Food Standards Agency in Northern Ireland

Resource Accounts 2009-10

(For the year ended 31 March 2010)

The Accounting Officer authorised these financial statements for issue on 23 June 2010

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Contents

Annual Report

Preparation of Accounts

The Food Standards Agency in Northern Ireland forms part of the UK wide Food Standards Agency, a non-ministerial Government department. These accounts have been prepared for FSA's NI activity only. The FSA also prepares consolidated accounts for the organisation as a whole. The annual report is laid before Parliament under Section 4 of the Food Standards Act 1999. The FSA's NI accounts have been prepared in accordance with the direction given by the Department of Finance and Personnel under the Government Resources and Accounts Act (Northern Ireland) 2001.

Statutory Background

The FSA was established on 1st April 2000 by Act of Parliament (Food Standards Act 1999). The main purpose of the agency is:

> *'To protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food.'*

The FSA in NI was recognised as an independent Northern Ireland Department on 1 April 2004. Prior to that date the FSA in NI was funded indirectly through the Department of Health, Social Services and Public Safety.

Aims of the Food Standards Agency

Our strategy sets the FSA's strategic direction for the next five years and defines the FSA purpose of safe food for all. It sets out the strategic objective and priorities, and describes the outcomes and approaches the FSA and others will take to safeguard the UK's food and encourage positive dietary change.

The strategy is written in a clear and concise way to help consumers understand it, and is shaped by the FSA core principles of putting the consumer first, openness and independence, and being science and evidence-based.

The outcomes we aim to deliver are:

- food produced or sold in the UK is safe to eat
- imported food is safe to eat
- consumers understand about safe food and healthy eating, and have the information they need to make informed choices
- regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interests from fraud and other risks

Our Strategy for 2010 to 2015 is published in full on our website at www.food.gov.uk/aboutus/publications/busreps/strategicplan/

Management Commentary

a) *The responsibilities of the FSA in NI*

The FSA in NI has a wide remit that includes protecting public health, providing information and advice, monitoring and auditing, enforcement of food law, and contributes to the FSA's role in co-ordinating and commissioning research and development and food surveillance, developing policy and legislation and representing the UK on food matters in Europe.

The work of the FSA involves food safety across the whole of the food chain, including:

- inspection and enforcement action to protect consumers;
- monitoring local authority enforcement – auditing and improving local authority performance;
- auditing and monitoring of enforcement by the Department of Agriculture and Rural Development (DARD) on behalf of the FSA in NI. There are two service level agreements (SLA's) with DARD. DARD Veterinary Public Health Unit (VPHU) provide audit, inspection, enforcement, advice and recommendations on the approval of establishments in relation to meat hygiene and related services in approved premises requiring veterinary control in NI. DARD Quality Assurance Branch (QAB) deliver official controls with respect to milk hygiene, hygiene of egg packing establishments, primary production hygiene and related services in establishments registered by and holding certain approvals from the FSA in NI;
- nutrition – providing advice and guidance on the nutritional composition of food;
- providing information on a healthy, balanced diet, to promote and protect public health;
- food contaminants – defining tolerable levels, risk management and policy;
- the management of food and feed incidents to protect public health and the interests of consumers;
- food additives, contact materials, and novel foods – including safety assessment and surveillance;
- microbiological safety and food hygiene including providing advice on the management of food borne outbreaks and prevention of food borne illness;
- pesticides, veterinary medicines and animal feed – assessing food safety implications; and
- food labelling and standards – developing policy, improving consumer choice and representing the UK in the European Union.

b) *Resource spend in 2009/10*

The comparison of actual resource expenditure to Estimate is shown below:

	2009/10	
	Estimate	Net Operating Cost
	£m	£m
FSA in Northern Ireland	9.4	9.1

The comparative figures for 2008/09 are shown below:

	2008/09	
	Estimate	Net Operating Cost
	£m	£m
FSA in Northern Ireland	9.2	8.6

The net cost of the FSA in Northern Ireland was £9.1m against available funding of £9.4m to 31st March 2010. The notes to the accounts provide a breakdown of the FSA's NI expenditure. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected. Meat inspection fees are largely dependent on the hours worked by meat inspectors.

Reconciliation of resource expenditure

Reconciliation of resource expenditure between Estimates, Accounts, and Budgets

	2008-09 £000	2009-10 £000
Net Resource Outturn (Estimates)	**8,575**	**9,119**
Adjustments to remove:		
Provision voted for earlier years	–	–
Adjustments to additionally include:		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	–	–
Reductions in planned spend unable to be included in the Estimate	–	–
Other adjustments	–	–
Net Operating Cost (Accounts)	**8,575**	**9,119**
Adjustments to remove:		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	–	–
Adjustments to additionally include:		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	**8,575**	**9,119**
of which		
Departmental Expenditure Limits (DEL)	9,207	9,329
Annually Managed Expenditure (AME)	–	–

c) *Performance Reporting*

The FSA's 2009/10 Annual Report, required by the Food Standards Act 1999, explains in detail the work and achievements of the organisation during the year. It is published with the consolidated resource accounts for the Food Standards Agency. Copies of this report are also available from 'The Stationery Office', and the FSA's website.

Performance during the year is summarised below:

Food safety

Strategic priorities
We will work with industry to achieve a 50% reduction in the incidence of UK produced chickens which test positive for Campylobacter by the end of December 2010.
We will develop effective interventions to tackle food safety problems at source before they become incidents, by the end of December 2010.
We will work with industry to achieve a 50% reduction in the incidence of pigs which test positive for Salmonella at slaughter by the end of December 2010.
Working with stakeholders, we will provide guidance and support to help small catering businesses. By the end of December 2010, all food businesses are working actively to achieve compliance with food safety management requirements with at least 75% fully compliant.
We will develop and pilot a tool that allows the effectiveness of slaughterhouse procedures on the risk of contamination of carcasses to be assessed by the end of 2009.

Our performance in 2009/10
Some key highlights: • The results from the 2009 survey of Campylobacter and Salmonella prevalence in fresh chicken on retail sale in the UK suggest that we will not meet the target to achieve a 50% reduction in the incidence of UK produced chickens which test positive for Campylobacter by the end of December 2010. • We are moving forward with development of a Campylobacter reduction strategy for 2010-2015, including development of a Campylobacter risk management programme, and engaging and working with a range of stakeholders throughout the food chain to effect change. • A key aim of our Strategy for 2010 to 2015 is to tackle Campylobacter in chicken as a priority. • Figures from March 2009 data show 53% of food businesses visited were fully compliant with food safety management requirements and 86% of food businesses were broadly compliant, i.e., were satisfactory or making satisfactory progress. December 2010 figures are likely to be available from January 2012. • Working with the revised ZNCPig schemes we have piloted the slaughterhouse hygiene tool. All slaughterhouses in the schemes are either using or are being encouraged to use the tool.

Eating for health; and choice

Strategic priorities
We will work with health departments and other stakeholders to reduce the average salt intake of UK adults from the current 9.5g to 6g per day by the end of December 2010 and to reduce the salt intake of children, in line with Scientific Advisory Committee on Nutrition age-specific recommendations, also by the end of December 2010. We will monitor progress to ensure that we remain on course to achieve the target.
We will work with health departments and other stakeholders to reduce the average intake of saturated fat (for everyone from age five upwards) from the current level of 13.4% to below 11% of food energy by end of December 2010.
We will implement an action plan to deliver recommendations of the Food Fraud Task Force which fall within the period of this Strategic Plan.
Our performance in 2009/10
Some key highlights: • During the year it became clear that, although the programme of actions to drive salt and saturated fat reduction remains on track, it could not achieve the necessary behaviour change required to meet these stretching targets on salt and saturated fats targets by 2010. • We implemented all the appropriate recommendations of the Food Fraud Task Force. • We launched the Food Fraud Advisory Unit – whose members come from a range of enforcement organisations – to provide advice to any UK local authority involved in investigating food fraud.

Effective delivery

Strategic priorities
For UK-related regulations, achieve a 25% reduction (on 2005 baseline) by the end of April 2010 of the administrative burden of regulations over whose implementation the UK has some control.
Our performance in 2009/10
Some key highlights: • We delivered significant savings of £44m by 31 March 2010. • We are also confident of delivering a further £46m by the Government's deadline of May 2010, taking the total reduction to £90m against our stretching revised target of £136m. • This represents a significant achievement against our original target of £23m and has been positively recognised by the Better Regulation Executive. • We will continue to seek further savings and we are actively seeking simplifications to deliver against the new Government targets set for April 2010 to March 2015.

Performance management reporting is an integral part of our business planning cycle. Quarterly group progress reports form the core agenda of the Chief Executive's quarterly performance review meetings with individual group Directors. Group progress reports form the basis of a report to the Executive Management Board at the end of each quarter. This is followed by a corporate report to the Board.

Structure and Organisation

The FSA is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to Ministers. The Board consists of a Chair, Deputy Chair and up to 12 members. The Chair and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and the Minister for Health, Social Services and Public Safety in NI on behalf of that Department. Two of the Board members are appointed by Scottish Ministers, one by the National Assembly for Wales, and one by the Minster for Health, Social Services and Public Safety in NI on behalf of that Department. These members have special responsibility for Scottish, Welsh and Northern Ireland issues. The other members were appointed by the Secretary of State for Health.

The Board is responsible for the FSA's overall strategic direction, for ensuring that legal obligations are fulfilled, and for ensuring that decisions and actions take proper account of scientific advice as well as the interests of consumers and other stakeholders. The annual increase in Board Members' remuneration is based on that recommended for office holders by the Senior Salaries Review Body. Senior Civil Service (SCS) staff salaries are uplifted in line with the central (Cabinet Office) SCS performance based pay and review system.

The Board is accountable to Parliament through the Secretary of State for Health, to Health Ministers in Scotland and Wales, and to the Minister of Health, Social Services and Public Safety in Northern Ireland.

The FSA Board

During the year, the following were members of the non-executive FSA Board:

Lord Jeff Rooker – FSA Chair (from 27 July 2009)

Dame Deirdre Hutton – FSA Chair (to 26 July 2009)

Dr Ian Reynolds – FSA Deputy Chair

Professor Graeme Millar – Chair of the Scottish Food Advisory Committee

John W Spence – Chair of the Welsh Food Advisory Committee

Dr Maureen Edmondson – Chair of the Northern Ireland Food Advisory Committee

Tim Bennett

Chris Pomfret

Clive Grundy

Professor Sue Atkinson CBE

Michael Parker

Nancy Robson

Margaret Gilmore

Dr David Cameron

FSA Management Team

Day to day management of the FSA is exercised through the Executive Management Board (EMB). Membership during the year was as follows:

Tim Smith – Chief Executive

Steve Wearne – Director of Corporate Services (from 27 July 2009), Director of FSA in Wales

Richard Calvert – Director of Corporate Services (to 9 September 2009)

Dr Andrew Wadge – Director of Food Safety Policy and Chief Scientist

Gill Fine – Director of Consumer Choice and Dietary Health

Terrence Collis – Director of Communications

Vivienne Collett – Director of Legal Services (to 31 December 2009)

Alex Rae – Acting Director of Legal Services (from 1 January 2010)

Robert Mackintosh – Acting Finance Director (to 10 January 2010)

Chris Hitchen – Finance Director (from 11 January 2010)

Lynne Bywater – HR Director (from 4 January 2010)

Jackie Hammond – interim HR Director (to 29 January 2010)

Charles Milne – Director of FSA in Scotland (from 1 June 2009)

Dr George Paterson – Director of FSA in Scotland (to 30 June 2009)

Gerry McCurdy – Director of FSA in Northern Ireland

Steve McGrath – Chief Executive of the Meat Hygiene Service

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners, with the exception of Tim Smith. The Cabinet Office agreed to his appointment until March 2011. Salary and pension details of the Board and the EMB are disclosed in the Remuneration Report.

Corporate Governance

Parliamentary Accountability

The Food Standards Agency is a non Ministerial government department. It is headed by an independent Chair, with an external board responsible for the overall strategy of the organisation. The Board provide independent advice to Health Ministers on food related issues.

The FSA Board

The FSA Board members are independent non-executives. They join the Board following open recruitment, and are expected to follow the Nolan principles of public life. The FSA maintains a register of Board Member details and interests.

The FSA Board meets around 10 times per year. Many of these Board meetings are held in public, across the United Kingdom, to ensure that consumers have their say in policy decisions made by the Agency. The minutes of these Board Meetings are available on the FSA's website.

The FSA also has an Executive Management Board (EMB) which is chaired by the Chief Executive. This Board is made of executive staff and ensures that the policies promoted by the FSA External Board are put into effect.

Internal Controls

The FSA has put in place arrangements to provide assurance on risk management, governance and internal control:

- the FSA has an Audit Committee chaired by an independent non-executive. The Chair of the Audit Committee reports regularly to the main FSA Board;
- the FSA's Internal Audit function operates in accordance with Government Internal Audit Standards; and
- the FSA has a Risk Committee which was established to improve the organisation's risk identification, modelling and management. The members of the Risk Committee are drawn from both the Executive and the Board.

The NI Food Advisory Committee

The FSA in NI has a Food Advisory Committee which is in place to provide advice and information to the Agency on its functions. It is chaired by the NI Board Member and the FSA Board is required by statute to take account of their advice in its work. The committee members are listed below:

Northern Ireland – Advisory Committee Members

Maureen Edmondson – Chair

Tony McCusker

Dorothy Black

David Mark

Barbara Livingstone

Professor John Moore

Michael Walker

Alan Bingham

Dr David McCleery

FSA Audit Committee

The FSA has an Audit Committee to advise the Accounting Officer in relation to issues of control, governance and assurance. The Chair of the Audit Committee produces an annual report to the FSA Board on the work of the Audit Committee.

During the year, the membership of the FSA Audit Committee was:

Chris Pomfret (Chair from 22 March 2010)

Professor Graeme Millar – (Chair to 28 February 2010)

Michael Parker

Tim Bennett

Clive Grundy

Margaret Gilmore (from 22 March 2010)

FSA Risk Committee

The Risk Committee seeks to establish improved risk modelling and management across the organisation. This committee is chaired by a Board member, and includes a mix of executive and non-executive staff as members. The Chair of the Committee produces an annual report to the FSA Board on the work of the Risk Committee.

Funding of the FSA

The FSA is a non-Ministerial Government Department. The Northern Ireland operations of the FSA are funded through resource based supply by the Department of Finance and Personnel.

Staff Relations

The FSA in NI attaches considerable importance to securing the full involvement of all staff in its work. Staff are encouraged to use their own initiative to enhance the work of the FSA. Senior management meet formally at regular intervals with trade union representatives. The Chief Executive holds regular open meetings to which all staff are invited and encouraged to attend. ‘Feedback’ provides staff with a quarterly update on the work of the organisation. Staff and other stakeholders also receive “FSA News”, published every two months. The FSA’s NI Director also holds regular staff meetings.

Pensions

Employees of the FSA in NI are UK rather than NI civil servants and are members of the Principal Civil Service Pension Scheme (PCSPS). This is a Central Government unfunded pension scheme. Pension payments are made through the PCSPS resource account.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, some Board Members have similar pension arrangements independent of the PCSPS.

Equal Opportunities

The FSA in NI aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce. The FSA is committed to equal opportunities and aims to ensure that everyone who works for or with the FSA should be treated fairly and with respect. Consequently, no employee or job applicant will be discriminated against either directly or indirectly on such grounds as race, gender, marital status, nationality, ethnicity, colour, religion, political beliefs, disability, age, sexual orientation, responsibility for dependants, working pattern or position in the organisation. The FSA in NI operates a guaranteed interview scheme for people with disabilities (as defined by the Disability Discrimination Act 1995) who meet the minimum essential criteria for the appointment. The FSA in NI employs 1 member of staff who has declared a disability.

Supplier Payment Policy

It is the FSA’s policy to pay all invoices not in dispute within 10 days of receipt. During the year, on average, invoices were paid within 6.9 days of receipt.

Sustainability reports

The FSA is committed to sustainable development principles including the UK government's strategy "Securing the Future". We aim both to run our business sustainably and also to take forward our remit in a sustainable manner. In practice, this means taking sustainable development into account in all of the FSA's activities, including in the full range of policy and decision making and in advising consumers. It also affects how we run our business, from accommodation to human resources. The FSA's position statement on sustainable development is 'The Food Standards Agency's remit is to protect the interests of consumers in relation to food, both now and in the future. In doing so, the FSA will take sustainable development into account in all of its activities and policy decisions'.

Our Sustainable Development Action Plan (SDAP) aims to support the principles of sustainable development and to contribute directly to "Securing the Future". It covers the period from 1 April 2009 to 31 March 2011. The main priority in our SDAP is to embed sustainable development in policy making and in particular into the Impact Assessment process and Board papers. Through active monitoring we can already see an improvement in sustainability considerations.

We are fully committed to conserving energy, water and other resources and reducing waste. The FSA in NI monitors the energy efficiency of the office against targets set in the FSA Sustainable Development Action Plan. At present, 89% of FSA in NI waste is recycled.

Further information on our SDAP can be found at: www.food.gov.uk/aboutus/how_we_work/sustainability/

Further information on how well we performed on our estate and in our operations can be found at: www.ogc.gov.uk/sustainable_development_in_government_food_standards_agency.asp

Information on environment, social, and community issues

The staff of the FSA raise money for a variety of charities on a voluntary basis and this will continue over the two years covered in our SDAP. Staff are also encouraged to volunteer for work on local community projects. For example, in 2009 one divisional team devoted a day's voluntary work to the London Wildlife Trust. FSA in Scotland is in the process of initiating a small volunteering pilot with Aberdeen Foyer, who work with vulnerable young people and Community Food Initiatives North East (CFINE), a charity that aims to improve health. York colleagues have had a Volunteering Policy in place since 2005, whereby staff are entitled to one day's special leave with pay in a 12 month period to take part in voluntary work within the local community (subject to the requirements of the business).

Financial Instruments

The FSA has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with Section 9 of the Government Resources and Accounts Act (Northern Ireland) 2001. The audit fee for the year was £20,400.

I am not aware of any relevant information that has not been made available to the auditors. I have taken all necessary steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Going Concern

The FSA has significant net liabilities. The accounts, however, are prepared on a going concern basis since, as a government department, its funding is underwritten by the Treasury.

Reporting of sickness absence data

The provisional figure for staff absence as a result of physical and mental illness including injuries, disability or other health problems is approximately 6.7 days per employee compared with 4.0 and 2.1 for the previous two years.

Reporting of personal/sensitive data losses and/or incidents

There have been no losses of either personal or sensitive data during the financial year. The FSA has put in place systems to minimise the risk of loss of this type of data, and the issue is discussed regularly at the Audit Committee.

Important Events which have occurred since the end of the Financial Year

No such events have occurred since the end of the financial year.

Remuneration Report

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

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

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

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

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

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

The tables in the remuneration report are subject to audit.

Salary and Pension Entitlements

Full details of the remuneration and pension interests of FSA Board Members and the Executive Management Board are detailed below and are subject to audit:

a) *Remuneration:*

Executive Management Board

	2009-10			2008-09
	Total Remuneration	Of which Bonuses	Benefits in Kind	Total Remuneration
Bands	£5,000 (£000)	£5,000 (£,000)	£1,000 (£000)	£5,000 (£000)
Gerry McCurdy Director, FSA in Northern Ireland	90-95	5-10	–	40-45

''Remuneration'' includes gross salary; performance pay or bonuses; overtime; reserved rights to London Weighting or London allowances; recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the department and thus recorded in these accounts.

Bonuses

A Pay Committee is set up each year to assess implementation of pay awards including bonus payments in line with guidance provided by the Cabinet Office. Membership of the Pay Committee is made up of directors and one independent member. Pay recommendations are considered on the basis of review of individual performance against objectives as well as overall consistency.

The Committee provides a breakdown of awards to the Cabinet Office, covering performance group distribution, analysis of bonuses awarded and feedback on the operation of the system.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. The above payments relate mostly to transport or accommodation costs reimbursed to the Board members.

(b) *Pension benefits:*

Executive Management Board

2009-10

		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2010	Total accrued lump sum at age 60 31 March 2010	CETV at 31 March 2010	CETV at 31 March 2009	Real Increase in CETV
Bands		£2,500 (£000)	£5,000 (£000)	£5,000 (£000)	(£000)	(£000)	(£000)
Gerry McCurdy	Director, FSA in Northern Ireland	2.5-5	35-40	105-110	541	464	46

Executive Management Board

2008-09

		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2009	Total accrued lump sum at age 60 31 March 2009	CETV at 31 March 2009	CETV at 31 March 2008	Real Increase in CETV
Bands		£2,500 (£000)	£5,000 (£000)	£5,000 (£000)	(£000)	(£000)	(£000)
Gerry McCurdy	Director, FSA in Northern Ireland	2.5-5	30-35	95-100	687	570	71

Civil Service Pensions

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

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

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

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

Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos.** Further details about the Civil Service pension arrangements can be found at the website www.Civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouses's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Tim J Smith
Chief Executive and Accounting Officer 23 June 2010

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Food Standards Agency (the Department) is required to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

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

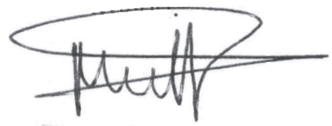
HM Treasury has appointed the Permanent Head of the Department as principal Accounting Officer of the department.

The allocation of Accounting Officer responsibilities in the department is as follows:

- Request for resources A: Tim J Smith, FSA Chief Executive and Accounting Officer

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

Tim J Smith



Chief Executive and Accounting Officer
23 June 2010

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Food Standards Agency (FSA)'s policies, aims and objectives, whilst safeguarding the public funds and FSA's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. This statement covers the whole of the FSA, encompassing the Westminster funded FSA (including until 31 March 2010 the Meat Hygiene Service, now fully part of the FSA), FSA Scotland, FSA Wales, and FSA Northern Ireland.

The FSA is a non-Ministerial Government Department, operating at arm's length from Ministers, and led by a non-executive Board appointed to act in the public interest. I and members of the FSA Executive Management Board attend meetings of the FSA Board. I meet with the FSA Board Chair each week.

I have been appointed as Accounting Officer for the Westminster-funded FSA by Her Majesty's Treasury and for FSA Northern Ireland by the Department of Finance and Personnel (DFP). I also act in this capacity for FSA Wales and FSA Scotland. Although the activities of these offices are funded through the devolved authorities, they remain part of the United Kingdom FSA. In 2009/10, the FSA had a single executive agency, the Meat Hygiene Service (MHS), which operated in Great Britain. The MHS formally merged into the FSA on 1 April 2010.

The FSA system of internal control includes:

- an Executive Management Board, chaired by me, comprising all UK Directors and which normally meets monthly;
- a Strategic Plan which sets out the FSA's main aims and objectives for 2005-2010. A new plan for 2010-2015 was published in December 2009;
- Internal Audit arrangements, which comply with Government standards applicable in 2009/10, including a risk-based audit programme linked to the strategic risks of the organisation and audit of corporate governance and controls across all FSA offices. Regular reports are issued by Internal Audit, and an independent annual opinion of the adequacy and effectiveness of the organisation's system of internal control together with recommendations for improvement;
- a joint FSA/MHS Audit Committee, constituted in line with HM Treasury's Audit Committee Handbook, to advise me as Accounting Officer. The Committee has a fully non-executive membership and meets four times a year. The chair reports to the FSA Board on the work of the Committee;
- a Risk Committee which provides advice, support and challenge in relation to organisational risks and embedding a risk-aware culture across the FSA;
- a risk management process which aims to provide reasonable assurance that strategic objectives can be achieved reliably. The process promotes local accountability and risk ownership as an essential part of risk management. It prioritises risk based on likelihood and impact, and enables the Executive Management Board to manage effectively the strategic risks to business objectives. Regular discussions about risk occur at corporate and group levels;
- business and financial planning processes which explicitly consider group performance, resources and business risks;
- monthly financial performance reports which are discussed by the Executive Management Board;
- signed quarterly reports from budget managers on how they manage their budgets within their delegated authority to meet their objectives and their compliance with corporate governance responsibilities;
- assurance from the Chief Executive of the Meat Hygiene Service on internal controls;
- clear rules and procedures which are published on the FSA Intranet and are regularly reviewed and updated.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of FSA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the FSA for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The FSA Executive Management Board has incorporated risk management and internal controls into the organisation's approach to business planning. Risk owners formally review risks at least once a quarter and report back to the FSA Board through the organisation's quarterly Performance Management Reports.

The responsibility for managing the principal risks on a day-to-day basis is assigned to Senior Managers and they are required to ensure that adequate attention is given to this task.

A programme of training and support for the business planning process has been developed, and includes training on risk management. The business planning process is reviewed each year and amended to reflect lessons learnt and to build in examples of best practice.

We also sit on the cross-government Risk Improvement Group, which shares good practice and lessons learned in other departments.

During 2009/10 a programme has been delivered to integrate the corporate services of the MHS and FSA. This has helped ensure consistency of approach across the two organisations. At times the programme has stretched management and staff capacity, however this has been managed without impact on core business. This programme included the integration of FSA and MHS internal audit into a single function.

Work has been undertaken during 2009/10 on the integration of the MHS and FSA risk policies and procedures and a new single approach will be launched during early 2010/11.

4. The risk and control framework

The FSA approach to risk management is being implemented across the organisation. The main processes in place for identifying, evaluating and managing risks are:

- **High level risks**: these are identified and defined in a risk register and are monitored quarterly by the Executive Management Board. Each risk is owned by a Director who is responsible for implementing countermeasures and contingencies to manage the likelihood and/or impact of the risk;
- **Group level risks**: these are identified and defined in a risk register and are monitored regularly by Directors and their senior management teams. Directors are accountable for risk management within their groups and, where appropriate, for escalating risks to the high level risk register;
- **Major project risks**: these are identified and defined in a risk register and are monitored by Project Teams. We adopt PRINCE 2 project management methodology for IT and other major projects. The procurement and management of the FSA's £11m research portfolio follows well defined and documented procedures;
- **Local risks**: in 2009/10 lower level risk registers were not required and local managers had discretion as to how these risks were managed. Work has been undertaken during 2009/10 on the integration of the MHS and FSA risk policies and procedures, and a new single approach will be launched during early 2010/11. This will require risks to be formally managed at Head of Division level, with formal management of risks below this being discretionary.

The Food Standards Agency operates within the framework of the Food Standards Act 1999 and EU law.

The Chief Executive and Director of Finance attend all Audit Committee meetings, thereby providing a direct link to the Senior Management Team.

In matters of risk appetite in relation to public health, the FSA takes a precautionary approach meaning that action may be taken before there is conclusive proof of a hazard. Actions taken will be proportionate to the best judgement of the risk based on the best evidence available and will be reviewed if new evidence emerges.

Following the major dioxins incident in December 2008 that resulted in the contamination of beef animals and pork products, FSA in NI participated in the FSA's independent review of the handling of the incident that has led to the introduction of a revised FSA protocol for incident handling. The revised protocol includes improved arrangements for communicating and engaging with key stakeholders and this was tested in March 2010 through an Agency wide incident exercise. FSA in NI staff have been trained in the application of the protocol and additional training has also been provided to Local Authorities in NI to ensure effective communication during incidents.

FSA in NI also participated in the MacKenzie Review commissioned by the NI Executive. This review considered roles and responsibilities in incident management across NI government departments. The recommendations of this review have not yet been published, however, these will be taken forward in due course to further improve engagement with our local administration during incidents.

Our risk environment involves managing risks which impact on the public. The FSA Board holds all its policy decision-making meetings in public. The venues and agendas are published in advance and the papers are publicly available. Board meetings are webcast live via our website, and the webcasts are also archived on our website as publicly available video-on-demand.

We regard consultation with our stakeholders as an essential part of fulfilling our core values, and are required by statute to consult on our activities with those affected by our decisions. We also hold stakeholder meetings on key issues where we invite key stakeholders to meet and discuss differing points of view.

One of our core values is to put consumers first and we involve consumers in a variety of ways: to alert us to current or emerging consumer concerns; to comment on our strategic objectives and forward plan; and to provide us with feedback on the effectiveness of our policies in responding to consumer concerns.

We have a clear set of rules and procedures, known as "Rules and Tools", which cover all aspects of finance, procurement and general areas of governance. We have also strengthened our procedures in areas such as data security.

The FSA takes the management of data security seriously. To ensure that risks related to information security are managed effectively, Cabinet Office guidance and industry best practice is followed. In 2009/10, the FSA retained its ISO27001 *Information Security Management Systems* certification for the Information Systems and Facilities Division and is now working to extend the scope of certification across the whole of Aviation House by June 2010. We will aim to extend certification to the offices in Cardiff, Belfast and Aberdeen by March 2011.

In line with Cabinet Office instructions, all laptops and remote working tools are encrypted and all new or re-built equipment fully complies with Cabinet Office guidelines. The FSA fully complies with the HMG Security Policy Framework. All software is legally licensed.

5. Review of effectiveness

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

As part of my review of the effectiveness of the system of internal control, I require an assurance statement to be prepared by all Executive Management Board Directors covering scope of responsibility; capacity to handle risk; review of effectiveness; and significant control problems.

The joint FSA/MHS Audit Committee advises the FSA Chief Executive and FSA Board, as appropriate, on:

- the strategic processes for risk management, control and governance and the contents of the Statement on Internal Control;
- the accounting policies, the accounts, and the annual report of the FSA, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of the management response to issues identified by audit activity, including external audits management letters;
- assurances relating to corporate governance requirements.

The Audit Committee is constituted in line with HM Treasury's Audit Committee Handbook and has a fully non-executive membership. The Chair of the Committee reports annually to the FSA Board on its work.

The Risk Committee provides advice, support and challenge to the Executive in relation to the introduction and implementation of processes for risk identification and management relating to delivery of the Strategic Plan and fulfilling statutory obligations, and on the high level risks identified. The Committee also provides assurance to the Chief Executive and FSA Board that risk management is effective across the FSA. The Risk Committee is made up of both executive and non-executive members, and includes the Chair of the Audit Committee and the Head of Internal Audit in its membership. The Chair of the Risk Committee reports annually to the FSA Board on the actions taken by the Executive to improve the effectiveness of risk management in the FSA.

A programme of internal audit work, informed by the risk registers, is developed and discussed with the Audit Committee prior to the commencement of each financial year. The Head of Internal Audit's opinion, based on the internal audit work undertaken during the year, is that the general level of controls has been found to be adequate in most areas, which provides reasonable assurance that the FSA's strategic objectives will be achieved. However the central finance, procurement and human resources functions areas have been assessed as requiring significant improvement. In particular, weaknesses in procurement remain a key risk. This is being addressed through the appointment of a new Head of Procurement and a new team who are taking a proactive, enforcement approach to procurement.

A new procurement system is also being implemented and is taking account of the risks highlighted in the audits conducted on this area over the last two years. New Heads of Departments have also been appointed for finance and human resources.

The FSA is an accredited Investor in People and subject to rolling review. The next review will occur in April 2010.

Tim J Smith
Chief Executive and Accounting Officer 23 June 2010

FOOD STANDARDS AGENCY (NORTHERN IRELAND)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Food Standards Agency (Northern Ireland) for the year ended 31 March 2010 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31st March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 directions issued thereunder by the Department for Finance and Personnel for Northern Ireland.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel for Northern Ireland directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Annual Report excluding Performance Reporting, Sustainability reports and Information on environment, social and community issues sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

28 June 2010

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

Statement of Parliamentary Supply
for the year ended 31 March 2010

		2009-10							2008-09
		Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)	Prior year outturn
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
Resources	Note	£000	£000	£000	£000	£000	£000	£000	£000
Request for resources A	3	**12,919**	**(3,532)**	**9,387**	**12,491**	**(3,372)**	**9,119**	**268**	**8,575**
Total resources		**12,919**	**(3,532)**	**9,387**	**12,491**	**(3,372)**	**9,119**	**268**	**8,575**
Non-operating Accruing Resources		–	–	–	–	–	–	–	–

				2009-10	2008-09
	Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)	Prior year Outturn
		£000	£000	£000	£000
Net cash requirement	5	9,567	9,300	267	8,847

Summary of income payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the year.

Explanation of variances between Estimates and Outturn

The FSA in Northern Ireland resource spend for the period was £9,119,000 compared to the estimate of £9,387,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected.

The notes on pages 27 to 43 form part of these accounts.

Operating Cost Statement
for the year ended 31 March 2010

				2009-10	2008-09
	Note	Staff Costs	Other Costs	Income	
		£000	£000	£000	£000
Programme Costs:					
Staff costs	10	1,608	–	–	1,307
Other operating costs	12	–	677	–	829
Monitoring and Surveillance	12	–	10,206	–	9,728
Operating income	13	–	–	(3,372)	(3,289)
Totals		**1,608**	**10,883**	**(3,372)**	8,575
Net Operating Cost	14	**–**	**–**	**9,119**	8,575

All income and expenditure are derived from continuing operations.

The notes on pages 27 to 43 form part of these accounts.

Statement of Financial Position
as at 31 March 2010

		2009-10		2008-09		2007-08	
	Note	£000	£000	£000	£000	£000	£000
Non-current assets:							
Property, plant and equipment	15	118		147		145	
Total non-current assets			118		147		145
Current assets:							
Trade and other receivables	16	1,207		1,009		1,807	
Cash and cash equivalents	17	268		851		2,164	
Total current assets			1,475		1,860		3,971
Total Assets			1,593		2,007		4,116
Current Liabilities							
Trade and other payables (<1 year)	18	(1,928)		(2,525)		(4,503)	
Total current liabilities			(1,928)		(2,525)		(4,503)
Non-current assets plus/less net current assets/liabilities			(335)		(518)		(387)
Non-current liabilities							
Provisions	19	–		–		(395)	
Total non-current liabilities			–		–		(395)
Assets less liabilities			(335)		(518)		(782)
Taxpayers' equity							
General fund			(335)		(518)		(782)
Revaluation reserve			–		–		–
			(335)		(518)		(782)

Tim J Smith
Chief Executive and Accounting Officer

23 June 2010

The notes on pages 27 to 43 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
Cash flows from operating activities			
Net operating cost		(9,119)	(8,575)
Adjustment for non-cash transactions	12	39	31
(Increase)/Decrease in trade and other receivables	16	(198)	798
Increase/(Decrease) in trade payables	18	(597)	(1,978)
less movements in payables relating to items not passing through the OCS	18	583	1,313
Use of provisions	19	–	(395)
Net cash outflow from operating activities		**(9,292)**	**(8,806)**
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(8)	(41)
Net cash outflow from investing activities		**(8)**	(41)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		8,717	7,534
From the Consolidated Fund (Supply) – prior year		–	–
Net Financing		**8,717**	7,534
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		(583)	(1,313)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payments of amounts due to the Consolidated Fund		–	–
		(583)	(1,313)
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund			
Cash and cash equivalents at the beginning of the period	17	851	2,164
Cash and cash equivalents at the end of the period	17	268	851
		(583)	(1,313)

The notes on pages 27 to 43 form part of these accounts.

Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2010

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2009		(518)	(518)
Changes in accounting policy		–	–
Restated balance at 1 April 2009		**(518)**	**(518)**
Changes in taxpayers' equity for 2009-10			
Non-cash charges – cost of capital credit	12	(18)	(18)
Non-cash charges – auditors remuneration	12	20	20
Net operating cost for the year		(9,119)	(9,119)
Total recognised income and expense for 2009-10		**(9,117)**	**(9,117)**
Net Parliamentary Funding – drawdown		8,717	8,717
Net Parliamentary Funding – deemed		851	851
Supply payable/(receivable) adjustment		(268)	(268)
Balance at 31 March 2010		**(335)**	**(335)**
Balance at 31 March 2008		(782)	(782)
Changes in accounting policy:		–	–
Restated balance at 1 April 2008		(782)	(782)
Changes in taxpayers' equity for 2008-09			
Non-cash charges – cost of capital credit	12	(24)	(24)
Non-cash charges – auditors remuneration	12	16	16
Net operating cost for the year		(8,575)	(8,575)
Total recognised income and expense for 2008-09		**(8,583)**	**(8,583)**
Net Parliamentary Funding – drawdown		7,534	7,534
Net Parliamentary Funding – deemed		2,164	2,164
Supply payable/(receivable) adjustment		(851)	(851)
Balance at 31 March 2009		**(518)**	**(518)**

The General Fund represents the net assets vested in the FSA in NI (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

The restated opening balance includes a prior period adjustment following the decision to discontinue modified historic cost accounting (MHCA). A write back of £3,000 was made to the general fund to ensure that the fixed asset register balances with restated and historic net book value. Included in this amount is £14,000 relating to the revaluation reserve note.

The notes on pages 27 to 43 form part of these accounts.

Statement of Net Operating Costs by Departmental Strategic Objectives

for the period ended 31 March 2010

					2009-10				**2008-09**
					£000				£000
	Note	Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Total	Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Total
Gross Expenditure		11,261	858	372	12,491	10,767	784	313	11,864
Income		(3,372)	–	–	(3,372)	(3,289)	–	–	(3,289)
Net Expenditure		7,889	858	372	9,119	7,478	784	313	8,575

Full name of objective and purpose

Objective 1 Food Safety:
- to continue to reduce foodborne illness; and
- to reduce further the risks to consumers from chemical contamination (including radiological contamination) of food;

Objective 2 Eating for Health:
- to make it easier for all consumers to choose a healthy diet; and thereby
- improve quality of life by reducing diet-related diseases.

Objective 3 Choice:
- to enable consumers to make informed choices.

The FSA aims are described in more detail in the Agency's Strategic Plan to 2015.

The above costs have been apportioned to individual aims on a divisional basis which reflects the resources consumed.

These costs include staff costs as explained in note 10 to the accounts.

The notes on pages 27 to 43 form part of these accounts.

Notes to the accounts

1. Statement of Accounting Policies

1.1 Basis of Preparation

The Food Standards Agency in Northern Ireland (FSANI) is part of the UK wide Food Standards Agency. It was previously funded through the Department of Health, Social Services and Public Safety. However, on 1 April 2004, it was set up as a Northern Ireland Department in its own right.

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The legislative basis for preparing the Northern Ireland account is the Government Resources and Accounts Act (Northern Ireland) 2001.

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

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Food Standards Agency for the purpose of giving a true and fair view has been selected. The Food Standards Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Statement of Financial Position at 31st March 2010 shows a negative taxpayer's equity of £335,000. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of supply approved annually by the NI Assembly to meet the Agency's Net Cash Requirement. Under the Government Resources and Accounts Act (Northern Ireland) 2001, no money can be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Agency's income are surrenderable to the fund.

In common with other government departments, the future financing of the Agency's liabilities is accordingly to be met by future grants of Supply, and the application of future income, both to be approved annually by the NI Assembly. Such approval for amounts required for 2010-11 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the prepartion of these financial statements.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention. In previous years, modified historic cost accounting has been used to revalue fixed assets in line with the current cost. However, this was stopped from 1 April 2008.

1.3 Property, plant and equipment

These accounts have been prepared under the historic cost convention. On 1 April 2008 the Food Standards Agency revised its capitalisation policy. From that date all grouped non-current assets (until 31 March 2009) and individual assets with a purchase cost in excess of £5,000 (including irrecoverable VAT and delivery) are capitalised at cost. Individual or grouped non-current assets that were purchased prior to 1 April 2008 with a purchase cost of between £2,000 and £5,000 (including irrecoverable VAT and delivery) will continue to remain as capitalised assets. With effect from 1 April 2009 newly capitalised assets consist only of non-current assets with an individual purchase cost in excess of £5,000 (including irrecoverable VAT and delivery). The revision in capitalisation policy has now led to the FSA having a relatively small asset base.

Consequently, the revaluation adjustments are immaterial and for this reason, we have decided to discontinue revaluations and also write back all previous revaluations. As permitted by the FReM,5.2.7h) and j), depreciated historical cost is now used as a proxy for current value on the basis that this realistically reflects consumption of the asset.

Under IAS16, the FSA has taken the decision to move to historic cost accounting with effect from 1 April 2008. Therefore assets are no longer re-valued as under modified historic cost accounting. This change brings FSA's fixed asset policy in line with the International Financial Reporting Standards which do not use MHCA. This will provide relative comparative figures which are more reliable and easily understood.

All property, plant and equipment assets are carried at fair value.

1.4 Depreciation and Amortisation

Freehold land and assets in the course of construction are not depreciated. All other assets are depreciated from the month following the date of acquisition. Depreciation and amortisation is provided at rates calculated to write-off the valuation of tangible and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

	2009/10	2008/09
Property, plant and equipment		
Computer servers and computer equipment	4 years	4 years
Office machinery	7 years	7 years
Furniture, fixtures and fittings	7 years	7 years

1.5 Research and Development

Expenditure on research is not capitalised. It is treated as an operating cost in the year in which it is incurred. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Non-Current assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work.

Most research projects have a retention clause to ensure the satisfactory delivery of the final report. The FSA's policy is to accrue for the final retention amount, if the work had been completed at the year end.

1.6 Operating Income

Operating income is income which relates directly to the operating activities of the FSA in NI. The FSA in NI has income from Meat Hygiene Inspection work. Income is recognised on an accruals basis reflecting the value of the work undertaken for the year and is shown net of Value Added Tax. Under the old charging methodology income was recognised as livestock were slaughtered and since the change to the new charging methodology, income is recognised as inspections are carried out by Department of Agriculture & Rural Development (DARD) operational meat inspector staff.

1.7 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. The department has no administration costs because FSA staff in NI are GB rather than NI Civil Servants.

1.8 Cost of Capital

A charge, reflecting the cost of capital utilised by FSA in NI, is included in operating costs. The charge is calculated at the Government's standard 3.5% rate on all assets less liabilities except for cash balances with the Office of the Paymaster General (PMG) and liabilities surrendered to the Consolidated Fund.

1.9 Pensions

Principal Civil Service Pension Scheme (PCSPS) is a multi employer unfunded contributory defined benefit scheme accounted for under the Civil Service Superannuation Estimate. It is not possible to separately identify the FSA's share of the assets and liabilities in the scheme. FSA present and past employees are covered by the provisions of PCSPS. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the scheme, the Department recognises the contributions payable for the year.

Further details can be found in the resource accounts of the Cabinet Office:Civil Superannuation and at www.Civilservice-pensions.gov.uk

1.10 Early Departure Costs

FSA in NI is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The department provides in full for this cost when the early retirement programme and similar schemes have been announced and are binding on the department.

1.11 Operating Leases

All operating leases are accounted for under IAS17, Leases. Classification is made at the inception of the relevant lease.

Operating leases are charged to the operating cost statement on a straight line basis over the term of the lease. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the shorter of the lease or the period in which the rental has been reduced by the lessor.

The allocation is on a straight line basis.

The FSA reviewed all existing contractual arrangements under 'International Accounting Standards Interpretations IFRIC4 Determining Whether an Arrangement Contains a Lease' to determine whether individual contracts are a lease in substance but not in legal form.

1.12 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA in NI is audited by the Comptroller and Auditor General (C&AG). No charge is made by the C&AG for this service, but a non cash charge representing the cost of the audit is included in the accounts.

1.13 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from HM Revenue Customs is shown as a receivable or payable on the statement of financial position. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of a non-current asset it is capitalised in the cost of the asset.

1.14 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount on the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation.

Provisions are recognised in the accounts where;
a) there is a present obligation as a result of a past event;
b) it is probable that a transfer of economic benefits will be required to settle the obligation and;
c) a reliable estimate can be made of the amount.

Provisions have not been discounted, as the resulting adjustment is not considered material to these accounts. Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

1.15 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non- statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have to be reported to Parliament in accordance with the requirements of Managing Public Money NI.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

1.16 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

1) Assets
   – Cash and cash equivalents
   – Trade Receivables – current
   – Trade Receivables – non-current

2) Liabilities
   – Trade and other payables
   – Other payables > 1 year
   – Provisions arising from contractual arrangements

Financial Assets and Liabilities are accounted for under IAS32, Financial Instruments: Presentation, IAS39 Financial Instruments: Recognition and Measurement and IFRS7 Financial Instruments: Disclosure. Cash balances are measured as the amounts received in FSA's bank account. FSA does not currently have cash equivalents. Trade Receivables have been measured at amortised cost using an effective interest method with impairment review carried out on a monthly basis. Trade and other payables are measured at fair value, with use of agreed invoiced amount, or management estimate in the case of accrued expenditure, forming the basis for valuation.

Cash balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest receivable' and 'Interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

All other financial instruments are held for the sole purpose of managing the cash flow of the FSA on a day to day basis or arise from the operating activities of the FSA.

2. First time adoption of IFRS

(i) Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the end of final UK GAAP reporting year ended 31 March 2009

	General Fund £000
Taxpayer's equity at 31 March 2009 under UK GAAP	(484)
Adjustments for:	
IAS19 Employee benefits	(34)
Provision for holiday pay outstanding at 31 March 2009	
Taxpayer's equity at 1 April 2009 under IFRS	**(518)**

(ii) Reconciliation of UK GAAP reported net operating cost to IFRS for the year-ended 31 March 2009

Net operating cost for 2008-09 under UK GAAP	8,574
Adjustments for:	
IAS 19 Employee Benefits	1
Movement of provision for holiday pay outstanding at 31 March 2009	
Net operating cost for 2008-09 under IFRS	**8,575**

3. Analysis of Net Resource Outturn by section

	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net total	Estimate	**2009-10** Net Total outturn compared with Estimate	2008-09 Prior Year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources made by FSA in NI									
Central administration, shellfish testing, food surveillance, HACCP/Eatsafe, primary production, nutrition, milk hygiene and egg packing inspection and scientific services	–	4,702	1,199	5,901	–	5,901	5,999	98	5,471
Meat hygiene inspections and incident investigations	–	6,570	–	6,570	(3,372)	3,198	3,330	132	3,054
IFRS Prior Period Adjustments	–	–	–	–	–	–	34	34	34
Notional Charges	–	20	–	20	–	20	24	4	16
Total	**–**	**11,292**	**1,199**	**12,491**	**(3,372)**	**9,119**	**9,387**	**268**	**8,575**

The FSA Northern Ireland resource spend for the period was £9,119,000 compared to the estimate of £9,387,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected.

4a). Reconciliation of net resource outturn to net operating cost

	Note	Outturn	Supply Estimate	**2009-10** Outturn compared with Estimate	2008-09 Prior Year Outturn
		£000	£000	£000	£000
Net Resource Outturn		9,119	9,387	268	8,575
Net Operating Cost		9,119	9,387	268	8,575

4b). Outturn against final Administration Budget

The Food Standards Agency in Northern Ireland is excluded from the Administration budget regime.

5. Reconciliation of resources to cash requirements for the period ended 31 March 2010

	Note	Estimate	Outturn	**2009-10** Net Total Outturn compared with estimate savings/ (excess)	2008-09
		£000	£000	£000	£000
Resource Outturn	3	9,387	9,119	268	8,575
Capital:					
Acquisition of non-current assets	15	53	8	45	41
Accruals adjustments:					
Non-cash items	12	(79)	(39)	(40)	(31)
Changes in working capital other than cash		206	212	(6)	(133)
Movement on provision	19	–	–	–	395
Net Cash Requirement		**9,567**	**9,300**	**267**	**8,847**

6. Analysis of income payable to the Consolidated Fund

There was no surrender of excess appropriations-in-aid or Consolidated Fund Extra Receipts payable to the Consolidated Fund.

7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	2009-10	2008-09
	£000	£000
Operating income	(3,372)	(3,289)
Income authorised to be appropriated-in-aid	3,372	3,289
Operating income payable to the Consolidated Fund	–	–

8. Non-operating income – Excess A in A

There was no non-operating income Excess A in A during the year.

9. Non-operating income not classified as A in A

There was no non-operating income not classified as A in A during the year.

10. Costs and number of staff

a) Programme staff costs consist of:

	2009-10	2008-09
	£000	£000
Wages and Salaries	1,209	964
Social Security Costs	95	77
Other Pension Costs	239	192
Sub Total	1,543	1,233
Inward Secondment	46	59
Agency Staff	19	15
Total	1,608	1,307

No staff costs have been capitalised during the year.

b) The average number of whole-time equivalent persons employed by the FSA in Northern Ireland during the year 2009/10 by aim were as follows:

	2009-10			2008-09		
	Permanent	**Agency**	**Total**	**Permanent**	**Agency**	**Total**
Food Safety To continue to reduce foodborne illness To reduce further the risks to consumers from chemical contamination (including radiological) of food.	28	1	29	24	–	24
Eating for Health To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease	7	–	7	7	–	7
Choice To enable consumers to make informed choices	2	–	2	4	–	4
	37	**1**	**38**	**35**	**–**	**35**

c) Staff Costs by aim were as follows:

	2009-10			2008-09		
	Permanent	**Agency**	**Total**	**Permanent**	**Agency**	**Total**
Food Safety To continue to reduce foodborne illness To reduce further the risks to consumers from chemical contamination (including radiological) of food.	1,216	18	1,234	887	15	902
Eating for Health To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease	271	1	272	261	–	261
Choice To enable consumers to make informed choices	102	–	102	144	–	144
	1,589	**19**	**1,608**	**1,292**	**15**	**1,307**

Notes:
Staff costs by objective have been apportioned according to how much was actually spent on each aim.
Staff numbers have been apportioned according to how much time was spent on each aim.

11. Other Administration Costs

The Food Standards Agency in Northern Ireland had no Administration Costs in 2009-10.

12a). Programme Costs

	Core Department	2009-10	Core Department	2008-09
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of Plant and machinery		1		3
Other operating leases		129		122
Non-cash items:				
Depreciation	37		36	
Cost of capital credit	(18)		(24)	
Loss on disposal of fixed assets	0		3	
Audit fees	20		16	
Total non-cash items		39		31
Accommodation costs		155		151
Staff overheads		126		91
Administration costs		39		11
IT costs*		134		356
Committee Costs		54		64
		677		**829**

*Central IT costs are recharged to Devolved Offices from FSA Westminster.

12b). Programme costs

	2009-10	2008-09
	£000	£000
Monitoring and Surveillance:		
Enforcement & Audit / Local Authority	1,248	1,348
Food Safety & Education	35	74
Nutrition	582	383
Meat Inspection*	6,570	6,293
Press & Publicity	185	112
Microbiological Food Safety	1,586	1,518
	10,206	9,728

*Expense for the 08-09 year includes the reversal of an unused provision of £395k and the reversal of a bad debt provision of £63k.

Programme Costs by aim were as follows:

	2009-10	2008-09
	£000	£000
Food Safety		
To continue to reduce foodborne illness To reduce further the risks to consumers from chemical contamination (including radiological) of food.	9,506	9,293
Eating for Health To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease	471	358
Choice To enable consumers to make informed choices	229	77
	10,206	9,728

13. Income

Operating income, analysed by classification and activity, is as follows:

	2009-10	2008-09
	£000	£000
Programme income:		
Programme Income	(3,372)	(3,289)
	(3,372)	(3,289)

An analysis of programme income from services provided to external customers is as follows:

	2009-10			2008-09		
	Income	**Full Cost**	**Surplus/ (Deficit)**	**Income**	**Full Cost**	**Surplus/ (Deficit)**
	£000	£000	£000	£000	£000	£000
Meat Hygiene Inspection	(3,372)	6,570	(3,198)	(3,289)	6,293	(3,004)
	(3,372)	**6,570**	**(3,198)**	**(3,289)**	**6,293**	**(3,004)**

The FSA does not recover all its costs from industry. During the year, the FSA moved from charging on a throughput basis to one based on a discounted hourly charge.

The above information is provided to meet the Fees and Charges disclosure requirements of the FReM and has not been provided for Segmental Analysis purposes under IFRS 8.

14. Analysis of net operating cost by spending body

	2009-10 Estimate	2009-10 Outturn	2008-09 Outturn
	£000	£000	£000
Spending Body:			
FSA in Northern Ireland	9,387	9,119	8,575
Total	**9,387**	**9,119**	8,575

15a). Property, plant and equipment

	Fixtures and Fittings	Office Equipment	Computer Equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2009	203	93	41	337
Additions	(2)	10	–	8
Disposals	(2)	(40)	(38)	(80)
At 31 March 2010	**199**	**63**	**3**	**265**
Depreciation				
At 1 April 2009	92	60	38	190
Charged in year	28	8	1	37
Disposals	(2)	(40)	(38)	(80)
At 31 March 2010	118	28	1	147
Net book value at 31 March 2010	**81**	**35**	**2**	**118**
Net book value at 31 March 2009	111	33	3	147
Asset financing				
Owned	81	35	2	118
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Net book value at 31 March 2010	**81**	**35**	**2**	**118**

15b). Property, plant and equipment

	Fixtures and Fittings	Office Equipment	Computer Equipment	Total
	£000	£000	£000	£000
Cost or valuation[1]				
At 1 April 2008	171	84	47	302
Additions	32	9	–	41
Disposals	–	–	(6)	(6)
At 31 March 2009	**203**	**93**	**41**	**337**
Depreciation[1]				
At 1 April 2008	69	52	36	157
Charged in year	23	8	5	36
Disposals	–	–	(3)	(3)
At 31 March 2009	92	60	38	190
Net book value at 31 March 2009	**111**	**33**	**3**	**147**
Net book value 1 April 2008	102	32	11	145
Asset financing				
Owned	111	33	3	147
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Net book value at 31 March 2009	**111**	**33**	**3**	**147**

[1]The opening balances include an adjustment of prior year revaluations following the decision to discontinue modified historic cost accounting (mhca).

15c). Property, plant and equipment

	Fixtures and Fittings	Office Equipment	Computer Equipment	Total
	£000	£000	£000	£000
Asset financing				
Owned	102	32	11	145
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Net book value at 1 April 2008	**102**	**32**	**11**	**145**

16a). Trade receivables and other current assets

	2009-10	2008-09	2007-08
	£000	£000	£000
Amounts falling due within one year:			
Trade receivables	263	347	141
Prepayments and accrued income	508	293	512
VAT recoverable	436	369	1,154
	1,207	1,009	1,807

b) Intra-government balances

	Amount falling due within one year 2009-10	2008-09	2007-08
	£000	£000	£000
Balances with other central government bodies	436	369	1,154
Balances with local authorities	–	–	–
Balances with NHS Bodies	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: Intra-government balances	436	369	1,154
Balances with bodies external to government	771	640	653
Total At 31 March 2010	**1,207**	1,009	1,807

17. Cash & cash equivalents

	£000
Balance at 1 April 2008	2,164
Net change in cash and cash equivalent balances	(1,313)
Balance at 31 March 2009	851
Net change in cash and cash equivalent balances	(583)
Balance at 31 March 2010	**268**

	2009-10	2008-09	2007-08
	£000	£000	£000
The following balances at 31 March were held at:			
Office of HM Paymaster General	205	738	2,116
Commercial banks and cash in hand	63	113	48
	268	851	2,164

18. Trade payables and other current liabilities

a) Analysis by type

	2009-10	2008-09	2007-08
	£000	£000	£000
Amounts falling due within one year			
Other taxation and social security	26	9	12
Trade payables	9	309	852
Other payables	42	18	21
Accruals	1,583	1,338	1,454
Amounts issued from the Consolidated Fund for supply but not spent at year end	268	851	2,164
	1,928	2,525	4,503

b) Intra-government balances

	Amount falling due within one year 2009-10	2008-09	2007-08
	£000	£000	£000
Balances with other central government bodies	1,718	2,305	4,251
Balances with local authorities	27	–	20
Subtotal: Intra-government balances	1,745	2,305	4,271
Balances with bodies external to government	183	220	232
Total At 31 March 2010	**1,928**	2,525	4,503

19. Provisions for liabilities and charges

	Other
	£000
Balance at 1 April 2008	395
Provided in the year	–
Provisions not required written back	(395)
Provisions utilised in the year	–
Balance at 1 April 2009	–
Provided in the year	–
Provisions not required written back	–
Provisions utilised in the year	–
Balance at 31 March 2010	–

20. Capital Commitments

The FSA in NI has no capital commitments.

21. Commitments under leases

Operating leases

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.

	2009-10	2008-09
	£000	£000
Obligations under operating leases comprise:		
Buildings:		
Expiry after 1 year but not more than 5 years	–	–
Expiry after more than 5 years	131	128
	131	128
Other:		
Expiry within 1 year	–	–
Expiry after 1 but not more than 5 years	1	1
	1	1

22. Other financial commitments

The Food Standards Agency in Northern Ireland did not have any other commitments as at 31 March 2010.

23. Financial Instruments

IFRS 7 '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. The Agency is financed by the Government and therefore it is not exposed to the risk faced by business entities. Also financial instruments play no role in creating or changing risk unlike that which would be typical of the listed companies to which IFRS 7 mainly applies. The Agency does not have any powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Agency in undertaking its activities.

The FSA in NI does not make use of derivatives or other financial instruments. All existing contractual arrangements have been reviewed for embedded derivatives, with no evidence found.

The FSA in Northern Ireland holds the following financial assets and liabilities:

Assets

Cash and cash equivalents (Note 17)
Trade Receivables – current (Note 16)

Liabilities

Trade and other payables (Note 18)
Provisions arising from contractual arrangements (Note19)

The Financial Assets and Liabilities are measured at fair value which are not materially different from their carrying value.

Liquidity risk

The Agency finances its capital expenditure from funds made available from the Government therefore there is no exposure to liquidity risks.

Currency risk

The Agency does not have any transactions outside of the UK and therefore has no exposure to currency rate fluctuations.

Credit risk

The FSA in NI has no long term debt and both debtors and creditors fall within one year. The majority of income comes from the Department of Finance and Personnel and therefore FSA in NI has no exposure to credit risk. The maximum exposure as at 31 March 2010 is in receivables from customers, as disclosed in the trade receivables note (Note 16).

Interest rate risk

The Agency has no borrowings nor interest bearing deposits. The Agency's financial assets and liabilities carry nil rates of interest. The Agency is not, therefore exposed to interest-rate risk.

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24. Contingent Liabilities

There were no contingent liabilities.

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25. Losses and Special Payments

The Food Standards Agency in Northern Ireland did not incur any losses, or make any special payments during 2009/10.

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26. Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA in NI during the year.

The FSA in Northern Ireland had a number of transactions with other government departments and other central government bodies.

In Northern Ireland, these were the Department of Finance and Personnel (DFP) £5k, the Department of Agriculture and Rural Development (DARD) £8,657k, the Department of Health, Social Services and Public Safety in Northern Ireland £91k and the Agri-Food Biosciences Institute (AFBI) £368k.

No balances were due to these bodies as at 31 March 2010.

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27. Post Balance Sheet Events

In accordance with the requirements of IAS 10 Events after the reporting period, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post balance sheet events.

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28. IFRSs, amendments and interpretations in issue but not yet effective, or adopted

IAS8, accounting policies, changes in accounting estimates and errors, requires disclosure in respect of the new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following were not adopted early by the Agency.

IFRS9 Financial Instruments

A new standard intended to replace IAS39. The effective date is for accounting periods beginning on, or after 1 January 2013.

IFRS1 First-time Adoption of International Financial Reporting Standards.

Three sets of amendments to the existing standard. The effective date of one set of amendments is for accounting periods beginning on, or after 1 July 2009. The effective date of the second set of amendments is for accounting periods on, or after 1 January 2010. The effective date of the third set of amendments is for accounting periods beginning on, or after 1 July 2010.

IFRS2 Share-based Payment

Two sets of amendments to the existing standard. The effective date of one set of amendments is for accounting periods beginning on, or after 1 July 2009. The effective date of the second set of amendments is for accounting periods on, or after 1 January 2010.

IFRS3 Business Combinations

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 July 2009.

IFRS5 Non-current Assets Held for Sale and Discontinued Operations

Two sets of amendments to the existing standard. The effective date of one set of amendments is for accounting periods beginning on, or after 1 July 2009. The effective date for the second set of amendments is for accounting periods beginning on, or after 1 January 2010.

IFRS8 Operating Segments

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

IAS1 Presentation of Financial Statements

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

IAS7 Statements of Cash Flow

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

IAS17 Leases

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

IAS24 Related Party Disclosures

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2011.

IAS27 Consolidated and Separate Financial Statements

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 July 2009.

IAS32 Financial Instruments: Presentation

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 February 2010.

IAS36 Impairment of Assets

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

IAS38 Intangible Assets

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 July 2009.

IAS39 Financial Instruments: Recognition and Measurement

Two sets of amendments to the existing standard. The effective date of one set of amendments is for accounting periods beginning on, or after 1 July 2009. The effective date of the second set of amendments is for accounting periods beginning on, or after 1 January 2010.

IFRIC9 Reassessment of Embedded Instruments

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 July 2009.

IFRIC14 Prepayments of a Minimum Funding Requirement

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2011.

IFRIC16 Hedges of a Net Investment in a Foreign Operation

A new interpretation. The effective date is for accounting periods beginning on, or after 1 July 2009.

IFRIC17 Distributions of Non-cash Assets to Owners

A new interpretation. The effective date is for accounting periods beginning on, or after 1 July 2009.

IFRIC19 Extinguishing Financial Liabilities with Equity Instruments

A new interpretation. The effective date is for accounting periods beginning on, or after 1 January 2011.

None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of the Food Standards Agency.

In addition, the following are changes to the FReM, which will be applicable for accounting periods beginning on 1st April 2010:

Chapter 6 Tangible Non-current Assets

New standard FRS30 accounting for heritage assets.

Chapter 8 Impairments

Adaption of IAS36 impairment of assets

Chapter 11 Income and Expenditure
Removal of cost of capital charging.

Chapter 13 Accounting for Consolidated Fund Revenue
Introduction of trust statements for revenue, and some associated expenditure.

None of these changes to the FReM are anticipated to have a future material impact on the financial statements of the FSA.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF FINANCE AND PERSONNEL IN ACCORDANCE WITH SECTION 9(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT (NORTHERN IRELAND) 2001

1. This direction applies to those **Northern Ireland departments** and club **pension schemes** listed in the attached appendix.

2. These departments and **pension schemes** shall prepare resource accounts for the year ended 31 March 2010 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the relevant edition of the *Government Financial Reporting Manual* ("the FReM").

3. The accounts for **Northern Ireland departments** shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2010 and subsequent financial years and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them.

4. The accounts for club **pension schemes** shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2010 and subsequent financial years and of the net resource outturn and cash flows for the financial year then ended;

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them; and

(c) ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from FReM should be discussed in the first instance with DFP.

FIONA HAMILL
Treasury Officer of Accounts
29 April 2010

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