>45,789</b>	<b>39,081</b>

## 17. Provisions for Liabilities and Charges

	Early Departure Costs	Legal Claims	Total
	£000	£000	£000
Balance at 1 April 2002	122	1,006	1,128
Provided in the Year	25	103	128
Provisions not required written back	-	(19)	(19)
Provisions utilised in the year	( 73)	(2)	(75)
<b>Balance At 31 March 2003</b>	<b>74</b>	<b>1,088</b>	<b>1,162</b>

### Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age, and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel Superannuation Vote.

### Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50 per cent probable that the claim will be successful and the amount of the claim can be reliably estimated.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 24.

## 18. Reconciliation of Net Operating Cost to changes in General Fund

	2002-03		2001-02	
	£000	£000	£000	£000
Net Operating Cost for the year (Schedule 2)	(1,463,793)		(1,351,809)	
Income not appropriated in aid payable to Consolidated Fund	<u>(6,935)</u>		<u>(3,216)</u>	
		(1,470,728)		(1,355,025)
Net Parliamentary funding		1,457,869		1,360,155
Transferred to general fund of realised element of revaluation reserve (Note 19)		5		4
Consolidated Fund creditor for cash unspent		(3,383)		(6,907)
Settlement of previous year creditor for cash unspent		6,907		-
<b>Non-cash charges:</b>				
Cost of Capital Charge	(413)		(701)	
Accommodation and other charges	2,165		2,256	
Auditors remuneration	<u>136</u>		<u>175</u>	
		1,888		1,730
Prior period adjustments		5		14
In year charges through General Fund		-		<u>17,733</u>
<b>Net increase/(decrease) in General Funds</b>		<b><u>(7,437)</u></b>		<b><u>17,704</u></b>
<b>General Fund at 1 April</b>		<b><u>(19,989)</u></b>		<b><u>(37,693)</u></b>
<b>General Fund at 31 March (Schedule 3)</b>		<b><u>(27,426)</u></b>		<b><u>(19,989)</u></b>

## 19. Reserves

	2002-03	2001-02
	Revaluation Reserve	Revaluation Reserve
	£000	£000
Balance at 1 April	101	28
Adjustment to Opening Balance	-	(17)
Restated Balance as at 1 April	101	11
Arising on revaluation during the year (net)	(65)	94
Transferred to General Fund in respect of realised element of Revaluation Reserve	(5)	(4)
<b>Balance at 31 March</b>	<b>31</b>	<b>101</b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

The Department does not have any Donated Assets.

## 20. Notes to Schedule 5

	2002-03	2001-02
	£000	£000
Programme grants and other current expenditures have been allocated as follows:		
Objective 1	1,427,287	1,311,847
Objective 2	25,399	24,006
	<b>1,452,686</b>	<b>1,335,853</b>

The Departments capital is deemed to be employed exclusively for the achievement of Objective 1, on the basis of materiality.

Administration costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

Notional costs are apportioned between the two objectives based on the respective percentages of Departmental personnel employed working on each objective.

The Cost of Capital charge is apportioned between the two objectives based on the respective percentages of total Departmental Expenditure Limits / Other Expenditure within each objective.

## 21. Capital Commitments

	2002-03	2001-02
	£000	£000
Contracted capital commitments at 31 March 2003 for which no provision has been made.	-	-

## 22. Commitments under leases

	2002-03	2001-02
	£000	£000
<b>Operating Leases</b> Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.		
<b>Obligations under operating leases comprise:</b>		
Land and Buildings		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	29	29
	<u>29</u>	<u>29</u>
Other		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	22	19
	<u>22</u>	<u>19</u>
<b>Finance Leases</b>		
The Department has no obligations under finance leases.		

### 23. Other Financial Commitments

The department has entered into non-cancellable contracts (which are not leases or PFI contracts), for the maintenance of IT equipment, and the provision of security, catering, and cleaning services. The payments to which the department is committed during 2003-04, analysed by the period during which the commitment expires are as follows.

	2002-03	2001-02
	£000	£000
Expiry within 1 year	340	73
Expiry within 2 to 5 years	7	77
	<u>347</u>	<u>150</u>

### 24. Contingent Liabilities disclosed under FRS 12 and Contingent Assets

Contingent Liabilities		
The following contingent liabilities at 31 March 2003 have not been accrued.		
Nature	No. of cases	Value
		£000
Cases relating to transport of pupils to school	1	Unable to quantify
Comhairle na Gaelscolaiochta (CnaG) - Membership of NILGOSC Pension Scheme	1	50
Contingent Assets		
The following contingent assets at 31 March 2003 have not been accrued.		
Probable recoupment of monies from insurance companies in respect of staff injured in road traffic accidents	7	4
Probable recoupment of monies from school trustees following closure	18	2,403

### 25. Contingent Liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability

The Department does not have any contingent non-statutory or statutory liabilities which are not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability.

## **26. Losses and Special Payments**

### **Losses incurred by Managing Agents**

The Department of Education uses managing agents to distribute funds of public monies to final recipients. Had these funds been distributed directly by the Department no additional losses would have been recognised.

### **Other Notes**

Details of any losses and special payments made by the Education and Library Boards, the Northern Ireland Council for the Curriculum Examinations and Assessment, the Youth Council for Northern Ireland, the Council for Catholic Maintained Schools and the Staff Commission for Education and Library Boards will be reported in the Accounts of those bodies.

## **27. Related Party Transactions**

Department of Education has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Department of Finance and Personnel.

No minister, other key manager or other related parties has undertaken any material transactions with the Department of Education during the year.

## **28. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department of Education is not exposed to the degree of financial risk faced by business entities.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The department has very limited powers to borrow or to invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

### **Liquidity risk**

The department's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. The Department of Education is not therefore exposed to significant liquidity risks.

### **Interest Rate risk**

One hundred per cent of the department's financial assets and liabilities carry nil or fixed rates of interest and the Department of Education is not therefore exposed to interest rate risk.

### **Interest rate profile**

The following two tables show the interest rate and currency profiles of the department's financial liabilities and assets.

## Financial Liabilities

						Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities
Currency	Total	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Weighted Average Interest Rate	Weighted Average Period for which rate is fixed	Weighted Average Period until maturity
	£000	£000	£000	£000	%	Years	Years
<b>At 31 March 2003</b>							
Sterling	992	-	-	992	-	-	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Gross Financial Liabilities</b>	<b>992</b>	<b>-</b>	<b>-</b>	<b>992</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2002</b>							
Sterling	2,568	-	1,535	1,033	6.7	13.2	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Gross Financial Liabilities</b>	<b>2,568</b>	<b>-</b>	<b>1,535</b>	<b>1,033</b>	<b>6.7</b>	<b>13.2</b>	<b>-</b>

## Financial Assets

						Fixed Rate Financial Assets	Non Interest Bearing Financial Assets
Currency	Total	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets (Note a)	Weighted Average Interest Rate	Weighted Average Period for which rate is fixed	Weighted Average term
	£000	£000	£000	£000	%	Years	Years
<b>At 31 March 2003</b>							
Sterling	3,402	-	-	3,402	-	-	Note a
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Gross Financial Assets</b>	<b>3,402</b>	<b>-</b>	<b>-</b>	<b>3,402</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2002</b>							
Sterling	6,946	-	-	6,946	-	-	-
US Dollar	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Gross Financial Assets</b>	<b>6,946</b>	<b>-</b>	<b>-</b>	<b>6,946</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note a** - The department's non-interest bearing financial assets comprise cash at bank and in hand (£3,402,190). Cash at bank and in hand is available on demand.

### Foreign Currency Risk

The department's exposure to foreign currency risk is not significant. There is no foreign currency income and foreign currency expenditure at less than 1 per cent of total expenditure is not significant.

## Fair Values

Set out below is a comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2003.

	Book Value	Fair Value	Basis of Fair Valuation
	£000	£000	
<b>Primary financial instruments</b>			
Financial Assets			
Cash at bank	3,402	3,402	Note a
Financial Liabilities			
Provisions	(992)	(992)	Note b

**Note a** - Will be cleared as cash is drawn from consolidated fund on an ongoing basis, and fair value is not different to book value.

**Note b** - Likely to be paid within 2 - 3 years so fair value is not significantly different.

## 29. Third Party Assets

The Department administers Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. These are not departmental assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and listed securities. They are set out in the table immediately below.

	31 March 2002	Gross Inflows (Note a)	Gross Outflows (Note a)	31 March 2003
	£000	£000	£000	£000
Monetary assets such as bank balances	2	26	13	15
Listed securities	512	-	-	390

### Note a:

The inflow and outflow figures do not equal the change in the value of listed securities over the year, because movements caused by revaluation to 31 March prices are not reflected in the inflows and outflows figures.

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust.

In accordance with FRS 5 "Reporting the substance of transactions", these assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

### 30. Entities within the Departmental Boundary

The entities within the boundary during 2002-03 were as follows:

Supply-financed Agencies:	None
Non-executive NDPBs:	Special Education Needs Tribunal
Other entities:	None

### 31. Post Balance Sheet Events

There were no post balance sheet events relating to the financial year 2002-03.

### 32. Premature Retirement Compensation

The Teachers Premature Retirement Scheme for Northern Ireland recovers compensation costs via increased employer contributions. Compensation costs are borne by the scheme and are therefore not included as a cost within the Departmental resource accounts.

The Department is responsible as compensating authority for Voluntary Grammar Schools, Grant Maintained Schools and a number of smaller bodies.

The number of compensation cases, for which the Department is compensating authority, for the current year and in total broken down by employer group, are:-

#### Number of Teachers Retiring on Grounds of Premature Retirement in the year to 31 March 2003

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	7	44
Other Grant Maintained Schools	1	1
Other Bodies	-	1
<b>Total</b>	<b>8</b>	<b>46</b>

#### Number of Teachers Retired on Grounds of Premature Retirement as at 31 March 2003

	Efficient Discharge	Redundancy
Voluntary Grammar Schools	159	303
Other Grant Maintained Schools	3	2
Other Bodies	29	70
<b>Total</b>	<b>191</b>	<b>375</b>

The combined Financial Statements of the Teachers Pensions Scheme for Northern Ireland and the Teachers Premature Retirement Scheme for Northern Ireland provides complete information on premature retirement compensation. The statements are available on request from the Department.

The Accountant  
Department of Education  
Rathgael House  
43 Balloo Road  
Bangor BT19 7PR

### 33. Suspension of the Northern Ireland Assembly

The Secretary of State for Northern Ireland signed an Order on 14 October 2002 effectively suspending devolved government in Northern Ireland from midnight that night. Under suspension:

- i) the Assembly and its committees ceased to meet or conduct business;
- ii) the First Minister, Deputy First Minister, Departmental Ministers, Junior Ministers, Chairmen and Deputy Chairmen of Statutory Committees all ceased to hold office;
- iii) direct rule was reinstated; the Northern Ireland Departments discharged their functions subject to the direction and control of the Secretary of State; the functions of the First Minister and Deputy First Minister were discharged by the Secretary of State;
- iv) legislation on devolved matters were made by Order in Council at Westminster.

The provisions allowing members of the Executive Committee to participate in the North/South Ministerial Council and the British Irish Council were also suspended.

The Secretary of State could at any time make an Order, subject to Parliamentary approval, to restore devolved government.

During devolution the Department was subject to the control and direction of Mr. Martin McGuinness, MP MLA following suspension these functions were discharged by Ms. Jane Kennedy, MP who is part of the Northern Ireland Office (NIO) ministerial team.

The costs and practicalities of producing separate resource accounts for the period up to and following suspension are prohibitive, and one resource account for the complete financial year has therefore been prepared.

### 34. Basis of Accounts Preparation

#### Tangible Fixed Assets

A prior period adjustment has been made to take account of the fact that the indexed tangible asset values as per 2001/02 Resource Accounts were incorrect and have been corrected during 2002/03. This has resulted in an increase in Net Book Value as at 31 March 2002 of £5,000, which is fully disclosed in Note 11.

#### Cumulative Effect

The net effect on the General Fund of this adjustment is as follows:

	£000
Opening Balance adjustment to Tangible Fixed Assets	5
Net Change in General Fund (Note 18)	5

**DEPARTMENT OF EDUCATION**  
**RESOURCE ACCOUNT, 2002-03**

**Introduction**

1. I was unable to form an opinion on the 2001-02 Department of Education Resource Accounts due to a limitation of evidence available to me because:
  - the Department was unable to confirm the accuracy of the balance of cash at bank and in hand;
  - the Department had not implemented certain transitional adjustments and disclosures to the accounts specified by the Department of Finance and Personnel;
  - other adjustments had been included in the financial statements to balance schedules and reconcile notes to schedules; and
  - the accounting policy in respect of grants to non-departmental public bodies was not in accordance with the Northern Ireland Resource Accounting Manual.
2. I undertook at the time of my previous report to keep each of the above issues under review and to report further, if necessary. This report reflects the outcome of my review of the action taken by the Department in response to the issues raised.

**Action taken by the Department of Education**

3. Following my audit of the 2001-02 Resource Accounts the Department advised me that it had prepared a detailed action plan for the work to be done to arrive at revised accounts for the 2001-02 year. The Department provided me with a copy of the revised accounts in March 2003.
4. I examined the revised accounts, which form the basis of the restated 2001-02 comparative figures disclosed in the 2002-03 accounts, and, having reviewed the Department's supporting working papers and obtained additional information from the Department, I am satisfied that the Department has taken sufficient action to address the issues raised in my previous report and has provided all the evidence required for my audit. As a result I have been able to give an unqualified opinion on the 2002-03 Resource Accounts.

**J M DOWDALL CB**  
Comptroller and Auditor General

30 October 2003

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