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# **Food Standards Agency**

## **Northern Ireland Resource Accounts 2004-05**

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## **Northern Ireland Resource Accounts 2004-05**

**(For the year ended 31 March 2005)**

*Laid before the Houses of Parliament by the  
Department of Finance and Personnel in accordance  
with paragraph 36 of the Schedule to the Northern Ireland Act 2000  
(Prescribed Documents) Order 2004*

*15 November 2005*

*Laid before the Northern Ireland Assembly  
by the Department of Finance and Personnel  
under section 10(4) of the Government Resources and Accounts Act  
(Northern Ireland) 2001*

*15 November 2005*

*Ordered by the House of Commons to be printed  
15 November 2005*

## Contents

### Annual Accounts

|   | Page  |
|---|-------|
| Annual Report   | 3–9   |
| Statement of Accounting Officer’s Responsibilities                                      | 10    |
| Statement on Internal Control   | 11–13 |
| Audit certificate – FSA NI  | 14–15 |
| Summary of resource outturn   | 16–17 |
| Operating cost statement  | 18    |
| Statement of recognised gains and losses  | 19    |
| Balance sheet   | 20    |
| Cash flow statement   | 21    |
| Resources by departmental aims and objectives   | 22    |
| Notes to the accounts   | 23–34 |
| Accounts direction given by the Department of Finance and Personnel<br>Northern Ireland | 35    |

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## Annual Report

### Preparation of Accounts

The Food Standards Agency Northern Ireland (FSANI) forms part of the UK wide Food Standards Agency (FSA), a non-ministerial Government department. These accounts have been prepared for FSANI 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 Foods Standards Act 1999, and FSANI accounts are laid under the Government Resources and Accounts Act (Northern Ireland) 2001. The FSANI accounts have been prepared in accordance with the direction given by the Department of Finance and Personnel.

### Statutory Background

The purpose of the agency, which was set up by the Food Standards Act 1999, 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 FSANI was recognised as an independent Northern Ireland department on 1 April 2004 for the purposes of the Budget Order (NI) 2004. Prior to that date the FSANI was funded indirectly through the Department of Health, Social Services and Public Safety.

### Aims of the Food Standards Agency

Our Strategic Plan 2001-06 sets out our key priorities for food safety, public information, labelling and choice, nutrition and diet, and food law enforcement over a five year period. Our aim is to be trusted as the UK's most reliable source of advice and information about food. We want to protect and improve the safety of the food people eat, and to make it easier for people to choose a healthy diet.

Over the period covered by our Strategic Plan we aim to:

- reduce food borne illness by 20% by improving food safety right throughout the food chain;
- help people to improve their dietary health;
- promote honest and informative labelling to help consumers;
- promote best practice within the food industry;
- improve the enforcement of food law; and
- earn people's trust by what we do and how we do it.

The three high level aims for 2004-05, as identified in schedule 5 to the accounts, were:

- increase consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA;
- better food safety and standards; and
- improve consumer choice and diet.

We are committed to three core values that govern all that we do. They are to:

- put the consumer first;
- be open and accessible;
- be an independent voice.

## Operating and Financial Review

### a) *The responsibilities of the FSANI*

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

The work of the FSANI focuses on food safety and standards issues across the food chain including :

- food contaminants – defining tolerable levels, risk management and policy;
- 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;
- inspection and enforcement action to protect consumers;
- monitoring District Council enforcement – auditing and improving District Council food law enforcement performance;
- auditing and monitoring of enforcement by the Department of Agriculture and Rural Development (DARD) of meat and other food controls on behalf of FSANI;
- pesticides, veterinary medicines and animal feed – assessing food safety implications;
- food labelling and standards – developing policy, improving consumer choice and;
- nutrition – providing advice and guidance on the nutritional composition of food, and providing information on a healthy, balanced diet, to promote and protect public health.

The FSA published its Strategic Plan 2005-2010 in March 2005. The key aims of the FSA during this period will be:

- Food Safety  
to continue to reduce food borne illness  
to reduce further the risks to consumers from chemical contamination of food
- 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
- Choice  
to enable consumers to make informed choices.

### b) *How we are doing*

#### FSA as a Corporate Body

During the year, the FSA had a number of notable successes. Examples include:

- the development of a new strategic plan which focuses on food safety, eating for health and consumer choice;
- producing an action plan to help improve children's diets;
- the campaign to promote a reduction in salt intake;
- contribution to the decision of Health Ministers to end the Over Thirty Month Scheme (OTMS); and
- the management of the Sudan 1 crisis.

## FSA in Northern Ireland

In Northern Ireland, examples of successful work by the FSA include:

- the growth of the Eat Safe award scheme and its extension as a pilot scheme to Scotland;
- the further enhancement of the guidance "Safe Catering – Your Guide to HACCP" and developing a partnership in this area with the Food Safety Authority of Ireland in the Republic of Ireland;
- pro-active contribution to the Food and Nutrition Strategy and the Childhood Obesity Taskforce initiative;
- delivering an audit programme of the enforcement functions of the DARD and District Councils;
- providing training to enforcement staff in District Councils;
- the management of food safety alerts including a major food safety scare with international implications involving a Northern Ireland based producer;
- consumer research shows that public awareness of FSANI has increased markedly;
- the successful delivery of a local public awareness campaign on salt in food;
- continuing productive relationships with the Food Safety Promotion Board (e.g. in relation to the All-Ireland Nutrition Forum) and the Food Safety Authority of Ireland (e.g. joint training on Imported Food Controls); and
- ensuring the effective communication and promotion of key food safety messages to the consumer (e.g. Balmoral Show).

c) *Resource spend in 2004-05*

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

|                      | <b>2004-05</b> |             |
|----------------------|----------------|-------------|
|                      | Estimate       | Expenditure |
|                      | £000           | £000        |
| FSA Northern Ireland | 2,820          | 2,789       |

The comparative figures for 2003-04 are shown below:

|                      | <b>2003-04</b> |             |
|----------------------|----------------|-------------|
|                      | Estimate       | Expenditure |
|                      | £000           | £000        |
| FSA Northern Ireland | 2,884          | 2,867       |

The net cost of the FSA Northern Ireland was £2.789m against available funding of £2.820m to 31 March 2005. The notes to the accounts provide a breakdown of FSANI expenditure.

A full explanation, detailing the spend against Estimate can be found in Schedule 1 of these accounts. Schedules 2 to 5 give the operating cost statement, balance sheet, cash flow statement and resource by departmental aim respectively with additional detail being provided in the notes to the accounts that follow the schedules.

Summary progress for the FSA as a whole by aim to date is listed below:

Aim 1 – Increase consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA

- all FSA advice is published on our website;
- helplines are established within 24 hours of a major food emergency;
- all open Board meetings are held in public.

**Aim 2 – Better food safety and standards**

- we are approaching the target 20% reduction in food borne illness;
- training of industry and enforcement bodies has been undertaken, and HACCP based procedures have been put in place for the majority of UK meat plants;
- the campaign to improve biosecurity on broiler farms (phase 2) was launched in October 2004;
- 30% of food businesses in the UK now have a food safety management system based on HACCP principles;
- the development, management and reporting of challenging performance targets for the Meat Hygiene Service;

**Aim 3 – Improved consumer choice and diet**

- ongoing action to revise secondary school meal standards;
- action in support of the caterer training agreed with DfES as part of the healthy Living Blueprint;
- agreed series of initiatives with retailers and manufacturers with the aim of reducing average salt intake by 10%;
- on going work with the Department of Health to promote the ‘five a day’ fruit and vegetable initiative.

**Structure and Organisation**

The FSA is an independent Government Department. Staff are accountable through the FSA Chief Executive to the Board, rather than directly to Ministers. The Chief Executive was appointed by the Civil Service First Commissioner under Civil Service Commission rules, and is the Accounting Officer for FSANI. The NI Director, Morris McAllister, has day to day responsibility for the management of FSANI.

The FSA Board consists of a Chairman, Deputy Chair and up to 12 members. The Chairman and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Northern Ireland Ministers. Two Board members were appointed by Scottish Ministers, one by the National Assembly for Wales, and one by the Minister for Health, Social Services and Public Safety Northern Ireland. These members have special responsibility for Scottish, Welsh and Northern Ireland issues. The other eight members were appointed by the Secretary of State for Health. The FSA Board costs are met by the Westminster Funded FSA.

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 FSA Board:

Sir John Krebs – FSA Chair (retired on 9 April 2005)

Julia Unwin – FSA Deputy Chair (Acting Chair from 10 April 2005)

Other Board members:

Ann Hemingway – Chair of the Advisory Committee for Wales  
 Michael Gibson – Chair of the Scottish Food Advisory Committee  
 Michael Walker – Chair of the Advisory Committee for Northern Ireland (resigned from the Board on 31 May 2004)  
 Dr Maureen Edmondson (Chair of the Advisory Committee for Northern Ireland from 1 September 2004)  
 Richard Ayre (Acting Deputy Chair from 10 April 2005)  
 Baroness Valerie Howarth of Breckland  
 Vernon Sankey (resigned from the Board on 20 February 2005)  
 Sandra Walbran  
 Iain MacDonald  
 Chrissie Dunn  
 Dr Sati Ariyanayagam  
 Professor Andrew Miller (resigned from the Board on 28 February 2005)  
 Nelisha Wickremasinghe (from 1 May 2004)  
 Christopher Pomfret (from 21 February 2005)  
 Graeme Millar (from 1 March 2005)

Sir John Krebs retired on 9 April 2005. His replacement, Dame Deirdre Hutton, was appointed by Health Ministers following a selection procedure in accordance with the Nolan principles, overseen by the Office of the Commissioner for Public Appointments. She took over as FSA Chair on 18 July 2005.

The FSA maintains a register of Board Member details and interests. This is available on our website [www.food.gsi.gov.uk/aboutus/ourboard/boardmem](http://www.food.gsi.gov.uk/aboutus/ourboard/boardmem).

### **FSA Management Team**

Day to day management of the FSA is exercised through the Executive Management Board (EMB). Morris McAllister, Director of FSA Northern Ireland is a member of EMB. Membership during the year was as follows:

Dr Jon Bell – Chief Executive and Departmental Accounting Officer  
 Pat Stewart – Deputy Chief Executive and Director of Corporate Resources and Strategy  
 David Statham – Director of Enforcement and Food Standards  
 Dr Andrew Wadge – Director of Food Safety Policy  
 Neil Martinson – Director of Communications  
 David Dunleavy – Director of Legal Services  
 Brian Davies – Personnel Director  
 Allan Hutton – Finance Director  
 Alick Simmons – Veterinary Director (from 31 August 2004)  
 Dr George Paterson – Director of FSA Scotland  
 Joy Whinney – Director of FSA Wales  
 Steve Wearne – Acting Director of Wales (until 5 July 2004)  
 Morris McAllister – Director of FSA Northern Ireland  
 Chris Lawson - Chief Executive of the Meat Hygiene Service

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners. Salary and pension details of the Board and the EMB are disclosed in Note 2b.

### **FSANI Advisory Committee**

The FSANI 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 – Food Advisory Committee Members*

|  |                 |
|--|-----------------|
| Michael Walker (Chair until 31 May)                | William Taylor  |
| Dr Maureen Edmondson (Chair from 1 September 2004) | David Collins   |
| Mrs Patricia McCusker                              | Samuel Miskelly |
| Professor David McDowell                           | David Stewart   |
| Ms Maria McGuinness                                | Dr Vinod Tohani |
| David Mark   |                 |

### **FSA Audit Committee**

The FSA has an Audit Committee to advise the Accounting Officer in relation to issues of risk, control, governance and associated 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:

Ann Hemingway – Chair  
Chrissie Dunn – non-executive member  
Vernon Sankey – non-executive member  
Richard Harbord – external member  
Jon Bell – FSA Accounting Officer  
Pat Stewart – Deputy Chief Executive  
George Paterson – Director, FSA Scotland

After the year end, following the end of their terms of office, Vernon Sankey and George Paterson were replaced by Graeme Millar and Morris McAllister respectively.

### **Funding of the FSANI**

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 FSANI 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 FSANI. The Chief Executive holds regular open meetings to which all FSANI staff have access. The Director, FSANI also holds regular staff meetings. "FSA Matters", an in-house newsletter, is circulated weekly to all staff. Staff also receive "FSA News", published every two months.

### **Pensions**

Employees of the FSANI are UK rather than Northern Ireland 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 FSANI aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce. The FSANI is committed to equal opportunities and aims to ensure that everyone who works for or with the FSANI 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 FSANI 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.

### **Supplier Payment Policy**

It is Government policy that all departments and agencies should pay all invoices not in dispute within 30 days of receipt, or the agreed contractual terms if otherwise specified. During the year in excess of 96% of invoices were paid on time.

### **Environmental Policy**

We are fully committed to conserving energy, water and other resources and reducing waste.

### **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 5 of the Government Resources and Accounts Act (Northern Ireland) 2001. The audit certificate can be found on pages 14 and 15. The audit fee for the year was £15,000.

**Going Concern**

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

**Important events which have occurred since the end of the financial year**

None.

Dr Jon Bell  
Chief Executive and Accounting Officer

11 October 2005

## Statement of Accounting Officer's Responsibilities

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

Dr Jon Bell  
Chief Executive and Accounting Officer

11 October 2005

## 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 Northern Ireland (FSANI)'s policies, aims and objectives, whilst safeguarding the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. This statement covers FSANI.

The FSANI is a non-Ministerial Northern Ireland Government Department, operating at arm's length from Ministers, and led by a non-executive Board appointed to act in the public interest representing the Food Standards Agency as a whole. I and members of the FSA Executive Management Board, including the FSANI Director, attend meetings of the FSA Board. I also meet with the FSA Board Chair and Deputy Chair each week.

I have been appointed as Accounting Officer for FSANI by the Department of Finance and Personnel in Northern Ireland.

The FSANI has in place the key elements of an effective system of internal control including:

- a representation at the FSA's Executive Management Board, chaired by myself, which normally meets monthly;
- internal audit arrangements, including a risk-based audit programme linked to the strategic risks of the organisation and audit of corporate governance and controls in the FSANI, which complies with Government standards;
- regular reports by internal audit, which include an independent opinion of the adequacy and effectiveness of the organisation's system of internal control together with recommendations for improvement;
- representation at the FSA's Audit Committee, constituted in line with Treasury guidance, to advise me as Accounting Officer. The Committee meets four times a year with a non-executive chair who reports annually to the FSA Board on the work of the Committee;
- a strategic plan which sets out the FSANI's main aims and objectives for 2005-2010;
- a strategic risk register incorporating risk treatment plans;
- business and financial planning processes (corporate and local business plans) which explicitly take into consideration business risk;
- regular performance reports to the Executive Management Board's monthly meetings for both business and financial planning;
- regular reports by the executive and by internal audit on internal controls, including the risk register, to the Audit Committee;
- 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;
- workshops with FSA Heads of Divisions and Directors to consider corporate governance issues and further embed the process across the FSA; and
- a Corporate Governance page on the FSA Intranet. This includes a definition of what is meant by Corporate Governance and has links to all available guidance and instructions. It will be further developed in the light of customer feedback and new requirements.

### 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 FSANI's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage the risks efficiently, effectively and economically. The system of internal control has been in place in the FSA for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3 Capacity to handle risk

The FSANI management team has incorporated risk management and internal controls into the organisation's business agenda and they are reviewed and reported on regularly throughout the year. Risk is discussed at each meeting of the Executive Management Board. Risk owners also formally review each of the risks on the Strategic Risk Register at least once a quarter and produce a written report for the Chief Executive. FSANI has a local risk register.

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.

Two risk policy statements have been issued; a framework for managing business risk which incorporates Treasury guidance, and a food risk framework which describes, for a general audience, the FSA's approach to managing food risks. A business risk handbook setting out the arrangements in place within the organisation to manage business risk, which includes the process for risk escalation and the responsibilities of individuals throughout the organisation, has been made available to all staff. A programme of training and support for the business planning process has been developed. This includes training on risk management. Work is currently underway to enhance the business planning training to include additional guidance on identifying and managing risks and corporate governance issues. FSANI has developed a local Business Continuity Plan which will be fully tested.

The business planning process is formally reviewed each year and amended to reflect lessons learnt and to build in examples of good practice. In addition we have established cross-FSA workshops to discuss business planning issues and learn from and disseminate good practice.

### 4 The risk and control framework

In the FSA the main processes which we have in place for identifying, evaluating and managing risks are:

- **strategic risks:** these are identified and monitored by the Executive Management Board and formally reviewed on a quarterly basis. They are also included in the strategic risk register. Ownership of each risk has been allocated to a Director who is responsible for managing the likelihood and impact of the risk;
- **major project risks:** these are managed to project management standards and are included in a risk register. We use project management techniques based on PRINCE methodology for IT and other applications. In addition there are well defined and documented procedures (and a specific IT system) for the procurement and management of the FSA's (£25-30m) research and surveillance portfolios;
- **local risks:** the FSA has decided that mandatory lower level risk registers would not be proportionate and local managers have discretion as to how these risks are managed. FSANI has its own local risk register, and has responsibility for managing these risks. This process is being fully embedded.

The FSA Board and Audit Committee receive regular reports on risk management. The Audit Committee's role is to advise me on whether the processes for identifying, recording, and managing the risks is sound, while the role of the FSA Board is to comment on whether the coverage of strategic risks is comprehensive.

The major risks identified to date include:

- inaccurate interpretation of available scientific evidence;
- failure to communicate effectively with stakeholder organisations and with consumers;
- failure to properly enforce food safety law;
- failure to achieve the effective co-operation of the food industry;
- failure to develop the staff and skills the FSA needs.

The Food Standards Act 1999 places an obligation on the FSA to protect public health and act in the interest of consumers.

In matters of public health the FSA takes a precautionary approach to risk which means 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.

Our management of risk is embedded in policymaking, planning and delivery by incorporating risk management and internal controls into the organisation's business agenda so they are reviewed and reported on regularly throughout the year.

The FSANI Director formally reviews the business plan and business risks each quarter and signs a statement to confirm that this has taken place. The planning process has been fully supported through a programme of targeted support and training (including risk management) to meet the needs of different parts of the organisation.

Our risk environment involves managing risks which impact on the public. The Board of the FSA holds all its policy decision-making meetings in public. The venues and agendas are published in advance and the papers are publicly available. There is the opportunity for members of the audience to ask questions at each meeting. Questions may also be submitted in advance of each meeting, by e-mail. 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. We are required by statute to consult on our activities with those affected by our decisions. As well as a great deal of informal contact with stakeholders, the FSANI carries out formal written public consultations as part of the development of policy. We also conduct stakeholder fora 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 have established a Consumer Committee to, among other things, alert the FSA to key issues of current or emerging consumer concern; comment on the FSA's strategic objectives and forward plan; and provide the FSA with feedback on the effectiveness of our policies in responding to consumer concerns.

## **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 FSANI 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 Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This includes development of a 'dashboard' management reporting system to be owned by the Executive Management Board.

The FSANI makes stringent efforts to maintain and review the effectiveness of the system of internal control. Additional measures to strengthen controls will be incorporated if gaps are identified.

The FSANI's internal audit arrangements include a risk-based audit programme linked to the strategic risks of the organisation which complies with Government standards. Reports by internal audit include an independent opinion of the adequacy and effectiveness of the organisation's system of internal control, together with recommendations for improvement.

Dr Jon Bell  
Chief Executive and Accounting Officer

11 October 2005

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 16 to 22 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 23 to 24.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 10 the Accounting Officer is responsible for the preparation of financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the directions made thereunder by the Department of Finance and Personnel for Northern Ireland, and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities as independent auditor are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

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

I review whether the statement on pages 11 to 13 reflects the Food Standards Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Food Standards Agency's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

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

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

**Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Food Standards Agency (Northern Ireland) at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder the Department of Finance and Personnel for Northern Ireland; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

20 October 2005

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London SW1W 9SP

## Schedule 1:

## Northern Ireland Resource Accounts 2004-05

Summary of Resource Outturn  
for the year ended 31 March 2005

|                         | 2004-05                   |             |                |                           |             |                | 2003-04  |                       |
|-------------------------|---------------------------|-------------|----------------|---------------------------|-------------|----------------|--|-----------------------|
|                         | Estimate                  |             |                | Outturn                   |             |                | Net total<br>outturn<br>compared<br>with Estimate<br>saving/<br>(excess) | Prior year<br>outturn |
|                         | Gross<br>expenditure<br>1 | A-in-A<br>2 | NET TOTAL<br>3 | Gross<br>expenditure<br>4 | A-in-A<br>5 | NET TOTAL<br>6 |  |                       |
| £000                    | £000                      | £000        | £000           | £000                      | £000        | £000           | £000   |                       |
| <b>Resources</b>        |                           |             |                |                           |             |                |  |                       |
| Request for resources 1 | 2,820                     | –           | 2,820          | 2,789                     | –           | 2,789          | 31   | 2,867                 |
| <b>Total resources</b>  | <b>2,820</b>              | <b>–</b>    | <b>2,820</b>   | <b>2,789</b>              | <b>–</b>    | <b>2,789</b>   | <b>31</b>  | <b>2,867</b>          |
| Net cash requirement    |                           |             | 2,928          |                           |             | 2,896          | 32   | 2,769                 |

## Summary 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.

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

The FSA Northern Ireland resource spend for the year was £2,789,413.94 compared to the annual resource budget of £2,820,000. Expenditure in year was consistent with the resource budget for the year.

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

See above.

## Schedule 1:

## Northern Ireland Resource Accounts 2004-05 (continued)

Reconciliation of resources to cash requirements  
for the year ended 31 March 2005

|  | Note  | 2004-05      |              |                     | 2003-04 |
|--|-------|--------------|--------------|---------------------|---------|
|  |       | Estimate     | Outturn      | saving/<br>(excess) |         |
|  |       | £000         | £000         | £000                | £000    |
| <b>Net total resources</b>                 | 7     | <b>2,820</b> | <b>2,789</b> | <b>31</b>           | 2,867   |
| Capital:                                   |       |              |              |                     |         |
| Investments                                |       | -            | -            | -                   | -       |
| Acquisition of fixed assets                | 9     | 153          | 144          | 9                   | 27      |
| Non-operating A-in-A:                      |       |              |              |                     |         |
| Accruals adjustments:                      |       |              |              |                     |         |
| Non-cash items                             | 2 & 3 | (45)         | (60)         | 15                  | (160)   |
| Changes in working capital other than cash | 13    | -            | 23           | (23)                | 35      |
| Use of provision                           |       | -            | -            | -                   | -       |
| <b>Net Cash Requirement (Schedule 4)</b>   |       | <b>2,928</b> | <b>2,896</b> | <b>32</b>           | 2,769   |

**Schedule 2:****Northern Ireland Resource Accounts****Operating Cost Statement**  
for year ended 31 March 2005

|                                   | Note | 2004-05 |              | 2003-04 |              |
|-----------------------------------|------|---------|--------------|---------|--------------|
|                                   |      | £000    | £000         | £000    | £000         |
| <b>Administration Costs:</b>      |      | -       | -            | -       | -            |
| Programme Costs:                  |      |         |              |         |              |
| Staff costs                       | 2    | 827     |              | 764     |              |
| Non-Staff costs                   | 3    | 451     |              | 492     |              |
| <b>Gross programme costs</b>      |      |         | 1,278        |         | 1,256        |
| Operating income                  | 5    |         | -            |         | -            |
| <b>Net programme costs</b>        |      |         | <b>1,278</b> |         | <b>1,256</b> |
| <b>Project/Campaign Costs</b>     |      |         |              |         |              |
| <b>Request for resources:</b>     |      |         |              |         |              |
| Expenditure                       | 4    | 1,511   |              | 1,611   |              |
|                                   |      |         | 1,511        |         | 1,611        |
| Less: income                      | 5    |         | -            |         | -            |
| <b>Net Project/Campaign Costs</b> | 4    |         | <b>1,511</b> |         | <b>1,611</b> |
| <b>Net Operating Cost</b>         | 7    |         | <b>2,789</b> |         | <b>2,867</b> |
| <b>Net Resource Outturn</b>       | 7    |         | <b>2,789</b> |         | <b>2,867</b> |

All income and expenditure are derived from continuing operations.

**Schedule 2:****Northern Ireland Resource Accounts 2004-05 (continued)****Food Standards Agency Statement of Recognised Gain and Loss**  
for the year ended 31 March 2005

|   |      | <u>2004-05</u>        | <u>2003-04</u>        |
|---|------|-----------------------|-----------------------|
|   | Note | £000                  | £000                  |
| Net resource outturn for year               | 7    | (2,789)               | (2,867)               |
| Net gain on revaluation of fixed assets     | 14   | 9                     | 1                     |
| <b>Total recognised losses for the year</b> |      | <u><b>(2,780)</b></u> | <u><b>(2,866)</b></u> |

**Schedule 3:****Northern Ireland Resource Accounts****Balance Sheet**  
as at 31 March 2005

|  | Note | 2004-2005 |             | 2003-2004 |             |
|--|------|-----------|-------------|-----------|-------------|
|  |      | £000      | £000        | £000      | £000        |
| <b>Fixed assets:</b>                                   |      |           |             |           |             |
| Intangible assets                                      | 8    | –         |             | –         |             |
| Tangible assets  | 9    | 214       |             | 100       |             |
|  |      |           | <b>214</b>  |           | 100         |
| <b>Debtor falling due after more than one year</b>     |      |           | –           |           | –           |
| <b>Current assets:</b>                                 |      |           |             |           |             |
| Debtors  | 10   | 28        |             | 35        |             |
| Cash at bank and in hand                               | 11   | 92        |             | 72        |             |
|  |      | 120       |             | 107       |             |
| <b>Creditors (amounts falling due within one year)</b> | 12   | (184)     |             | (194)     |             |
| <b>Net current liabilities</b>                         |      |           | <b>(64)</b> |           | <b>(87)</b> |
| <b>Total assets less current liabilities</b>           |      |           | <b>150</b>  |           | <b>13</b>   |
| <b>Net Assets</b>                                      |      |           | <b>150</b>  |           | <b>13</b>   |
| <b>Taxpayers' equity</b>                               |      |           |             |           |             |
| General fund   | 16   |           | 140         |           | (7)         |
| Revaluation reserve                                    | 14   |           | 10          |           | 20          |
|  |      |           | <b>150</b>  |           | <b>13</b>   |

Dr Jon Bell  
Chief Executive and Accounting Officer

11 October 2005

**Schedule 4:****Northern Ireland Resource Accounts****Cash Flow Statement**

for year ended 31 March 2005

|  |       | <b>2004-05</b> | 2003-04      |
|--|-------|----------------|--------------|
|  | Note  | £000           | £000         |
| <b>Net cash outflow from operating activities (a)</b>                |       | (2,752)        | (2,742)      |
| <b>Capital expenditure and financial investment (b)</b>              | 9     | (144)          | (27)         |
| <b>Financing from the Consolidated Fund (c)</b>                      |       | 2,916          | 2,736        |
| <b>Increase/(decrease in cash) in the period</b>                     |       | <b>20</b>      | <b>(33)</b>  |
| <hr/>  |       |                |              |
| (a) Reconciliation of operating cost to operating cash flows         |       |                |              |
| <b>Net operating cost</b>  | 7     | 2,789          | 2,867        |
| Adjustments for non-cash transactions                                | 2 & 3 | (60)           | (160)        |
| Adjustments for movements in working capital other than cash         | 13    | 23             | 35           |
| <b>Net cash outflow/(inflow) from operating activities</b>           |       | <b>2,752</b>   | <b>2,742</b> |
| <hr/>  |       |                |              |
| (b) Analysis of capital expenditure and financial investment         |       |                |              |
| Tangible fixed-asset additions                                       | 9     | 144            | 27           |
| <b>Net Cash outflow/(inflow) from investing activities</b>           |       | <b>144</b>     | <b>27</b>    |
| <hr/>  |       |                |              |
| (c) Analysis of financing and reconciliation to net cash requirement |       |                |              |
| <b>Net financing</b>   |       | 2,916          | 2,736        |
| <b>(Increase)/decrease in cash</b>                                   | 11    | (20)           | 33           |
| <b>Net cash requirement</b>  |       | <b>2,896</b>   | <b>2,769</b> |

Amount of Grant actually issued to support the net cash requirement = £2,916,000

Amount of Grant actually issued to support the prior year net cash requirement = £2,736,000

**Schedule 5:****Northern Ireland Resource Accounts****Resources by Department Aims and Objectives**  
for year ended 31 March 2005

|  | Gross        | 2004-05<br>Income | Net          | Gross        | 2003-04<br>Income | Net          |
|--|--------------|-------------------|--------------|--------------|-------------------|--------------|
|  | £000         | £000              | £000         | £000         | £000              | £000         |
| <b>Aim 1</b>   |              |                   |              |              |                   |              |
| Increase consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA | 726          | -                 | 726          | 126          | -                 | 126          |
| <b>Aim 2</b>   |              |                   |              |              |                   |              |
| Better food safety and standards   | 1,673        | -                 | 1,673        | 2,452        | -                 | 2,452        |
| <b>Aim 3</b>   |              |                   |              |              |                   |              |
| Improve consumer choice and diet   | 390          | -                 | 390          | 294          | -                 | 294          |
| <b>Net operating costs</b>   | <b>2,789</b> | <b>-</b>          | <b>2,789</b> | <b>2,872</b> | <b>-</b>          | <b>2,872</b> |

The FSA aims are described in more detail in the 2004 Departmental Report.

Costs have been apportioned to individual aims on a divisional basis which best reflects the resources consumed. These costs include staff costs as explained in note 2 to the accounts.

## Notes to the accounts

### 1 Accounting Policies

#### 1.1 Basis of Preparation

The Food Standards Agency 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. This is therefore the first year of full resource accounts. Prior to this financial year only, summary resource accounts were prepared. However, full 2003-04 accounts have been presented to form a comparison with the 2004-05 results.

The financial statements have been prepared in accordance with the 2004-05 NI Resource Accounting Manual (NIRAM) issued by Department of Finance and Personnel (DFP). The accounting policies contained in the NIRAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the NIRAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Food Standards Agency (FSA) are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

#### 1.2 Accounting Convention

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

#### 1.3 Tangible Fixed Assets

Individual or grouped tangible fixed assets with a purchase cost in excess of £2,000 (including irrecoverable VAT and delivery) are capitalised at cost and revalued each 31 March using the following indices from the Office for National Statistics:

- a) The Retail Price Index for office machinery, furniture, fixtures and fittings & vehicles; and
- b) POEK "Computers and other information processing equipment" for computer servers and computer equipment.

Fixed assets are included at cost and revalued using the above mentioned indices.

Fixed assets which individually cost less than £2,000 are capitalised if they collectively constitute a group asset (for example computers and fixtures and fittings).

The FSANI does not currently own any land or buildings.

#### 1.4 Depreciation and Amortisation

Freehold land and assets in the course of construction are not depreciated. 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:

|   |         |
|---|---------|
| Tangible assets:                        |         |
| Computer servers and computer equipment | 4 years |
| Office machinery                        | 7 years |
| Furniture, fixtures and fittings        | 7 years |
| Vehicles                                | 4 years |
| Intangible assets:                      |         |
| Computer Software and software licences | 7 years |

All other assets are depreciated from the month following the date of acquisition.

#### 1.5 Research & Development

Expenditure on research is not capitalised. 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 SSAP 13.

Other development expenditure is capitalised if it meets the criteria specified in the NIRAM which are adapted from the SSAP 13 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. Fixed assets acquired for the 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.

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

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 Administration and Programme Expenditure**

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

### **1.7 Cost of Capital**

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

### **1.8 Pensions**

FSA Northern Ireland present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded and non-contributory. FSA Northern Ireland 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.

### **1.9 Early Departure Costs**

The FSA 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.

### **1.10 Operating Leases**

Operating leases are charged to the operating cost statement on a straight-line basis over the term of the lease.

### **1.11 Audit Costs**

A charge reflecting the cost of the audit is included in the operating costs. The FSANI is audited by the Comptroller and Audit 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.

### **1.12 Value Added Tax**

The net amount of Value Added Tax (VAT) due to or from HM Revenue Customs is shown as a debtor or creditor on the balance sheet. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of a fixed asset it is capitalised in the cost of the asset.

### **1.13 Contingent Liabilities**

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

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

### **1.14 Change in Accounting Treatment**

Desktop computers inherited by the FSA from the Department of Health and the former Ministry of Agriculture, Fisheries and Food, together with a bulk purchase of new computers, were capitalised at fair value on Vesting Day. Replacement PC purchases made in the period from 1 April 2000 to 31 March 2004 were expensed rather than capitalised. A change in the FSA NI's capitalisation treatment from 1 April 2004 now means that expenditure on computers is capitalised.

**2 Costs and number of staff**

a) Programme staff costs consist of:

|  | <b>2004-05</b> | 2003-04    |
|--|----------------|------------|
|  | £000           | £000       |
| Wages and Salaries                       | 672            | 535        |
| Social Security Costs                    | 55             | 42         |
| Other Pension Costs                      | 99             | 80         |
| <b>Sub Total</b>                         | <b>826</b>     | <b>657</b> |
| <b>Inward Secondment (non cash item)</b> | <b>0</b>       | <b>103</b> |
| <b>Agency Staff</b>                      | <b>1</b>       | <b>4</b>   |
| <b>Total Net Costs</b>                   | <b>827</b>     | <b>764</b> |

As from 1 April 2004 all staff were employed by the FSA and no longer seconded from the Department of Health, Social Services and Public Safety – Northern Ireland (DHSSPS-NI).

b) The average number of whole-time equivalent persons employed by the FSA Northern Ireland during the year 2004-05 by aim were as follows:

|   | <b>2004-05</b> | 2003-04   |
|---|----------------|-----------|
|   | Total          | Total     |
| <b>Aim 1</b><br>Increased consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA | 7              | 2         |
| <b>Aim 2</b><br>Better food safety and standards  | 14             | 14        |
| <b>Aim 3</b><br>Improved consumer choice and diet   | 4              | 4         |
|   | <b>25</b>      | <b>20</b> |

c) Staff Costs by aim were as follows:

|   | <b>2004-05</b> | 2003-04    |
|---|----------------|------------|
|   | Total          | Total      |
|   | £000           | £000       |
| <b>Aim 1</b><br>Increased consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA | 164            | 76         |
| <b>Aim 2</b><br>Better food safety and standards  | 581            | 535        |
| <b>Aim 3</b><br>Improved consumer choice and diet   | 82             | 153        |
|   | <b>827</b>     | <b>764</b> |

Notes:

Staff costs by aim have been apportioned according to an estimate on the divisional staff time input to that aim in proportion to the total divisional staff time.

Staff numbers have been apportioned according to how much time was spent on each aim.

## d) Remuneration

## Management Remuneration 2004-05

| Bands                                 | Salaries & Other Allowances<br>£5,000 | Real increase in Pension at age 60<br>£2,500 | Total accrued Pension at age 60 31 March 2005<br>£5,000 | Total accrued lump sum at age 60 31 March 2005<br>£5,000 | CETV* at 31 March 2005 | CETV at 31 March 2004 | Real increase in CETV |
|---------------------------------------|---------------------------------------|--|---|--|------------------------|-----------------------|-----------------------|
|                                       | (£000)                                | (£000)                                       | (£000)  | (£000)   | (£000)                 | (£000)                | (£000)                |
| Morris McAllister,<br>Director FSA NI | 70 – 75                               | 2.5 – 5                                      | 30 – 35   | 95 – 100   | 536                    | 483                   | 31                    |

Morris McAllister did not receive any benefits in kind during 2004-05

## Management Remuneration 2003-04

| Bands                                 | Salaries & Other Allowances<br>£5,000 | Real increase in Pension at age 60<br>£2,500 | Total accrued Pension at age 60 31 March 2004<br>£5,000 | CETV* at 31 March 2004 | CETV at 31 March 2003 | Real increase in CETV |
|---------------------------------------|---------------------------------------|--|---|------------------------|-----------------------|-----------------------|
|                                       | (£000)                                | (£000)                                       | (£000)  | (£000)                 | (£000)                | (£000)                |
| Morris McAllister,<br>Director FSA NI | 70 – 75                               | 2.5 – 5                                      | 25 – 30   | 483                    | 423                   | 60                    |

Morris McAllister did not receive any benefits in kind during 2003-04

\*CETV is Cash Equivalent Transfer Value of pension entitlement

**Principal Civil Service Pension Scheme**

The Principal Civil Service Pension Schemes (PCSPS) is an unfunded multi-employer defined benefit scheme but the FSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pension.gov.uk](http://www.civilservice-pension.gov.uk)).

For 2004-05, employer's contributions of £99,000 were payable to the PCSPS (2003-04 £80,000) at one of four rates in the range of 12 to 18.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. With effect from 1 April 2005, the contribution rates were increased to between 16.2% and 24.6%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

**Civil Service Pensions**

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. The employee does not have to contribute but where they do make contribution, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contributed a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://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 spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

**3 Programme Costs**

|  | 2004-05 |            | 2003-04 |            |
|--|---------|------------|---------|------------|
|  | £000    | £000       | £000    | £000       |
| <b>Rentals under operating leases:</b> |         |            |         |            |
| Hire of Plant and machinery            |         | 6          |         | 5          |
| Other operating leases                 |         | 99         |         | 76         |
| <b>Non-cash items:</b>                 |         |            |         |            |
| Depreciation                           | 39      |            | 33      |            |
| Cost of Capital                        | 6       |            | 14      |            |
| Audit fees                             | 15      |            | 10      |            |
| <b>Total non-cash items</b>            |         | 60         |         | 57         |
| Accommodation costs                    |         | 125        |         | 135        |
| Staff overheads                        |         | 70         |         | 73         |
| Administration costs                   |         | 37         |         | 54         |
| IT costs                               |         | 5          |         | 32         |
| Committee costs                        |         | 49         |         | 60         |
|  |         | <b>451</b> |         | <b>492</b> |

**4a) Net Project/Campaign Costs & Publicity**

|                                     | 2004-05      | 2003-04      |
|-------------------------------------|--------------|--------------|
|                                     | £000         | £000         |
| <b>Monitoring and Surveillance:</b> |              |              |
| Local Authority                     | 1,353        | 1,493        |
| Micro Food Safety and Education     | 83           | 77           |
| Nutrition                           | 75           | 41           |
|                                     | <b>1,511</b> | <b>1,611</b> |
| Less                                |              |              |
| Programme Income                    | –            | –            |
|                                     | <b>1,511</b> | <b>1,611</b> |

**4b) Net Project/Campaign Costs by Aim**

|   | 2004-05      | 2003-04      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Aim 1</b>  |              |              |
| Increased consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA | 15           | –            |
| <b>Aim 2</b>  |              |              |
| Better food safety and standards  | 1,420        | 1,570        |
| <b>Aim 3</b>  |              |              |
| Improved consumer choice and diet   | 76           | 41           |
|   | <b>1,511</b> | <b>1,611</b> |

The programme costs have been apportioned according to how much was actually spent on each aim.

**5 Analysis of Income**

The Food Standards Agency Northern Ireland had no operating income in either 2004-05 or 2003-04.

**6 Administration cost limit**

The Food Standards Agency Northern Ireland has no administration cost limit.

**7 Reconciliation of net operating cost and net resource outturn**

|   | <b>2004-05</b> | 2003-04      |
|---|----------------|--------------|
|   | £000           | £000         |
| Net Operating Cost                        | 2,789          | 2,867        |
| Operating income not classified as A in A | -              | -            |
| Consolidated Fund standing services       | -              | -            |
| <b>Net Resource outturn</b>               | <b>2,789</b>   | <b>2,867</b> |

**8 Intangible fixed assets**

The Food Standards Agency Northern Ireland had no intangible fixed assets at either 31 March 2005, or 31 March 2004.

**9 Tangible fixed assets**

|  | <b>Fixtures<br/>and Fittings</b> | <b>Office<br/>Equipment</b> | <b>Computer<br/>Equipment &amp;<br/>Software</b> | <b>Motor<br/>Vehicles</b> | <b>Total</b> |
|--|----------------------------------|-----------------------------|--|---------------------------|--------------|
|  | £000                             | £000                        | £000   | £000                      | £000         |
| <b>Cost or valuation</b>               |                                  |                             |  |                           |              |
| At 1 April 2004                        | 116                              | 54                          | 60   | -                         | 230          |
| Additions                              | 127                              | -                           | 17   | -                         | 144          |
| Revaluation adjustment                 | 7                                | 2                           | (12)   | -                         | (3)          |
| Disposals                              | -                                | -                           | -  | -                         | -            |
| <b>At 31 March 2005</b>                | <b>250</b>                       | <b>56</b>                   | <b>65</b>  | <b>-</b>                  | <b>371</b>   |
| <b>Depreciation</b>                    |                                  |                             |  |                           |              |
| At 1 April 2004                        | 62                               | 19                          | 49   | -                         | 130          |
| Charged in year                        | 23                               | 9                           | 7  | -                         | 39           |
| Revaluation adjustment                 | 4                                | 1                           | (17)   | -                         | (12)         |
| Disposals                              | -                                | -                           | -  | -                         | -            |
| At 31 March 2005                       | 89                               | 29                          | 39   | -                         | 157          |
| <b>Net book value at 31 March 2005</b> | <b>161</b>                       | <b>27</b>                   | <b>26</b>  | <b>-</b>                  | <b>214</b>   |
| Net book value at 31 March 2004        | 54                               | 35                          | 11   | -                         | 100          |

**10 Debtors**

|  | <b>2004-05</b> | 2003-04   |
|--|----------------|-----------|
|  | £000           | £000      |
| <b>Amounts falling due within one year:</b>          |                |           |
| Prepayments  | 15             | 17        |
| VAT Debtor   | 13             | 18        |
|  | <b>28</b>      | <b>35</b> |
| <b>Amounts falling due after more than one year:</b> |                |           |
| Other debtors  | -              | -         |
|  | -              | -         |

**11 Cash at bank and in hand**

|  | <b>2004-05</b> | 2003-04   |
|--|----------------|-----------|
|  | £000           | £000      |
| Balance at 1 April   | 72             | 105       |
| Net changes in cash balances   | 20             | (33)      |
| <b>Balance at 31 March</b>   | <b>92</b>      | <b>72</b> |
| The following balances at 31 March are held at:                                |                |           |
| Office of HM Paymaster General   | 92             | 72        |
|  | <b>92</b>      | <b>72</b> |
| The balance at 31 March comprises:   |                |           |
| Cash due to be paid to the Consolidated Fund:                                  |                |           |
| Amounts issued from the Consolidated Fund for supply but not spent at year end | 92             | 72        |

FSA NI does not operate a bank account. The above figures form part of the total PGO bank balance which operates for the FSA as a whole.

**12 Creditors**

|  | <b>2004-05</b> | 2003-04    |
|--|----------------|------------|
|  | £000           | £000       |
| <b>Amounts falling due within one year</b>                                 |                |            |
| Other taxation and social security   | 21             | 3          |
| Trade Creditors  | 9              | 53         |
| Other Creditors  | 11             | -          |
| Accruals   | 51             | 66         |
| Amounts issued from the Consolidated Fund for supply but not spent in year | 92             | 72         |
|  | <b>184</b>     | <b>194</b> |

**13 Movements in Working Capital**

|  | <b>2004-05</b> | 2003-04   |
|--|----------------|-----------|
|  | £000           | £000      |
| (Decrease)/Increase in debtors and prepayments | (7)            | 25        |
| Decrease/(Increase) in creditors               | 30             | 10        |
|  | <b>23</b>      | <b>35</b> |

The increase in creditors shown above excludes amounts issued from the Consolidated Fund for supply, but not spent in year.

**14 Revaluation Reserve**

|  | <u>2004-05</u>   | <u>2003-04</u>   |
|--|------------------|------------------|
|  | £000             | £000             |
| Balance at 1 April   | 20               | 19               |
| Arising on revaluation during the year                         | 9                | 1                |
| Transferred to general fund of realised element of revaluation | (19)             | 0                |
| <b>Balance at 31 March</b>                                     | <b><u>10</u></b> | <b><u>20</u></b> |

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

**15 Provisions for liabilities and charges**

FSANI had no provisions for liabilities and charges at either 31 March 2005, or 31 March 2004.

**16 Reconciliation of net operating cost to changes in general fund**

|  | <u>2004-05</u> |                   | <u>2003-04</u> |                   |
|--|----------------|-------------------|----------------|-------------------|
|  | £000           | £000              | £000           | £000              |
| Net operating cost for the year (schedule 2)   |                | (2,789)           |                | (2,867)           |
| Direct Funding   | 2,923          |                   | 2,736          |                   |
| Opening Cash Correction  | (7)            |                   | -              |                   |
| Cash brought forward   | 72             |                   | 105            |                   |
|  |                | 2,988             |                | 2,841             |
| Consolidated fund creditor for cash unspent  |                | (92)              |                | (72)              |
| Non cash charges:  |                |                   |                |                   |
| Cost of capital  | 6              |                   | -              |                   |
| Indirect Funding   | -              |                   | 103            |                   |
| Audit fees   | 15             |                   | 10             |                   |
|  |                | 21                |                | 113               |
| Transferred to general fund of realised element of revaluation reserve (see Note 14) |                | 19                |                | -                 |
| <b>Net decrease in general fund</b>  |                | <b>147</b>        |                | <b>15</b>         |
| <b>General fund at 1 April</b>   |                | <b>(7)</b>        |                | <b>(22)</b>       |
| <b>General fund at 31 March (Schedule 3)</b>   |                | <b><u>140</u></b> |                | <b><u>(7)</u></b> |

The General Fund represents the net assets vested in the FSA 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.

**17 Related-Party Transactions**

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

The FSA NI has 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) and the Department of Agriculture and Rural Development (DARD).

**18 Advisory Committee**

In addition to the main FSA Board, the FSA has separate advisory committees to cover Scotland, Wales and Northern Ireland. The Committees act as advisory bodies to the FSA. They are chaired by Board Members and the FSA Board is required by statute to take account of their advice in its work. The Committee Members during the year are listed below:

## Northern Ireland – Advisory Committee Members

Dr Maureen Edmondson (Chair)  
 Patricia McCusker  
 Professor David McDowell  
 Maria McGuinness  
 David Mark  
 William Taylor  
 David Collins  
 Samuel Miskelly  
 David Stewart  
 Dr Vinod Tohani  
 Michael Walker

**19 Capital Commitments**

FSA NI has no capital commitments.

**20 Analysis of net operating cost by spending body**

|                       | 2004-05      |              | 2003-04      |              |
|-----------------------|--------------|--------------|--------------|--------------|
|                       | Estimate     | Outturn      | Estimate     | Outturn      |
|                       | £000         | £000         | £000         | £000         |
| <b>Spending Body:</b> |              |              |              |              |
| FSANI                 | 2,820        | 2,789        | 2,884        | 2,867        |
| <b>Total</b>          | <b>2,820</b> | <b>2,789</b> | <b>2,884</b> | <b>2,867</b> |

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

|                         | Capital expenditure | Loans, etc. | A - in - A | Net Total  |
|-------------------------|---------------------|-------------|------------|------------|
|                         | £000                | £000        | £000       | £000       |
| Request for Resources 1 | 144                 | -           | -          | 144        |
| <b>Total 2004-05</b>    | <b>144</b>          | <b>-</b>    | <b>-</b>   | <b>144</b> |
| Total 2003-04           | 27                  | -           | -          | 27         |

**22 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.

|   | <b>2004-05</b> | 2003-04   |
|---|----------------|-----------|
|   | £000           | £000      |
| <b>Obligations under operating leases comprise:</b> |                |           |
| Land and buildings:                                 |                |           |
| Expiry within 1 year                                | –              | –         |
| Expiry after 1 year but not more than 5 years       | –              | –         |
| Expiry thereafter                                   | 112            | 76        |
|   | <b>112</b>     | <b>76</b> |
| Other:  |                |           |
| Expiry within 1 year                                | –              | –         |
| Expiry after 1 year but not more than 5 years       | 5              | 6         |
| Expiry thereafter                                   | –              | –         |
|   | <b>5</b>       | <b>6</b>  |

**23 Intra-government balances**

|  | <b>Debtors<br/>Amounts<br/>falling due<br/>within 1<br/>year</b> | <b>Creditors<br/>Amounts<br/>falling due<br/>within 1<br/>year</b> |
|--|--|--|
| <b>Balances with other central government bodies</b>       | <b>13</b>  | <b>146</b>   |
| <b>Balances with local authorities</b>                     | –  | <b>6</b>   |
| <b>Balances with NHS Trusts</b>                            | –  | –  |
| <b>Balances with public corporations and trading funds</b> | –  | –  |
| <b>Balances with other bodies external to government</b>   | <b>15</b>  | <b>32</b>  |
| <b>At 31 March 2005</b>                                    | <b>28</b>  | <b>184</b>   |
| Balances with other central government bodies              | 18   | 81   |
| Balances with local authorities                            | –  | 28   |
| Balances with NHS Trusts                                   | –  | –  |
| Balances with public corporations and trading funds        | –  | –  |
| Balances with other bodies external to government          | 17   | 85   |
| <b>At 31 March 2004</b>                                    | <b>35</b>  | <b>194</b>   |

**24 Reconciliation of Net Cash Flow to Movement in Net Funds**

|   | <b>31 March<br/>2005</b> | 31 March<br>2004 |
|---|--------------------------|------------------|
|   | £000                     | £000             |
| Increase /(Decrease) in net funds resulting from cash flows | 20                       | (33)             |
| Net Funds at 1 April  | 72                       | 105              |
| Net Funds at 31 March                                       | <b>92</b>                | <b>72</b>        |

**25 Contingent Liabilities**

There are various compensation claims being sought against the FSA NI totalling £235,000. These cases will be defended. No provision has been made in the accounts.

**26 Financial Instruments**

The Food Standards Agency Northern Ireland 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.

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**27 Losses and Special Payments**

The Food Standards Agency Northern Ireland did not incur any losses, or make any special payments in 2004-05, or 2003-04.

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**28 Actual outturn – resources and cash**

Request for resources: Actual amount net resources outturn £2,788,413.94.

Actual amount of savings in resources over Estimate £31,586.06.

Net cash requirement: Outturn net requirement £2,896,067.26 which is £31,932.74 less than Estimate.

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**29 Other Commitments**

The Food Standards Agency Northern Ireland did not have any other commitments as at 31 March 2005.

## Accounts Direction given by the Department of Finance and Personnel under Schedule 4, Section 3 of the Food Standards Act 1999

1. The Northern Ireland operations of the Food Standards Agency shall prepare resource accounts for the year ended 31 March 2005, and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the extant edition of the Northern Ireland Resource Accounting Manual (NIRAM) issued by the Department of Finance and Personnel which is in force for the particular financial year.
2. The accounts for the Northern Ireland operations of the Agency, for which an Estimate is approved by the Assembly or Parliament, shall be prepared so as to give a true and fair view of the state of affairs at 31 March 2005, and subsequent financial year ends, and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.
3. Compliance with the requirements of NIRAM 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 NIRAM is inconsistent with the requirement to give a true and fair view, the requirements of NIRAM 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 NIRAM. Any material departure from NIRAM should be discussed in the first instance with DFP.

David Thomson  
Treasury Officer of Accounts

1 April 2004

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