Department of
Enterprise, Trade
and Investment

www.detini.gov.uk

Resource Accounts

Annual Report and Accounts
for the year to 31 March 2011

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Resource Accounts for the year ended 31 March 2011

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

on

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Department Of Enterprise, Trade & Investment

Resource Accounts for the year to 31 March 2011

Annual Report

Directors' Report

Introduction

1. The Department presents its annual report and accounts for the financial year to 31 March 2011. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives.

2. This Annual Report has been prepared in accordance with the guidance set out in the Government Financial Reporting Manual and guidance issued by the Department of Finance and Personnel.

Departmental Accounting Boundary

3. The Department's accounting boundary excludes Executive Non-Departmental Public Bodies (NDPBs) in line with section 4.2.12.e of the Government Financial Reporting Manual. These resource accounts present the results for 2010-11 of the entities within the departmental accounting boundary.

4. The core Department is the only entity within the boundary.

Public Sector Bodies Outside the Departmental Accounting Boundary

5. The Department has four Executive NDPBs falling outside the accounting boundary. These are:

   (i) Invest Northern Ireland (Invest NI);

   (ii) Northern Ireland Tourist Board (NITB);

   (iii) Health and Safety Executive for Northern Ireland (HSENI); and

   (iv) General Consumer Council for Northern Ireland (GCCNI).

6. The Department acts as sponsor Department to two organisations set up under the Belfast Agreement which are also regarded as falling outside the accounting boundary. These are:

   (i) InterTradeIreland (Trade and Business Development Body); and

   (ii) Tourism Ireland Limited (jointly owned by the Northern Ireland Tourist Board and the Irish Tourist Board).
   In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, is also regarded as being outside the accounting boundary.

7. Further details are contained in the Notes to the Resource Accounts.

Minister

8. Ministerial responsibility for the Department of Enterprise, Trade and Investment, for the financial year 2010-11, rested with Arlene Foster MLA.

Departmental Reporting Cycle

9. The Estimates for the year to 31 March 2011 are contained in The Budget Act (Northern Ireland) 2010 and the Supplementary Estimates are contained in The Budget Act (Northern Ireland) 2011. Both of these Acts and Department of Finance and Personnel publications containing detailed supporting information are available from The Stationery Office Limited.

10. These annual resource accounts, for the year to 31 March 2011, report against the Supplementary Estimates and will be laid in the Assembly.

Register of Interests

11. A Register of Interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities. Public access to the register can be arranged by email request to information@detini.gov.uk

Pension Liabilities

12. The treatment of pension costs and liabilities is disclosed in the Remuneration Report and note 1.14 to the departmental resource accounts.

Corporate Governance

Introduction

13. In September 2005, the Department of Finance and Personnel (DFP) issued the HM Treasury guidance "Corporate governance in central government departments: Code of good practice". DFP subsequently issued explanatory guidance on Corporate Governance reporting in December 2006. This Corporate Governance report has been prepared in accordance with that guidance.

14. The Department continues to be committed to high standards in corporate governance. Risk management is explicitly linked to the corporate and operating planning process and, in addition, is linked to the planning process for annual programmes of internal audit work. Quarterly assurance statements are provided to the Departmental Accounting Officer by senior DETI officials and by the Chief Executives of non departmental public bodies (NDPBs). These confirm that systems of internal control are operating satisfactorily in practice or, alternatively, draw the Departmental Accounting Officer's attention to significant internal control issues. The Departmental Accounting Officer has sight of, and comments on, all Internal Audit Service reports for the Department and its two largest NDPBs: Invest NI and NITB.

15. During the year the Department held quarterly oversight and liaison meetings with its arm's length bodies. The Department also undertook a risk based inspection programme of External Delivery Organisations / Third Party Organisations. Other governance related work undertaken included the test drilling of economic appraisals and post project evaluations; participation on the NICS Fraud Forum; and participation in the UK wide National Fraud Initiative.

Ministerial Delegations

16. Ministerial approval is required for all proposed expenditure of £1 million and upwards. Ministerial approval is also required for external consultancy expenditure over £50,000 (£10,000 from 1 April 2011) (excluding Value Added Tax).

The Departmental Board

17. The Departmental Board consists of the DETI Top Management Team, the Director of Finance, the Director of Human Resources and an Independent Board Member (two from March 2011). Members of the Board in 2010-11 were:

David Sterling	Permanent Secretary and Departmental Accounting Officer
Dr Ian McMorris	Independent Board Member (until 11 April 2011)
Mr David Beck	Independent Board Member (from 21 March 2011)
Dr Donal Flanagan	Independent Board Member (from 21 March 2011)
Colin Lewis	Deputy Secretary, Management Services Group
David Thomson	Deputy Secretary, Policy Group
Philip Angus	Head of Human Resources and Central Support Division
Trevor Cooper	Head of Finance and European Union Division

18. The board, which is chaired by David Sterling, met on a monthly basis during 2010-11. Dr Ian McMorris's period of four years as an independent member of the Departmental Board ended on 11 April 2011, two new independent board members being appointed with effect from 21 March 2011. Both appointments are for an initial period of three years. Other members of the Departmental Board are appointed ex officio.

19. The primary role of the independent board members is to contribute to the good governance of the Department by offering constructive challenge across all the board's business. This is with a view to ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency.

20. The Departmental Board as a whole considers issues which affect the corporate governance of the Department and its NDPBs. These include:
    - progress against performance targets for DETI and NDPBs, including those relating to absenteeism;
    - finance issues;
    - issues relating to audit and accountability; and
    - an overview of major policy issues.

21. The board has established two sub committees: the Departmental Audit Committee and the Casework Committee. The work of both committees is described in more detail below.

Departmental Audit Committee

22. The Departmental Audit Committee meets on a quarterly basis to provide the Departmental Board with advice on risk management, governance and internal control for DETI and its NDPBs. Another meeting, to review the annual resource accounts is held shortly before the accounts are signed by the Departmental Accounting Officer.

23. In the period from 1 April 2010 to 31 March 2011 the following served as members of the Departmental Audit Committee:

Dr Ian McMorris	Chairman
Bill McGinnis	Independent Member
Sean Donaghy	Senior Civil Servant DHSSPS, Independent Member (until 17 September 2010)
Noel Cornick	Head of Tourism, Agency Liaison and Equality Division (with responsibility for the two cross border bodies sponsored by DETI)

24. The Departmental Audit Committee is attended by the Chairs of NDPB audit committees (or their nominees as approved by the Chair of the Departmental Audit Committee). Executives from the Department (including the Permanent Secretary) and from NDPBs also attend meetings.

25. During the financial year 2010-11, the Departmental Audit Committee dealt with a wide range of issues relating to governance, internal control, accountability and risk management for DETI and its NDPBs. These included:
    - consideration of assurance provided to the Departmental Accounting Officer in relation to the Statement of Internal Control and the provision of advice on its content;
    - consideration of annual resource accounts;
    - consideration of issues arising from quarterly assurance statements;
    - consideration of risks reported by way of the quarterly risk management process;
    - consideration of internal audit reports and plans;
    - consideration of the external audit strategy for the audit of annual accounts;
    - consideration of management letters produced following the external audit of accounts;
    - monitoring progress made against the action plans produced following the Public Accounts Committee hearings on Governance Issues Arising in the Department's former Local Enterprise Development Unit; the Northern Ireland Tourist Board's Contract to Manage the Trading Activities of Rural Cottage Holidays Ltd; and Review of Assistance to Valence Technology.

- consideration of a rolling risk based programme of reviews of Third Party Organisations / External Delivery Organisations, including sponsorship and oversight arrangements;
- consideration of EU compliance issues;
- consideration of International Financial Reporting Standards;
- consideration of issues relating to fraud, including the National Fraud Initiative;
- consideration of new best practice guidance issued; and
- consideration of issues relating to information management.

Casework Committee

26. The Casework Committee meets as required to consider and approve DETI HQ projects involving expenditure above £500,000. All members of the Departmental Board are eligible to participate on the Casework Committee other than where an expenditure proposal originates from within the Division headed by that board member.

27. The Committee is chaired by an officer of at least Deputy Secretary level, and has a minimum quorum of three members.

Relationships with Arms Length Bodies

28. The Department's relationships with its four NDPBs and its two cross border bodies are set out in Management Statements and Financial Memorandums.

29. As referred to in paragraph 14 above, the Department's stewardship arrangements for its NDPBs are reinforced through quarterly oversight and liaison meetings which take place between Departmental and NDPB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.

30. The findings of the Independent Review of Economic Performance, which was published on 29 September 2009, included proposals to give Invest NI greater autonomy. These proposals resulted in revised delegations being provided to Invest NI with effect from 1 July 2010.

31. A risk based inspection process of Third Party Organisations / External Delivery Organisations (TPOs/EDOs) funded by DETI and Invest NI was undertaken. As well as covering financial controls within the TPOs/EDOs, the process included reviews of the control arrangements that have been put in place by the funding organisation.

Public Interest and Other

Disabled Persons

32. The Department follows the Northern Ireland Civil Service Code of Practice on the Employment of Disabled People and aims to ensure that disablement is not a bar to recruitment or advancement.

Equal Opportunities

33. The Department is firmly committed to pursuing the Northern Ireland Civil Service Equal Opportunities policy whereby all staff have equality of opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

Employees

34. The DETI Human Resource policies, strategies and plans directly and tangibly support the Department's business by ensuring the provision of appropriately motivated and skilled staff. DETI is committed to the continuous development of its staff to meet the needs of its business areas and to reflect the variety of skills and competencies required for them to operate effectively both now and in the future. Departmental HR supplement the HRConnect service and HR policies contained in the NICS Staff Handbook by providing support and guidance to staff and line managers, and ensuring performance, absence levels and

employee relations are managed effectively. The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department and the agreed training priorities for the NICS. The Department utilises the DFP Centre for Applied Learning shared service which provides a wide range of programmes many of which are externally accredited for all generic learning and development needs. In addition the Department arranges external training to ensure specialist training needs are met. The Department also provides an Assistance to Study Scheme which supports staff to achieve a recognised qualification in their own time. Staff commitment to and involvement in the Department is encouraged through regular communication of operating targets, an internal news report and an intranet site which can be accessed by all staff. The Department is accredited with the Investors in People (IIP) status and with the assistance of the Departmental Business Support Branch, staff and line managers are committed to advancing our service through innovation and continuous improvement.

35. The Department continues to monitor and actively manage the sickness absence of its staff through the application of centrally agreed policies and procedures and the HRConnect Shared Service. During this year the Department has been building on best practice to maintain its good performance in managing sick absence and achieved its target of less than 8.1 days average absent per member of staff. Estimated figures from NISRA for the 2010/11 year give the Department 7.8 average working days lost, which is 22% below the current estimated NICS average of 10 days.

Payment of Suppliers

36. DETI payment processing is carried out by the Account NI shared services centre.

37. DETI is committed to the 10 day prompt payment target to assist local businesses through the current difficult economic times. Northern Ireland Departments have a target to pay supplier invoices within 10 working days of receipt. For the year to March 2011, DETI paid 84% within 10 working days, against a NICS average of 78%.

38. DETI will continue to be committed to the 10 day prompt payment target in the next financial year, 2011-12.

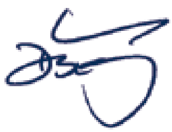
39. Up until the implementation of the 10 day target, the Department was committed to the prompt payment of bills for goods and services in accordance with the Late Payment of Commercial Debts (interest) Act 1998 (as amended by The Late Payment of Commercial Debts Regulations 2002). The Department’s policy was to pay bills in accordance with contractual conditions or, where no such conditions existed, within thirty days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. For the year to March 2011, DETI paid 95% within this standard, against a NICS average of 92%.

Audit

40. The Department's accounts are audited by the Comptroller and Auditor General.

41. So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

42. The Comptroller and Auditor General did not provide any non audit services during the year.



DAVID STERLING
Accounting Officer
17 June 2011

MANAGEMENT COMMENTARY

OVERVIEW OF THE DEPARTMENT

Departmental Goal

1. In line with the Northern Ireland Executive's top priority within its Programme for Government for the period 2008 to 2011, the goal of the Department is:
   "To grow a dynamic, innovative economy"

Principal Functions

2. The Department has responsibility for a range of functions. These include:
   a. Economic Development Policy
      – enterprise;
      – innovation;
      – tourism;
      – energy;
      – telecoms; and
      – social economy.
   b. Economic Advice & Research
   c. Research and Statistics Services
   d. Business Regulation including:
      – Company Law;
      – Credit Unions and Industrial
      – Provident Societies:
      – Insolvency Service;
      – Consumer Affairs; and
      – Trading Standards
   e. Health and Safety at Work
   f. Mineral Development

Structure

3. DETI sponsors four agencies, established as Non-Departmental Public Bodies (NDPBs), which play a key role in shaping and implementing economic development policy:
   – Invest Northern Ireland (Invest NI);
   – Northern Ireland Tourist Board (NITB);
   – Health and Safety Executive for Northern Ireland (HSENI); and
   – General Consumer Council for Northern Ireland (GCCNI)

4. Geological Survey of Northern Ireland (GSNI) is also an integral part of the Department. In addition, DETI acts as co-sponsor to two organisations set up under the Belfast Agreement:
   – InterTradeIreland (ITI); and
   – Tourism Ireland Limited (TIL).

5. In addition, DETI, along with the Department for Regional Development (DRD) and the Department of Finance and Personnel (DFP), works with the independent Northern Ireland Authority for Utility Regulation (NIAUR) in the development and regulation of the electricity and gas industries.

Relationship with the Enterprise, Trade and Investment (ETI) Committee of the Assembly

6. The Department has a close and continuous relationship with the ETI Committee in relation to the Department's policy and service delivery agendas. DETI has sought to ensure that a continuous flow of information, both oral and written, has contributed to the effectiveness of the Department's relationship with the Committee.

Corporate Plan 2008 – 2011

7. The DETI Corporate Plan, covering the period 1 April 2008 to 31 March 2011, was finalised in May 2008 and is available on the DETI website (www.detini.gov.uk), along with the corresponding DETI Operating Plan 2010/11. The Corporate Plan sets out the main functions of the Department and its economic priorities for the three year period. The actions and desired outcomes for the period are also outlined, together with the resources and policy instruments available to the Department.

ECONOMIC CONTEXT

Global Downturn

8. The global economy returned to growth in 2010, with a stronger than expected economic activity in the second half of 2010. The recovery is expected to continue throughout 2011. However, the speed of economic growth is not uniform across countries, with emerging and developing economies projected to grow more quickly than advanced economies.

Northern Ireland Performance

9. Northern Ireland's recovery has not been smooth. The previous return to output growth in the service sector at the end of 2009 and beginning of 2010 has not been sustained, with the latest results (Q3 2010) showing decreasing output for the last two quarters. However, the latest figures for production (Q3 2010) reveal that output increased by 1.3% over the quarter and output rose by 2.7% over the year. In addition, while NI's spending on R&D has been historically low, 2009 saw a significant increase in business R&D spend, which increased by £140m (76%).

10. The latest figures from Invest NI show that inward investment commitments of over £450 million were secured in 2010-11, which will lead to the creation of over 2,800 new jobs. Since April 2008, planned inward investment has totalled £1.27 billion and over 7,500 new jobs. This exceeds Invest NI's inward investment job target for this period.

11. However, there continue to be ongoing impacts on the local labour market, the latest data (March 2011) shows that over the last year unemployment claimants in Northern Ireland have increased by 5.9% compared to a fall of 5.8% across the UK. Although the unemployment rate in NI (7.3%) is slightly lower than the level in the UK as a whole (7.8%)

Outlook

12. The recovery in the UK economy has been fragile, shown by a fall in growth for the last quarter of 2010 and a small rise in the first quarter of 2011. In addition the severe impact of the recession on the Republic of Ireland has continued to have implications for the local economy particularly in terms of exports.

13. While the rate of economic growth is expected to increase in 2011 it is likely to be another challenging year for the NI economy, with the rising levels of unemployment likely to continue. DETI remains committed to continuing to provide assistance to support the recovery. As part of the 2011-15 Budget DETI and Invest NI developed the Short Term Employment Measure which will cost under £19 million and will promote 5,000 jobs, with 4,000 of these jobs anticipated to be created within the Budget period, in addition to Invest NI's current target.

14. DETI continues to assess the potential benefits for the local economy of reduced levels of corporation tax in NI. Central to this is the outcome of the national Government's current consultation paper 'Rebalancing the Northern Ireland economy'. This will be critical in determining whether or not these powers will be devolved and decisions on this will facilitate the NI Economic Strategy being further progressed. An initial consultation document, outlining the proposed framework for economic growth, was published for consultation earlier this year and received more than 60 responses.

15. DETI and its NDPBs continue to support businesses in order to help to rebuild the local economy in the short term and rebalance the economy in the longer term towards a stronger, export focused, private sector lead, local economy.

PERFORMANCE FOR THE YEAR 2010/11

Operating Plan 2010/11

16. DETI has lead responsibility for two Public Service Agreements (PSAs) within the Programme for Government 2008 – 11, namely PSA 1 (Productivity Growth) and PSA 5 (Tourism), and also contributes to a number of other PSAs.

17. The DETI Corporate Plan for the period 1 April 2008 to 31 March 2011 was published in May 2008, and the DETI Operating Plan for 2010/11, was published in June 2010. Both are closely aligned to the Department's PSA priorities. The targets within the 2010/11 Operating Plan correspond to the third year of the DETI Corporate Plan for 2008 - 2011 and provide milestones along the route to achievement of the Corporate Plan.

18. The Corporate Plan and Operating Plan set out how the Department will deliver its priorities set out in the Programme for Government and Public Service Agreement (PSA) framework, as well as the actions and targets relating to its non-PSA areas of responsibility.

19. Details of DETI's performance against its PSA-related Operating Plan targets for 2010/11, and its non-PSA and corporate and support functions, will be published on the DETI website, www.detini.gov.uk. However, progress against key PSA-related targets, as set out in the 2010/11 Operating Plan, is as follows:

DETI PRIORITY	KEY TARGETS (BY 31 MARCH 2011)	OUTTURN FIGURES TO MARCH 2011	OUTTURN TARGET STATUS+
Improving Productivity (PSA 1) & Increasing Employment (PSA 3)	Support 30 inward investment projects, offering	42 projects	G
	1,800 new jobs, of which:	2,816	G
	• 1,931 will provide salaries above the NI private sector median; and	2,279	G
	• 1,000 will have salaries at least 25% above the NI private sector median	1,428	G
	Secure total annual wages and salaries of around £88m from inward investment and locally-owned clients	£169m	G
	Create 100 'Exports Starts' and 15 'Global Starts'	137 18	G
	Encourage 180 new first time exporters and support 350 companies to diversify into new markets	190 585	G
	Deliver £50m investment in R&D	£111m	G
	Have ensured that 68% of businesses in Northern Ireland have access to next generation broadband services across Northern Ireland, with a view to achieving the PfG 3-year target of 85% of businesses by May 2011	85%	G
Tourism (PSA 5)	Increase tourism revenue from out-of-state visitors to £520m and the number of out-of-state tourists visiting to 2.5m (by 31 December 2010)	Figures not yet available	R R
Urban Regeneration (PSA 12)	Submit Composite Action Plan and options paper on the way forward for the West Belfast & Greater Shankill Task Forces to Executive for consideration (by 31 March 2011)	N/A	A
Protecting Our Environment (PSA 22)	Ensure 11% of electricity consumption is from indigenous renewable sources.	8.9%	A/G

+Outturn target status based on four 'traffic light' classification system (Green/ Amber-Green/ Amber/ Red).
Refer to DETI Operating Plan 2010/11 for explanation of target status classification system.

20. The Department's key achievements for the year 2010/2011 are set out below.

Economic Development Policy

Independent Review of Economic Policy

21. On 25 January 2010 the Minister announced to the Assembly proposals to address the 58 recommendations in the report of the Independent Review of Economic Policy (IREP). During 2010/11, significant progress was made in implementing those recommendations that the Minister accepted. Key achievements were:

- The establishment of an Executive Sub-committee on the Economy;
- The establishment of an Economic Advisory Group to provide high-quality independent economic advice to the Minster; and
- Implementation of measures to make Invest NI more business focused and to reduce bureaucracy. A new framework for Delegated Authority Limits was agreed between Invest NI, DETI and DFP, and became operational from 1st July 2010. These changes mean that the Invest NI Board has, for the first time, absolute decision-making authority for the majority of investment decisions.

22. The Minister provided a detailed written statement to the Assembly on 21 March 2011 which sets out the progress that has been made with respect to all the recommendations which the Minister accepted. This can be viewed on the DETI website.

Executive Sub-Committee on the Economy

23. As highlighted, one of the steps the Executive took in response to the recommendations made in the IREP report was to establish an Executive Sub-Committee on the Economy to prioritise action on the economy and oversee the production of an Economic Strategy for Northern Ireland.

24. The Sub-Committee is chaired by the DETI Minister and other members comprise the Ministers involved in key aspects of economic development policy (the Ministers for Employment and Learning, Education, Finance and Personnel, and Regional Development, together with the Junior Ministers from OFMDFM).

Developing Economic Strategy

25. On 13 January 2011, and on behalf of the Executive Sub-committee on the Economy, the DETI Minister launched an initial 6 week consultation on the priorities for a new economic strategy for Northern Ireland.

26. The consultation, entitled 'Priorities for Sustainable Growth and Prosperity' is the first of a two stage approach to the development of the strategy. This approach will allow for consideration of the outcome of the UK Government exercise into rebalancing the Northern Ireland economy, which has the potential to significantly influence the content of the economic strategy.

27. The consultation document proposed that the overall focus of the strategy will be on export-led growth. However, the Sub-committee recognised that the global downturn has had a significant impact on the Northern Ireland economy and that there are significant structural weaknesses which have led to persistently lower living standards prevailing in Northern Ireland relative to the rest of the UK.

28. In order to realise the Executive's vision of the Northern Ireland economy of 2020, it will be necessary to tackle the twin challenges of rebalancing the Northern Ireland economy over the longer term, while taking immediate steps to rebuild the Northern Ireland economy after the recession.

29. Based on the results of this initial consultation, input from all Executive Departments and the Economic Advisory Group, a draft Northern Ireland Economic Strategy will be developed, which will be subject to full public consultation later in 2011.

Economic Advisory Group

30. As highlighted, one of the steps the Executive took in response to the recommendations made in the IREP report was to establish the Economic Advisory Group (EAG), to create a focused group of experts from economics, business and skills.

31. The EAG met for the first time on 28 May 2010 and in September 2010 agreed a programme of work with the DETI Minister. It met regularly in 2010/11, and responded to both the consultation on the draft NI Executive budget and the initial consultation exercise on the executive's Sub-Committee framework for economic growth. The Group has also met with a wide range of stakeholders to ensure they can contribute to the advice provided to the DETI Minister on issues relating to the development and future competitiveness of the local economy.

Business Development through Invest NI

32. During 2010/11, Invest NI made over 3,200 offers of assistance valued at nearly £108 million, which contributed towards projects which planned to invest £638 million within the Northern Ireland economy.

33. Of this, £61 million of assistance (representing 56% of the total) was in support of projects by locally-owned businesses, with the remainder relating to inward investment. Overall, 43% of offers approved, and 54% of total assistance offered, were to clients located in, or proposing to locate in, areas of economic disadvantage.

34. In total, Invest NI's Enterprise Development Programmes achieved 6,675 participants across its suite of programmes. This included 2,174 people attending Pre-Start business seminars, 323 businesses participating on the new Growth Programme and 3,071 new business starts as a result of the Go For It initiative. In addition, Invest NI also supported the creation of 50 new social enterprises and a further 109 new business starts through the Youth Enterprise Programme.

35. Nurturing and encouraging innovation is vital to the NI economy and Invest NI continued to play its part by stimulating business investment in Research & Development (R&D). In 2010/11, Invest NI offered assistance that will lever a total of £111 million of planned business investment in R&D. Invest NI's streamlined R&D services, which include a single grant for R&D supported by a range of Innovation Advisers, helped increase the number of first time users of R&D to 114 during the year.

36. A core component of Invest NI's work to help Northern Ireland businesses expand their international dimension is the Passport to Export Programme which helps companies to look increasingly outwards, to compete in export markets and to strengthen their trade and overseas networks. Further progress was made in encouraging businesses to explore export markets for the first time with 190 companies supported. The target of 350 existing exporters to enter new markets was also considerably exceeded, with a final outturn of 585.

37. Provisional results show that Invest NI approved offers to 17 new inward investment projects and 24 inward expansion projects against an overall total target of 30. Collectively, these projects plan to generate over £81 million of salaries each year from the anticipated creation of 2,816 new jobs. Of these, provisional figures indicate that 2,279 offer salaries above the Northern Ireland Private Sector Median (PSM), of which 1,428 will provide salaries at least 25% above the PSM.

Business Development through InterTradeIreland

38. InterTradeIreland's principal functions are to exchange information and co-ordinate work on trade and business development and related matters in areas where the Northern Ireland and Republic of Ireland administrations specifically agree that it would be in their mutual interest.

39. Through its portfolio of Trade and Innovation programmes in 2010, InterTradeIreland provided information and advice services to more than 2,900 companies, and more than 290 companies participated directly on business support programmes. The total business value generated in 2010 by companies who have completed their InterTradeIreland projects was £83.3M; 170 jobs were created or protected; and of the companies participating 56 were first-time exporters and 50 were first-time innovators.

40. Trade programmes include ACUMEN (cross-border sales and marketing), and GO-2-TENDER (public procurement capability). Innovation programmes include FUSION (technology transfer), INNOVA (collaborative research and development), and EQUITYNETWORK (private equity investment).

41. In April 2010 InterTradeIreland delivered a second Economic Forum 'Towards Recovery' in Belfast, which included inputs from international experts. The Forum discussed important regional economic issues in an international context - specifically the possible shape of recovery - and how greater competitiveness might be achieved through cross-border co-operation.

42. InterTradeIreland discussion papers were presented to Ministers at the North South Ministerial Council Trade and Business Development Sectoral Meetings which took place in Armagh in June and November, 2010 respectively. The meetings included discussions on the arrangements to increase the numbers of firms co-operating on a cross-border basis to secure EU Framework Programme research and development funding.

Regional Innovation Strategic Action Plan

43. The Regional Innovation Strategic Action Plan 2008 – 2011 (RISAP) was launched on 30 April 2008. The Action Plan represents the collaborative actions of government, academia and industry to advance the Innovation Agenda in Northern Ireland. It included a £90m Innovation Fund. Progress in the implementation of RISAP continues to be positive. The Minister has provided six monthly progress reports on the Plan to the ETI Committee and to the Executive.

MATRIX

44. Since its establishment in November 2006, MATRIX (the Northern Ireland Science Industry Panel) has investigated how Northern Ireland can maximise its economic returns from the commercial exploitation of its R&D, science and technology base. The first phase of the implementation of the government response to MATRIX is underway and is scheduled to run until September 2011.

45. Work towards the cross-agency and cross-departmental support service for Innovation Communities is well advanced. DETI and Invest NI have now created a new "First Stop Shop" advice and support programme to assist companies and HE/FE institutions get engaged in collaborations. It is now running as a pilot and is a joint initiative with Invest NI, DETI and the Strategic Investment Board. DETI has also overseen the creation of an on-line resource for industry and academia which maps all available support mechanisms. This resource will be available online on the nibusinessinfo.co.uk website.

46. A pilot innovative procurement project was launched in December 2010. Run under the auspices of the UK Technology Strategy Board's by NITB though the Small Business Research Initiative (SBRI), and funded by DETI & NI Tourist Board, it is the first SBRI project in any of the devolved administrations.

47. MATRIX continues to advise and guide on new emerging global market opportunities. Its Telecoms Horizon Report, published in December 2010, has provided an evidence based assessment of the opportunities across Northern Ireland's telecommunications infrastructure.

48. MATRIX will shortly establish a new sub-panel to bring forward market focused recommendations into opportunities in the Renewable / Clean Energy fields. And there are

also plans to conduct foresight studies into the quality of knowledge transfer & intellectual property management in Northern Ireland.

Tourism

49. In 2010/11, DETI supported both the Northern Ireland Tourist Board (NITB), and Tourism Ireland in promoting tourism in the context of falling tourist numbers, especially from Great Britain, where visitor numbers in 2010 could be down by almost 10%. DETI provided additional funding to Tourism Ireland in the first quarter of 2011 for an additional television marketing campaign in Britain. Initial forecasts indicate that visitor numbers from North America were also down by around 7% although there was an increase in visitors from mainland Europe of about 8%.

50. Overseas tourism promotion by Tourism Ireland continued with a highlight being a Titanic exhibition in the Vanderbilt Hall at Grand Central Terminal New York from 24 - 29 September 2010. Over 70 partners from Northern Ireland, as well as 10 US based tour operators, joined with Tourism Ireland to bring the Northern Ireland experience to life. Around 400,000 New York commuters and visitors to the city who passed through Grand Central Terminal had the opportunity to view the showcase. Promotion of the event reached over 20 million potential holiday makers in New York and the surrounding area.

51. Forecast figures indicate that Republic of Ireland residents took 356,000 overnight trips in NI, spending £44m. This represents a decline of approximately 25% and 33% respectively on 2009 performance. To place this in context it is important to note, aside from 2009 when exceptional growth was witnessed in the ROI market, these figures represent the strongest quarter one ROI performance over the last 11 years and match the very positive performance figures of 2008. In comparison, Northern Ireland's home market grew in 2010 by 1% to 1,390,000 trips at home spending 8% more (£208m). In 2010, holiday trips saw an increase of 21% to 1.294m.

52. Significant progress was made during the year with the various signature projects, including the Titanic Signature Building, the Giant's Causeway Visitor Centre, St Columb's Cathedral and First Derry Presbyterian Church capital projects. 19 projects in the Mournes and Saint Patrick's areas have received financial assistance equating to £3m from NITB's Tourism Development Scheme. In addition, £1.5m of financial assistance has been administered through the Tourism Innovation Fund supporting 28 innovative projects.

53. The major signature projects should be completed in 2012. Planning has commenced in putting together a programme of events in 2012 linked to this and the Titanic centenary. This will lead on to the celebration of Derry/Londonderry as UK City of Culture in 2013, which was announced during the year.

54. In 2010/11, North South Ministerial Council Tourism Sectoral meetings took place in the NSMC Joint Secretariat Offices in Armagh. At these meetings, Ministers from Northern Ireland and the Republic of Ireland noted that Tourism Ireland had applied efficiency savings to the 2010 budget in accordance with guidance issued by the two Finance Departments and approved the 2010 Business Plan, including recommending the budget provision. Ministers also considered Tourism Ireland's Draft Corporate Plan 2011-2013 and Draft Business plan 2011 and noted that the Plans would be brought forward for approval at the earliest available NSMC meeting. Ministers also approved the appointment of Mr Maurice Pratt as a Director of Tourism Ireland to replace Ms Moira McNamara who had resigned.

55. The Tourism (Amendment) Act (Northern Ireland) 2011 received Royal Assent on 25 January 2011. The Act introduces arrangements to reduce the frequency of NITB's statutory inspection of tourist accommodation from an annual basis to once every four years. The Act also makes provision for tourism accommodation providers to self-assess in

the years between statutory inspections. These changes represent a positive reduction in the regulatory burden placed on tourist accommodation providers. The Act also makes provision for the transfer of responsibility for tourist accommodation grants from Invest NI to NITB and changes the mechanism whereby the chairman of NITB is appointed (this change facilitates the appointment of a chairman by external competition rather than from among the Board members).

56. In June 2010 a Tourism Statistics Branch (TSB) was established within NISRA, DETI. The main purpose of TSB is to collect, produce and publish all official tourism statistics for Northern Ireland.

Telecommunications

57. In 2010/11, the Department continued working with the private sector, Ofcom and other public authorities in UK and ROI to build on Northern Ireland's world-class telecommunications infrastructure. The focus in 2010/11 remained on progressing projects for which Programme for Government and Public Service Agreement targets have been established.

58. Construction work on Project Kelvin was completed in August 2010. Following award of a €29.5m contract for delivery of the project in 2008, a new submarine communications cable has been brought ashore on the north coast and the associated terrestrial network established. Through this project, co-funded by the Interreg IVA programme and in collaboration with the ROI Department of Communications, Energy and Natural Resources, Northern Ireland gained its first direct international telecoms link, reducing the cost and latency of international communications. The project's operational phase will continue until 2018, during which time businesses across NI can benefit from the cost, latency and availability of services on the Kelvin network, which are contractually guaranteed.

59. There was also significant progress with DETI's Next Generation Broadband Project. The project has led to the deployment of fibre optic technology to increase broadband speeds in areas across Northern Ireland, both urban and rural, where it will deliver the greatest economic benefit. DETI's contractor, BT, is investing close to £30m in the project, with a further £16.5m coming from the Department under the European Regional Development Fund's European Sustainable Competitiveness Programme and £1.5m from the Department of Agriculture and Rural Development under the European Agricultural Fund for Rural Development Programme.

60. BT advises that by end March 2011, some 1137 of the target 1175 cabinets across NI have been upgraded. By the time of the project's completion in mid-2011, 85% of NI businesses will have access to next generation broadband speeds. In addition further investments have been announced to upgrade cabinets in Londonderry in preparation for City of Culture 2012 and a further investment in some 783 cabinets across NI. In total close to £20 million has been invested by government levering over £50 million from the private sector.

61. DETI's £1.9m Broadband Fund, launched by the Minister in August 2008, has continued to stimulate broadband activities by supporting businesses undertaking broadband technology trials, or deploying infrastructure in rural areas with a view to provision of high bandwidth commercial broadband services. Four projects supported by the Fund were completed in 2010/11. Following a fifth call for project proposals, a Letter of Offer was made for installation of fibre to the cabinet technology at 23 cabinets in the Benburb, Crossmaglen, Downpatrick, Forkhill, Hillsborough, Larne and Newtownhamilton exchange areas.

62. Within the broadband stimulation theme, the £3.9m logon-ni programme, co-financed under the ERDF Sustainable Competitiveness Programme 2007-2013, continues to improve take-up of broadband by SMEs and assists businesses in making better use of broadband services. To end March

2011, some 2,921 businesses across NI benefited from free, supplier-neutral broadband advice through the programme.

63. The contract awarded to Avanti Communications in January 2009 for the ongoing provision of a satellite broadband service to remote and rural users ensured that 100% of premises in the region continue to have access to first generation broadband services. By the end of March 2011 some 953 households and businesses were connecting to the internet through an Avanti satellite broadband product offering download data speeds up to 3 Mbps.

64. During 2010/11 a Telecommunications Action Plan for 2011-2015 was developed, examining possible initiatives required to ensure that Northern Ireland continues to have a telecommunications infrastructure that is fit for purpose and capable of supporting the growth of the local economy. A public consultation on the draft Telecommunications Action Plan launched on 7 March 2011, supported by a series of public meetings across NI during March. Outcomes from the consultation exercise will help to shape DETI's bid to access funds under the Coalition Government's £530m strategy, "Britain's Superfast Broadband Future".

Energy

65. The Department has continued to work closely with its counterparts in the devolved administrations in GB, including the Scottish Government, and the Department of Energy and Climate Change (DECC) in London, to advance energy co-operation within the UK. This has included co-operation with DECC in relation to the European Union's Third Package, which came into force in September 2009. The Department laid Regulations at the NI Assembly on 23 March 2011 to transpose the requirements of the Third Package, which includes new legal provision for the electricity and gas sectors to provide for greater liberalisation of energy markets, increased consumer protection, and enhanced powers for national regulators. The Regulations come into operation on 15 April 2011.

66. In the context of regional cooperation and as part of the All-Island Energy Market Development Framework programme, DETI is continuing to work with its counterpart in the Republic of Ireland, the Department of Communications, Energy and Natural Resources (DCENR), on common energy matters. The all-island Single wholesale Electricity Market (SEM), since its establishment on 1 November 2007, has brought greater transparency within a larger and more competitive wholesale electricity market, along with improved security and diversity of supply. The SEM has also seen an increase in the number of energy suppliers, this improving customer choice, and helping to drive down energy costs.

67. The new Strategic Energy Framework for Northern Ireland (SEF 2010) was published by DETI on 27 September 2010 following Executive approval, and sets out clear priorities for Northern Ireland's energy future over the next 10 years and identifies key energy goals in terms of building competitive markets, ensuring security of supply, enhancing sustainability and developing our energy infrastructure. It also confirms new and ambitious renewable energy targets, including 40% renewable electricity and 10% renewable heat by 2020. A SEF Implementation Plan has subsequently been developed with a view to monitoring progress against the various actions identified in the Framework.

68. DETI continued throughout 2010/11 to engage with other departments, NIE, and the Utility Regulator, in relation to strengthening of the electrical grid network in Northern Ireland to absorb and transmit increased levels of renewable energy. Work on the Onshore Renewable Electricity Strategic Action Plan which examines the role of onshore renewable electricity technologies in meeting the 40% renewable electricity target by 2020, and the associated Strategic Environmental Assessment

(SEA) progressed well during 2010/11 and will be submitted for Executive approval in June 2011. This work complements DETI's Offshore Renewable Energy Strategic Action Plan by examining the environmental impact of landing offshore renewable electricity.

69. During the past year, Ballylumford power station was sold by the BG Group to AES Group, who already own the Kilroot power plant in Carrickfergus. In addition, Arcapita sold the NIE electricity transmission and distribution business to the Electricity Supply Board (ESB), completing the transaction in December 2010. The Department has engaged as appropriate with the relevant parties involved in both transactions.

70. During 2010, DETI, in co-operation with the Utility Regulator, completed a technical and economic feasibility study into the potential for extending the natural gas network to the West and remaining areas of the North West of Northern Ireland. The study conclusions will be considered over the coming months in terms of how gas network extension might be taken forward.

71. Following completion of the Assembly stages for the Energy Bill in January 2011, the Bill became the Energy Act on 10 February 2011 after receiving Royal Assent. The new legislation updates provisions for the natural gas sector and provides for a special administration scheme for the gas and electricity sectors in Northern Ireland.

72. Agreement was reached with the Irish Government to legislate for harmonisation of the two low carbon gas transmission networks under the Common Arrangements for Gas project. Work is ongoing with the two Regulatory Authorities and industry to have the new arrangements in place by October 2012.

73. The Department is participating in the British Irish Council's energy workstream to develop greater regional cooperation on development of grid infrastructure and marine energy to increase opportunities for wind, wave and tidal renewable resources. A key focus is to engage with the European Commission on support for wave and tidal technologies. The Department is also completing work with the Scottish and Irish Governments on the ISLES offshore Grid project to advance development of a regional electricity grid infrastructure for marine renewables. The findings will be available by end November 2011 and will be a major component in the work of the EU's North Seas Grid Initiative for a priority energy corridor.

74. Associated with the marine energy work has seen the development of an offshore marine consents process for new off shore renewable electricity infrastructure. The Department is continuing collaboration and support for research by Northern Ireland, Scottish and Irish universities into alternative marine energy resources under the BioMara academic study, which is supported by the EU. This is evaluating the opportunities for manufacture of 3rd generation bio-fuels from seaweeds and algae.

75. At March 2011, renewable electricity consumption levels in Northern Ireland averaged 9% with several months peaking around the 12% target.

76. Since its introduction in 2005, the Northern Ireland Renewables Obligation (NIRO) has continued to encourage renewable electricity generation while ensuring that any additional costs to the consumer remain minimal. The latest data (2009/10) highlights that there was an almost 30% increase in the number of Renewable Obligation Certificates (ROCs) issued in Northern Ireland over the previous year. In March 2011, the Assembly approved the Renewables Obligation (Amendment) Order (NI) 2011 which implements a number of further changes to the NIRO from 1 April 2011. These changes will help ensure we continue to incentivise a broad range of technologies and that we continue to have a range of energy technologies in our energy mix so to maximise our potential to develop these to meet our targets.

77. During the year, the Department, in co-operation with NIAUR, commissioned a study on the most appropriate form of future support for renewable electricity generation in Northern Ireland. This study concluded that renewable electricity generation should continue to be incentivised through the NIRO as it represents best value for consumers in Northern Ireland.

78. The EU Renewable Energy Directive (RED), adopted on 5 June 2009, establishes a common framework for the promotion of energy from renewable sources and sets challenging mandatory renewable energy targets on Member States. The UK's target is 15% energy from renewable sources by 2020 of which 10% must be renewable transport fuel. During 2010/11 DETI transposed those parts of the Directive dealing with Renewable Electricity Guarantees of Origin and bioliquids and biomass sustainability criteria, and gained Executive agreement for UK-wide transposition of other elements of the RED through the Promotion of Use of Energy from Renewable Sources Regulations 2011.

79. DETI continued to work with the two successful projects awarded funding from DECC's Low Carbon Communities Challenge during 2010/11, including a biomass-fired, district heating demonstration project at Camphill Community, Glencraig.

80. Following public consultation the DETI led Inter Departmental Group (IDG) secured Executive approval for the first cross departmental Bioenergy Action Plan 2010-2015. This Plan identifies opportunities for the sustainable development of bioenergy in Northern Ireland towards the new renewable electricity and heat targets set out in the Strategic Energy Framework.

81. In 2010/11, DETI continued the major programme of work to develop Northern Ireland's offshore energy resources of up to potentially 900MW of offshore wind and 300MW of tidal stream energy. In March 2011, The Crown Estate, as owners of the seabed, announced the process for a Leasing Round in NI waters, with possible development rights being offered as early as Spring 2012. The Offshore Renewable Energy Strategic Action Plan 2011-2020, which sets out a range of actions to facilitate this development, will be finalised and published by Summer 2011.

82. During 2010/11, DETI carried out a study into the potential development of the renewable heat market resulting in the adoption of a 10% renewable heat target by 2020 in the SEF. This led to DETI announcing in September 2010, that renewable installation from that date would be eligible to receive Renewable Heat Incentive (RHI) payments should an economic appraisal (to be completed in 2011/12) show that an RHI was a value for money support mechanism for Northern Ireland.

83. The Department continued to monitor progress against the 1% energy efficiency target to reduce the upward trend in electricity demand, without compromising economic growth and, in February 2011, published interim results that showed electricity savings for 2007/08 and 2008/09 of 1.14% and 1.35% respectively.

84. In 2010/11, the Department continued to work closely with the Utility Regulator on a cost benefit analysis for smart metering and, in partnership with Invest NI, also engaged with a wide range of stakeholders on smart grid.

85. In December 2010, DETI, in conjunction with Executive Information Service, secured Executive agreement for the development of a unifying communications strategy for all sustainable energy messaging across all government departments in Northern Ireland.

Social Economy

86. During 2010/11, DETI had a central role in the implementation of the Executive's Social Economy Enterprise Strategy in partnership with other stakeholders. A Progress Report was produced in October 2011 and DETI officials briefed the ETI Committee on progress.

87. DETI has also continued to support the development of the Social Economy

Network (NI) Ltd (SEN) as the representative body of the sector and in establishing the SEN as a professional, sustainable and representative member owned company.

88. An evaluation of the Strategy, the Social Economy Network and the value of the sector to the wider Northern Ireland economy has been commissioned and a final report will be available in May 2011. This report will inform the future strategic direction of this policy area.

Other Economic Infrastructure

89. The Northern Ireland Science Park (NISP), established by DETI in 1999, continues to grow and develop as Northern Ireland's premier location for knowledge-based businesses - from indigenous start ups to inward investors.

90. NISP has also continued to grow its business development services to support fledgling companies and occupancy is currently nearly 100%. Through development of its Halo and Connect Programmes, it has been able to widen the pool of companies able to access support and it has also increased the amount of pro-bono support from some of Northern Ireland's more established knowledge based companies and entrepreneurs. In 2010 the Connect Programme was awarded nearly £1 million, part-financed by European Regional Development Fund and the Department, to fully implement its suite of business to business programmes for high-tech start ups.

91. GSNI continued to advise on and promote the exploration and development of natural resources. GSNI provided essential inputs into two new sets of NI Regulations under the EC Hydrocarbons Directive. Four new petroleum licenses were awarded and GSNI provided specialist advice on the administration of 36 Mineral Prospecting Permits including two major gas storage projects. GSNI engaged in research into the potential for deep geothermal energy resources. While the surge in mineral exploration was prompted by the release of the innovative Tellus data a high level of interest in NI's prospectivity can be expected to continue so long as energy and metal prices stay high and government policy regarding renewables, energy storage and carbon capture remains encouraging.

92. GSNI responded to 621 inquiries and requests for geological information from government, industry, academia and the public. 68% of these were from industry. Inquiry levels from the engineering industry have remained steady, despite the economic downturn, and are expected to remain at this level. GSNI acquired the records of two engineering contractors during the year, and doubled the size of the national borehole archive. Some 60% of Tellus geophysical and geochemical data are licensed to exploration companies. Two web-sites for the delivery of GSNI's information were launched. Three-dimensional models of Belfast and Londonderry were developed to improve understanding and visualisation of underground processes. GSNI continues to monitor and manage the risks associated with the many abandoned mines and completed land purchase and protection of the collapsed mine sites at Frenchpark and Maidenmount near Carrickfergus. GSNI environmental scientists were engaged by NIEA to deliver a 6 year work plan for implementation of the groundwater aspects of the 2nd River Basin Management Planning cycle of the EU Water Framework Directive (2000/60/EC).

93. Geological mapping of Northern Ireland continued. GSNI completed an innovative three-dimensional model of the north of Ireland, with colleagues from the British Geological Survey and the Geological Survey of Ireland: this will provide a strategic framework for assessing potential hydrocarbon and geothermal exploration targets. GSNI continued to foster research links with universities in the applied geosciences and is currently leveraging innovative research by facilitating 10 PhD studies, all of which contribute to the understanding of earth resources.

94. GSNI successfully negotiated a £4 million grant from the INTERREG IVA programme of the ERDF to continue analysis of the Tellus geoscience surveys, extend the surveys into the Republic of Ireland and finance three post-doctoral research projects. Partners are the Geological Survey of Ireland, Queen's University and Dundalk Institute of Technology. Other collaboration with GSI resulted in the publication of a field-guide 'The Classic Geology of the North of Ireland', and a resource for schools, 'Building Stones Map of Ireland'.

Economic Advice and Research

Economic Research

95. The Department is committed to evidence-based policy formulation and development, and economic research has a central role in informing this. Four projects were taken forward as part of the DETI Research Agenda 2008-11 focusing on international best practice in economic development:

- Building Economic Competitiveness: Lessons from Small Peripheral European Economies;
- Productivity, Innovation and Competitiveness in Small Open Economies;
- The Changing face of Innovation policy: Complementing R&D initiatives in Northern Ireland; and
- Promoting Investment and Increasing Employment among the Economically Inactive.

96. All four of the Research Agenda projects were completed in 2010/11 and will be published in Summer 2011. Research findings are currently being used to inform the development of a new Economic Strategy.

97. DETI commenced one research project in 2010/11 to provide an "Assessment of the Future Prospects for improving the Quality of Foreign Direct Investment to Northern Ireland". This will provide recommendations for how the NI Executive can improve Northern Ireland's value proposition to inward investors, including an assessment of Corporation Tax.

Policy Evaluation

98. In accordance with the DETI Evaluation Protocol, a programme of five Primary evaluations was undertaken in 2010-11. Key evaluations were carried out on the Business Improvement Training Programme; Telecoms Action Plan 2006-2010; Tourism Innovation Fund; Invest NI's Suite of Export Programmes; and Invest NI's Suite of Property Interventions. The results will inform policy development and programme delivery in these areas in 2011/12 and beyond.

Statistics Research

99. The Department successfully met its obligation to monitor the performance of the Northern Ireland economy and published 24 labour market reports and 23 economic reports to National Statistics standards. These included the production to National Statistics standards of NI level results for the:

- Annual Business Inquiry;
- Research and Development survey (annual);
- Exporting NI Services;
- Manufacturing Sales and Exports;
- Quarterly Index of Production; and
- Quarterly Index of Services.

100. The monthly, quarterly and annual labour market National Statistics were also published to the pre-announced timetable. These included the monthly Labour Market Report, Quarterly Labour Force Survey bulletins, a Women in the NI Labour Market Report and a Local Area Bulletin.

101. During the year, the Department's short term economic indicators (the Index of Services (IOS) and Index of Production (IOP) were assessed by the UK Statistics Authority for compliance with the Official Statistics Code of Practice. The Assessment concluded that DETI was compliant with most aspects of the Code and that both bulletins should be designated as "National Statistics" publications, subject to three requirements being implemented.

102. The Department maintains the Northern Ireland element of the United Kingdom Inter Departmental Business Register, a database of all Northern Ireland businesses. A range of UK level surveys to inform national macro-economic indicators were also conducted to meet National Statistics obligations.

103. A number of major statistical infrastructure improvement projects commenced or continued in 2010/11. These included the redesign of the Quarterly Employment Survey and the Annual Business Inquiry to improve the coherence of employment estimates with the Business Register Employment Survey and the Census of Employment, and the introduction of revised methodologies to the Indexes of Production and Services to improve time series data from these surveys. Funding of £1.3 million was confirmed for the development of an Integrated Business Survey System to improve the efficiency and effectiveness of the collection and validation of economic and labour market statistics.

104. From the 1st April 2011, the responsibility for the collection of data and production of official labour market and economic statistics transferred from the Department of Enterprise, Trade and Investment to the Northern Ireland Statistics and Research Agency (NISRA), an agency of the Department of Finance and Personnel (DFP). However, it is important to note that there are no planned changes to the production of economic and labour market statistical publications and outputs as a result of the transfer.

Business Regulatory Services

105. On 15 December 2010 Royal Assent was given for a Bill being taken forward by the Insolvency Service to set up a Debt Relief Scheme for Northern Ireland similar to one in England and Wales. All five pieces of associated subordinate legislation for which this Department is responsible were made, where necessary approved by the Assembly, and laid. A related set of Rules for which the Department of Justice is responsible were also made and laid, following their drafting by the Insolvency Service.

106. During the year, DETI has continued to liaise closely with the Department for Business, Innovation and Skills (BIS) on all secondary legislation emanating from the extension of the Companies Act 2006 to NI. Full implementation of the 2006 Act was achieved on 1 October 2009, when the Companies Registry NI was fully integrated with Companies House.

107. During 2010/11, DETI continued to fund free face-to-face debt advice services at 33 outlets across Northern Ireland through contracts with Citizens Advice and Advice NI. In addition, advice4debtNI, the first Northern Ireland dedicated free debt helpline, received continued funding from DETI. During the year, DETI commissioned KPMG to undertake a comprehensive research report into the provision of debt advice in NI. This independent report commended DETI for the investment in debt advice services and concluded that given the current economic climate, the Department should continue to fund debt advice for the foreseeable future.

108. " Consumerline", the Trading Standards-based telephone helpline service continued to effectively provide high quality consumer advice to both businesses and consumers, while also directing intelligence and complaints to the Trading Standards Service (TSS). This data flow enabled TSS to direct its enforcement activities to those areas of trading malpractice causing greatest consumer detriment. As a result, 35 files were referred to the Public Prosecution Service in relation to serious breaches of trading standards legislation, while in the same period, 18 traders were convicted for serious breaches of legislation. In addition, 10 traders received formal cautions with a further 72 issued with written warnings.

109. Consumerline continued to perform very effectively against its user satisfaction targets, with 90% of users being satisfied with the service, 86% having a better understanding

of their rights and 33% having saved money as a result of contacting the service. It is estimated that the Consumerline service reduced consumer detriment by over £2m.

110. TSS continued its campaign to raise awareness of mass marketing scams in particular during National Consumer Week (November 2010) and Scams Awareness Month (February 2011). In addition, the Service worked in partnership with the OFT in ensuring that all estate agents in Northern Ireland had registered with an approved redress scheme as required under amended provisions within the Estate Agents Act 1979.

Health and Safety at Work

111. This year saw the delivery of a number of high profile publicity campaigns aimed at increasing awareness of key health and safety messages, including the launch of an "Asbestos Dutyholder Campaign" in September 2010 and a "Watch Out Carbon Monoxide Kills" campaign in November 2010.

112. Recognising the health and safety needs of vulnerable groups, HSENI continued with its successful "Be Aware Kids" child safety on farms campaign and its SafeStart initiative aimed at young people entering the world of work for the first time. In addition, a new farm safety campaign, "Stay Farm Safe", was launched on 1 March 2011 aimed at promoting the safety of older farmers in Northern Ireland. As part of its "Wellbeing in Wellies" series, launched in April 2010, HSENI's Workplace Health staff delivered presentations to a number of the Young Farmers' Clubs of Ulster.

113. During 2010/11, HSENI's front line work continued to be dominated by investigating a number of significant workplace incidents resulting in deaths and serious injuries, and dealing with a continuing high number of complaints about unhealthy and unsafe workplaces. Investigations by the Major Investigation Team resulted in 10 successful prosecutions which resulted in fines totalling £273,800.

114. During the year, HSENI carried out over 5,800 inspections of workplaces, completed over 2000 gas safety visits and also undertook a major awareness raising campaign to highlight the dangers of carbon monoxide poisoning to the student population in Northern Ireland. A range of high profile promotional events took place during the year, including a series of seminars on asbestos for the construction industry, a series of seminars in conjunction with the Labour Relations Agency on work-related stress, and its annual conferences for safety practitioners and the quarrying industry.

115. Following the publication of a Joint Statement of Intent and Strategic Framework in June 2009, the potential for greater cooperation between HSENI and the district councils was further strengthened with the development of an overarching health and safety at work strategy for Northern Ireland, "Health and safety at work: protecting lives, not stopping them", which was published in February 2011.

116. HSENI's small business advisory service, Health and Safety Works NI (HSWNI), continued to work with start-up and existing small businesses, delivering one-to-one mentoring to 339 such businesses to assist them with their management of health and safety. HSWNI also delivered nine health and safety workshops in partnership with the Labour Relations Agency, 126 presentations to events hosted by other organisations and farm safety presentations to children in 75 rural primary schools.

Consumer Council

117. During 2010/11, a total of over £225,500 was put back into the pockets of 171 consumers after they contacted the Consumer Council about issues with passenger transport, energy or water – an average of £1,318 per complaint. The Consumer Council dealt with a total 2631 consumer complaints and enquiries in 2010/2011 and achieved a 96% complainant satisfaction return. In October the Council published 'Consumer 2010' which presented a

valuable piece of research, giving rich insights into the attitudes and behaviours of consumers.

118. As part of its statutory obligations, the Consumer Council has worked to establish, and acts as lead partner in, the Energy Advisory Group which will look at issues and make recommendations on fuel poverty, energy security and sustainable energy. In addition, the Council worked with more than 50 organisations from the private and public sectors to establish key issues and make recommendations which shaped the ‘Price of Being Poor’ report, which will shape the work of the Council over the next four years, whilst also setting a direction for Government, business and service providers to deliver better impacts for people struggling on low incomes. In the area of public transport, the Council worked with Youth Action to deliver the ‘Transport Matters’ report, launched in January 2011,which was developed by young people and looked at barriers to using public transport.

Other Policy/ Delivery Areas

European Union Support for Economic Development

119. DETI is the Managing Authority for the European Sustainable Competitiveness Programme for Northern Ireland 2007-13. The Programme is worth approximately £526m, of which 50% is provided by the European Regional Development Fund (ERDF) and 50% from national public funds. The Programme’s overall aim is to boost Northern Ireland’s competitiveness and increase its capacity for Research and Innovation. Around 73% of the EU financial support under the Competitiveness Programme is disbursed through Invest NI and the NITB, 2% is allocated to DARD for Biomass projects and the remaining 25% funds telecoms, energy, innovation and local economic development activities managed by DETI. During 2010/11, sustained progress has been made in implementing the programme and consequently the strict EU imposed expenditure targets were achieved.

120. As indicated, the Programme also offers support to District Councils in support of their local economic development actions. By 31 March 2011, 51 applications with a total ERDF commitment of £4.25m had been approved with a further 7 project applications under consideration. DETI has been exploring the potential for greater collaboration between Councils and Invest NI on the development of supports for SMEs. Significant progress has been made which should result in a greater volume of high quality project activity coming forward over the second half of the programming period.

121. DETI administers the budget, and is the Northern Ireland Accountable Department on enterprise, tourism, energy and ICT projects submitted to the Special EU Programmes Body under the 2007-2013 Interreg IVA Programme. The total indicative funding under these themes across the lifetime of the Programme is approximately £128m, with 60% of this value being provided by DETI. To date, DETI has committed £33.5m towards 18 projects under the programme sub priorities for which it is accountable.

State Aid

122. During 2010/11, State Aid advice was provided to five DETI divisions and its NDPBs, as well as six other NI departments. This advice, on 78 different State Aid issues (associated with economic policy development, financial assistance programmes or individual projects) assisted the department, its NDPBs and the other NI departments either obtain the necessary State Aid approval or ensured State Aid risks were minimised or removed.

123. No further hardship payments were made under the Department’s assistance scheme for pig meat and beef processors caught up in the 2008 dioxins crisis, but a payment was made (under the EC’s de minimis regulation) to the NI cold store company that assisted DARD track, trace and dispose of the products that were potentially contaminated with dioxins. DETI also assisted OFMdFM

progress the NI Executive's inquiry into the 2008 dioxin contamination incident.

Equality

124. DETI continued to take forward its statutory equality duties in line with Section 75 of the Northern Ireland Act 1998. During the year, eleven policies were subjected to equality screening and the outcome notified to all individuals and organisations included in the Department's equality consultation list. DETI also continued to work closely with other departments on a series of cross-departmental strategies and action plans aimed at addressing key issues such as child poverty, and the Programme for Cohesion, Sharing and Integration.

125. In response to the Equality Commission's revised guidance on the implementation of Section 75 Statutory Equality Duty DETI carried out an Audit of Inequalities, produced a draft Equality Action Plan, which sets out how the issues identified in the audit would be addressed, and developed a new draft Equality Scheme. These documents issued for public consultation on 31 January 2011 with responses due back by 8 April.

Better Regulation in Northern Ireland

126. Following an internal review by DETI of the Northern Ireland Better Regulation Strategy in 2009/10, recommendations from the review formed the basis of a Forward Work Programme which was endorsed by the Executive in July 2010. A total of 21 actions will be taken forward, which will are designed to further improve the regulatory environment in Northern Ireland.

127. In November 2010, DETI published the NI Better Regulation Annual Report, on behalf of NI departments. This was cleared by the DETI Minister and endorsed by all Executive Ministers in advance of its publication. It reports on the work undertaken during 2009/10 by the NI departments to improve regulation for the benefit of the local business community. It is available on the Better Regulation pages of the DETI website – www.detini.gov.uk/betterregulation.

The Services Directive

128. The Services Directive, which aims to reduce barriers to intra-EU trade in services, was formally adopted by the EU and published on 27 December 2006. The Department for Business, Innovation and Skills (BIS) is the lead department for implementing the Directive in the UK. With assistance from BIS, DETI continues to work closely with Northern Ireland Local Authorities (LAs) and Competent Authorities (CAs) to ensure they are aware of their obligations under the Services Directive.

Cross-Departmental Working

129. The Department's approach to cross-departmental working is to engage positively and constructively with cross-departmental issues and projects where a DETI perspective or resource input can add value or secure resources for the achievement of common objectives. DETI has, therefore, continued throughout 2010/11 to work with other departments to deliver the Executive's Programme for Government.

130. During 2010/11, DETI continued to coordinate work relating to the West Belfast & Greater Shankill (WBGS) Task Forces' Initiative. Substantive action has been taken by a range of departments against the issues identified in the Task Forces' original 2002 report, particularly by way of a 2004 bid to the Integrated Development Fund bid which secured funding of approximately £20m for 17 projects specific to WBGS. 16 of these 17 projects have now been, or are in the process of being, implemented. More recently, in direct response to the communities' updated 2007 report, DETI co-ordinated a cross-departmental Action Plan which outlines the current position and planned actions against the key 'outstanding' issues. The Action Plan, together with a draft paper setting out options on the way forward for the Task Force initiative is due to be considered by the Executive as soon as all the Ministerial responses have been received.

131. Other areas of cross-departmental action have included corporation tax policy, innovation policy development, employability/skills policy development, spatial/infrastructure development, sustainable development and rural development.

Presbyterian Mutual Society

132. DETI has been working closely during 2010/11 with NI Executive Ministers, the Presbyterian Mutual Society Administrator, and officials from OFMdFM, DFP, NIO and HM Treasury to bring about a successful conclusion of the Executive's initiative to resolve the PMS crisis. A summary of DETI's involvement during the year, which has been extensive, is outlined in paragraphs 133 to 139.

133. In the continuing absence of a commercial solution coming forward from the wider financial services sector, one option considered by the NI Executive to resolve the crisis consisted of it providing PMS with a £175 million commercial loan to be repaid over a 10-year workout period.

134. To facilitate the assessment of this option, the Administrator was encouraged to produce a Business Plan to demonstrate how its assets would be managed and realised over the workout period with the objective of generating sufficient funds to repay the commercial loan (plus interest) and to identify any potential surplus funds that may be available for distribution to the Creditors and Members of the Society.

135. An independent due diligence of the Administrator's business plan, which was commissioned by DETI, was completed in September 2010. An addendum to the plan was further assessed in March 2011. These exercises confirmed the plan's feasibility. The due diligence took into account an extensive assessment of the PMS's property portfolio (as undertaken on DETI's behalf by DFP, Land and Property Services with input from the Asset Protection Agency in GB). Its overall assessment was that at the end of the work out period, after repayment of the £175 million commercial loan and interest, the Administrator's business plan would in all likelihood generate a significant surplus for distribution to Creditors and Members.

136. Two sets of Regulations, under the Financial Assistance Act (Northern Ireland) 2009, giving authority to DETI to provide financial assistance to Presbyterian Mutual Society shareholders and creditors were made by DETI and laid on 24 March 2011. The regulations came into effect on 1 May. The first set of Regulations deals with the commercial loan of £175 million, which is to be used to make payments to the holders of loan capital in PMS (Creditors) and the second set of Regulations deals with the financial assistance of £50 million from Government to be used to make payments to Members.

137. DETI notified the proposed assistance package to DG Competition of the European Commission on 5 January 2011. After consideration of the rescue package, DG Competition issued a letter on 28 March 2011 indicating that it did not see a need to pursue a formal investigation.

138. Following extensive discussions and agreement with DETI on the details of the Administrator's proposals, in particular the provision and distribution of financial assistance to shareholders, the Administrator sought and obtained Court approval to them on 30 March and subsequently put his Scheme of Arrangement to the PMS's creditors and shareholders. Voting on the Scheme closed on 6 May

139. Subject to approval by Creditors/Members, it will then necessitate the Administrator returning to seek the sanction of the Court at the end of June. DETI officials are currently working with their legal advisors on finalising agreements for the £175 million loan and the £50 million financial assistance package which, providing Court endorsement and completion of all necessary formalities, would enable the Administrator to begin to make payments.

Corporate/ Support functions

NICS Reform

140. The Department has continued to contribute to the delivery of the Civil Service Reforms. During 2010/11, Account NI, Records NI, HRConnect, IT Assist and the Centre for Applied Learning shared service centres have continued to provide the Department with a range of services.

Information Security

141. The Department had no protected personal data related incidents during 2010/11.

142. The Financial Reporting Manual (FReM) requires Public Sector Information Holders (PSIH) to include a statement that they have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information (OPSI) Guidance. A PSIH is defined as a public body which sells information it holds. Two business areas in DETI perform this activity: Corporate Regulation and Geological Survey of Northern Ireland (GSNI). GSNI has developed a data licensing and charging scheme that is based on OPSI guidance and are therefore confident that it is fully compliant. Business Regulation charges are based on the Fees and Charges manual produced by the Department of Finance and Personnel.

Efficiency

143. The Department has delivered £23.7m cumulative efficiency savings by 2010/11, which includes £0.9m cumulative administration savings from corporate support services areas. All DETI planned efficiencies for 2010/11 have been delivered. In addition, the departmental Business Improvement Team assisted business areas become more efficient and effective through the completion of a number of full branch reviews, as well as a number of ad-hoc grading reviews, with the emphasis this year being focused on Insolvency Service.

e-Business

144. Throughout the year Departmental Business Support continued to provide specialist IT and project management support to a number of key departmental projects, including:
    - Award of contract in respect of the replacement systems for Statistics Research Branch (this was a EU procurement facilitated by CPD);
    - The development of the departmental Business Continuity Plans encompassing the identification of a new decant site and the development of an awareness program for all staff;
    - Working with Insolvency Service staff and suppliers towards the provision of a new Debt Relief Scheme system for Northern Irelands poorest debtors; and
    - A further 'Peer Gateway Review' of Telecoms Policy Branch's Next Generation Network project to help ensure that this critical project was progressing appropriately.

145. In addition, a number of in-house application development projects were undertaken to support the work of various business areas such as the Index of Services application for Statistics Branch, a Wayleave System for Energy Division, a replacement system for the departmental Registry and a system to capture Access to Finance NI survey data.

Northern Ireland Assembly

146. During 2010/11, the Department continued to perform well in dealing with the workload arising from the restoration of a devolved administration in Northern Ireland. The Department exceeded targets in two key areas, with 91% of Minister's cases and 98% of DETI Assembly Questions answered on time (against targets of 85% and 90% respectively). DETI Minister's office handled a total of 1,543 cases, 643 correspondence and 900 invitations. The Department also answered a total of 308 Written Assembly Questions.

SUSTAINABILITY REPORT

1. Sustainable Development (SD) is founded on achieving a balance between the three pillars of environmental, social and economic progress. Whilst DETI is the key department leading on economic development, the Department's policies and strategies recognise that the development of the economy, society and the enhancement and protection of the local and global environment are inextricably linked.

2. The DETI Corporate Plan 2008-11, was closely aligned with the Programme for Government which, in turn, reflected SD principles.

3. SD issues arise both directly and indirectly within the Department and are at the heart of energy, tourism and economic development policies, programmes and initiatives. DETI works with a number of stakeholders to deliver these policies, programmes and initiatives. For example:
   - DETI works with partners to help deliver the actions laid out in the Strategic Energy Framework;
   - Invest NI provides industry with advice, information and finance to reduce its consumption of water, energy and materials;
   - The Deputy Secretary, Policy Group, is the SD Champion for DETI and is a member of the SD Champions Network; and
   - Invest NI are represented on the SD Steering Group.

4. The Ministerial led Sustainable Energy Inter-departmental Working Group (SEIDWG) continued to meet in 2010/11 with the aim of ensuring that sustainable energy issues are dealt with strategically across Northern Ireland departments and in line with current sustainable energy targets in the Programme for Government and the EU-led targets for 2020 as per the Renewable Energy Directive.

5. During 2010/11 the SEIDWG sub groups on energy efficiency, business opportunities and skills and communications completed their work and presented their findings to the main group. This resulted in two substantial papers being taken to the NI Executive during this period for consideration. As a result, in December 2010, the Executive endorsed a cross departmental approach to sustainable energy messaging and work will progress to appoint a marketing agent in 2011/12 to roll out this co-ordinated message. In addition, in February 2011 the Executive endorsed the main findings of the main SEIDWG, including the adoption of the bioenergy action plan. Cross departmental work to implement these recommendations which includes vires, planning, joining up policies, budget and leadership issues will continue during 2011/12.

6. DETI and its NDPBs remain committed to the implementation of Northern Ireland's SD Strategy. During 2010/11, DETI engaged with OFMDFM in the development of the second SD Strategy 'Everyone's Involved', which was published on 27 May 2010. In parallel, DETI and Invest NI officials liaised closely with OFMDFM, and other key stakeholders, in the development of the second Implementation Plan, which was approved by the Executive on 21 March 2011. Significant progress continues to be made in taking forward the actions falling to the Department and its agencies in the SD Implementation Plan.

7. In 2010/11, DETI and its agencies have set in place, and continue to provide funding for, programmes and initiatives aimed at encouraging and supporting business to adopt and develop progressive SD practices. In particular, Invest NI has worked to enhance resource efficiency through the provision of advice and assistance and in some cases financial support, to businesses particularly in the areas of reducing waste, introducing clean and renewable technologies and enhancing energy efficiency. This work continues to be delivered through a range of programmes including:

- the **National Industrial Symbiosis Programme**, which has been funded in Northern Ireland by Invest NI since November 2007. Until 31st March 2011, 1024 members have been recruited onto the programme. In all, 180 projects have been completed with the participating businesses implementing cost savings of over £4.3 million. The programme has also been benefiting the Northern Ireland economy through the generation of more than £6.3 million additional sales and £1.6 million of private investment;
- the **Envirowise Programme** - Invest NI has provided more than £1.75million of support for this national waste prevention and resource efficiency programme since 2007/08. During the 2010/11 financial year the programme delivered more than 41 audit visits resulting in savings of £1.3 million being identified and 82 support interventions that resulted in £187,000 of implemented savings.
- the **Carbon Trust** - a UK wide, not for profit organisation, which is funded locally by Invest NI. In the year 2010/11, the Carbon Trust's activities here have identified potential energy savings of £64.2 million. A number of Carbon Trust's activities have been developed and piloted in Northern Ireland before deployment to other UK regions. These include the Energy Efficiency Loan Fund, which offers an interest free loan, from £3k up to £100k, to assist businesses to install energy efficient or renewable energy technologies. The Fund is a revolving loan facility in which Invest NI has invested more than £8 million to date. During the funding period April 2008 to March 2011 £10,703,000 has been offered against 196 loans for NI Businesses, to provide combined annual energy savings of £5,300,000.
- **Invest NI's Sustainable Development Consultancy Framework** offers up to five days of free consultancy to help companies scope or implement projects in Resource Efficiency and Waste Management Systems; Clean Technology Systems; Renewable Technology Systems; Energy Management and Efficiency; and Application of New Technologies. In 2008/09, a total of £120k of consultancy assistance was offered to 42 projects. In 2009/10 £118k of consultancy assistance was offered to 45 projects and in 2010/11 a total of £60k of consultancy assistance was offered to 20 projects.

8. Invest NI has undertaken a review of the resource efficiency support it provides to business and is currently working through the implementation of the recommendations from the review. Invest NI plans to continue to provide financial and advisory support for energy efficiency and the more efficient use of water and resources.

9. An emphasis on resource efficiency is consistent with the Executive's wider economic focus on increasing productivity levels in Northern Ireland's private sector. In addition, the Department/agencies have sought to encourage the start-up and development of growth companies based on leading edge technologies. Furthermore, key departmental strategies such as the Regional Innovation Strategy are directly contributing to targets relating to enhancing Northern Ireland's competitiveness, hence ensuring sustainable economic development.

10. DETI has in place a SD Action Plan, which sits along side its Waste Management Action Plan. These plans contain targets in relation to waste, water, energy, estate, procurement and travel. DETI is committed to "green housekeeping" and many aspects of "green housekeeping" are already well embedded within the Department's processes The Department continues to actively monitor its energy consumption to avoid wastage

and reduce our carbon footprint by increasing our use of renewable energy. In addition general office waste is recycled where possible. In particular the Department has reduced its accommodation footprint by closing one of its offices in central Belfast and consolidating those operations at its Netherleigh headquarters thereby reducing the Department's energy use, administration, services and logistic overheads. A number of programmes have been introduced to ensure all staff are aware of the need to reduce energy use and improve resource efficiency.

11. Looking forward, the guiding principles on SD, detailed in the NI SD Strategy, will be used to inform the development of the DETI Corporate Plan for 2011-15, and the 2011/12 Operating Plan. In addition, SD has been identified as a cross-cutting theme in the new Economic Strategy and will inform the development of associated actions.

12. DETI and its agencies will continue to ensure that sustainable economic development is enshrined in key strategies and programmes where appropriate.

Financial Performance in the Period

1. Details of financial performance for the year to 31 March 2011 are contained in the resource accounts and the supporting notes.

2. The Statement of Parliamentary Supply shows a saving in total net resources of £10.6m against Estimate. The Estimate is based on the figures contained in the Budget Act (Northern Ireland) 2011 (containing the Supplementary Estimates).

3. The Department of Finance and Personnel, in the February 2011 monitoring exercise, approved further movements in resources. These included an additional £0.8m for Telecoms Policy in relation to the Next Generation Network broadband rollout and an additional £1.5m for Tourism Ireland Ltd in relation to further marketing opportunities. A reduction in grant-in-aid (cash funding) to Invest NI of £3.5m was also approved in February, due to the movement in accrued expenditure.

4. The analysis of resource outturn by function measured against the Spring Supplementary Estimates is contained in note 2 to the resource accounts.

5. The variance within Economic Development, Policy and Research is primarily due to an unused allocation in respect of the NICS Equal Pay settlement. The additional February allocation referred to above is the reason for the overspend within Tourism Ireland Ltd. Insolvency Services, which sits within Business Regulatory Services function, had additional fees and charges income of circa £0.3m. An underspend was also recorded against grant payments for the NI Tourist Board of £6.6m This was due to capital projects progressing more slowly than anticipated. There were fluctuations in spend recorded against the AME function lines. AME by its nature is generally less predictable and controllable than other types of expenditure. Movements in currency exchange rates and the uncertain nature of provisions has impacted here. Notional costs savings are due to accommodation costs being lower than anticipated due to the charging department reducing its costs following an internal review.

Basis of Going Concern

6. A feature of the Department's statement of financial position is that there is negative taxpayers' equity, i.e. liabilities exceed assets by £103m. This results from the nature of accounting in government. NI Assembly provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years, are taken into account in the balance sheet. An example of this is the provision for Harland & Wolff Plc's potential future liability to claims from former employees who have suffered from the effects of asbestosis and related diseases. This provision is an estimate of liabilities which may arise over a significant number of years. In common with other government departments the future financing of DETI's liabilities will be met by future grants of Supply and the application of

future income, both to be approved annually by the Assembly. 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 preparation of these financial statements.

Provisions

7. Attention is drawn to Note 21 to the resource accounts where provisions for liabilities and charges are explained. Provisions are set up to cover liabilities where the timing or amount is uncertain. While it is prudent to make such provisions the eventual outturn of these matters cannot be certain. The major provision is in respect of the retained liabilities of Harland & Wolff plc. The Harland & Wolff plc provision for other retained liabilities of £86m (£88m at 31 March 2010) is mainly necessary to meet the company's anticipated costs of employer's liability and public liability claims, both in relation to known claims and to unreported claims expected to crystallise over a significant number of years.

Net Cash Requirement

8. Statement of Parliamentary Supply shows a saving of £28m in the Net Cash Requirement. Further detail is contained in note 4.

Important Events since the Financial Year End

9. There are no reportable post balance sheet events.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2010/11 £000	2009/10 £000
Net Resource Outturn (Estimates)	**250,458**	**274,270**
Adjustments:		
Less Consolidated Fund Extra Receipts (CFERs) in the FOCS	(3,177)	(13,568)
Add Non Supply Expenditure	-	-
Prior Period Adjustment	-	5,466
Net Operating Costs (Accounts)	**247,281**	**266,168**
Adjustments:		
Add other Consolidated Fund Extra Receipts	3,177	13,568
Remove voted expenditure that is outside the Resource Budget		
(NDPB Cash Draw & Notionals)	(193,993)	(218,754)
Add NDPB resource consumption	153,687	188,559
Less capital grants (Department & NDPBs)	(5,509)	(40,218)
Other Adjustments:		
Less non-voted expenditure. In Operating Costs Statement	-	-
Resource Budget Outturn (Budget)	**204,643**	**209,323**
Of which:		
Departmental Expenditure Limit (DEL)	203,940	209,323
Annually Managed Expenditure (AME)	703	-

Departmental Remuneration Report

Remuneration Policy

1. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010/11 and 2011/12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint.

2. The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries pay in line with the annual pay strategy as approved by the Minister of Finance and Personnel. The freeze on pay in 2010/11 and 2011/12 also applies to Permanent Secretaries.

3. The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

Service Contracts

4. Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's 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.

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

6. Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org .

Salary and Pension entitlements

7. The following sections provide details of the remuneration and pension interests of the Ministers and most senior Management of the department.

Remuneration (Audited Information)		
Ministers	2010-11 Salary £	2009-10 Salary £
Arlene Foster MLA	37,800	37,801

Remuneration (Audited Information)		
Officials	**2010-11 Salary £'000**	**2009-10 Salary £'000**
David Sterling Permanent Secretary	100-105	100-105
Stephen Quinn Permanent Secretary (until 2 October 2009)	N/A	50-55 (115-120 full year equivalent)
Colin Lewis* Deputy Secretary (from 1 July 2010)	65-70 (85-90 full year equivalent)	N/A
Noel Lavery Deputy Secretary (until 5 April 2009)	N/A	0-5 (85-90 full year equivalent)
David Thomson Deputy Secretary (from 4 January 2010)	95-100	20-25 (95-100 full year equivalent)
Philip Angus Assistant Secretary	60-65	60-65
Mike Bohill Assistant Secretary	80-85	80-85
Trevor Cooper Assistant Secretary	60-65	60-65
Noel Cornick Assistant Secretary	75-80	75-80
Fiona Hepper Assistant Secretary	60-65	60-65
Graeme Hutchinson Assistant Secretary	55-60	55-60
Jenny Pyper Assistant Secretary	10-15 (60-65 full year equivalent)	60-65
Mike Thompson Assistant Secretary (from 1 June 2010)	65-70 (75-80 full year equivalent)	N/A
Dr. Ian McMorris Non-Executive Director	5-10	5-10
David Beck Non-Executive Director (from 21 March 2011)	0-5	N/A
Dr Donal Flanaghan Non-Executive Director (from 21 March 2011	0-5	N/A

*Colin Lewis was seconded from Invest NI into the position of Deputy Secretary for all of 2009/10 and until 30 June 2010. In 2010/11 the Department paid Invest NI in the band £20,000 to £25,000 (2009/10: £85,000 to £90,000) (net of employer's contributions, pension costs and VAT) for the services of Colin Lewis.

Non-Executive Directors are remunerated on a per diem basis.

None of the above received benefits in kind.

Salary

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

9. The Department of Enterprise, Trade and Investment was under the direction and control of Arlene Foster MLA during the financial year. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include any costs relating to a Minister's role as MLA which are disclosed elsewhere.

Benefits in kind

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

Bonuses

11. Bonuses are normally based and paid on performance levels attained as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no non-consolidated bonus payments to any senior civil servants as part of the pay award for 2009/10 or 2010/11.

12. Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2008 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

13. Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 6% or 11.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 23.3% of the Ministerial salary.

14. The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

Pension Benefits (Audited Information)

Ministers	Accrued pension at age 65 as at 31-3-11	Real increase in pension and at age 65	CETV at 31-3-11	CETV at 31-3-10	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Arlene Foster MLA	0-5	0-2.5	30	21	9

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

The Cash Equivalent Transfer Value (CETV)

15. This 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. It 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. 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.

16. The actuarial factors used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report

The real increase in the value of the CETV

17. This is the increase in accrued pension due to the Departments contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

Civil Service Pensions (Audited Information) Officials	Accrued pension at age 60 as at 31-3-11 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31-3-11	CETV at 31-3-10	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
David Sterling Permanent Secretary	40-45 Plus lump sum of 125-130	0-2.5 Plus lump sum of 0-2.5	777	720	(1)	-
Colin Lewis Deputy Secretary	20-25 Plus lump sum of 60-65	0-2.5 Plus lump sum of 0-2.5	356	340	5	-
David Thomson Deputy Secretary	35-40 Plus lump sum of 110-115	2.5 Plus lump sum of 0-2.5	812	752	1	-
Philip Angus Assistant Secretary	25-30 Plus lump sum of 85-90	(2.5)-0 Plus lump sum of (2.5)-0	656	610	(3)	-
Mike Bohill Assistant Secretary	40-45 Plus lump sum of 120-125	(2.5)-0 Plus lump sum of (2.5)-0	872	858	(6)	-
Noel Cornick Assistant Secretary	10-15 Plus lump sum of 35-40	2.5 Plus lump sum of 0-2.5	259	228	13	-
Trevor Cooper Assistant Secretary	10-15 Plus lump sum of 35-40	2.5 Plus lump sum of 0-2.5	173	154	5	-
Fiona Hepper Assistant Secretary	15-20 Plus lump sum of 55-60	2.5 Plus lump sum of 0-2.5	315	288	2	-
Jenny Pyper Assistant Secretary	15-20 Plus lump sum of 55-60	2.5 Plus lump sum of 0-2.5	290	286	-	-
Graeme Hutchinson Assistant Secretary	10-15 Plus lump sum of 30-35	2.5 Plus lump sum of 0-2.5	121	107	4	-
Mike Thompson Assistant Secretary	20-25 Plus lump sum of 70-75	2.5 Plus lump sum of 0-2.5	372	359	1	-

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Northern Ireland Civil Service (NICS) Pension arrangements

18. Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based ‘final salary’ defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an ‘earned pension’ arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

19. 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 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.

20. 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 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).

21. 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 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 CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

22. 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. 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

23. The actuarial factors used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

Real increase in CETV

24. 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.

DAVID STERLING
Accounting Officer
17 June 2011

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Statements and Certificates

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Statement of Accounting Officer's Responsibilities

Year to 31 March 2011

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department 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, the net resource outturn, resources applied to objectives, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts the 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 and Personnel, including 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.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department. 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 Managing Public Money NI issued by the Department of Finance and Personnel.

DAVID STERLING
Accounting Officer
17 June 2011

Statement on Internal Control - Statement for year to 31 March 2011

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Enterprise, Trade and Investment's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Department sponsors four non departmental public bodies (NDPBs): Invest Northern Ireland; Northern Ireland Tourist Board; Health and Safety Executive for Northern Ireland and the General Consumer Council for Northern Ireland. I have designated the Chief Executives of those NDPBs as Accounting Officers for their organisations. Their responsibilities are set out in the NDPB Accounting Officer Memorandum, which they received when taking up appointment.

The Department and the Department of Enterprise, Trade and Employment in the Republic of Ireland jointly sponsor InterTradeIreland and the Department jointly sponsors Tourism Ireland Limited alongside the Department of Arts, Sport and Tourism in the Republic of Ireland. I have designated the Chief Executives of InterTradeIreland and Tourism Ireland Limited as the Accountable Persons for these organisations.

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 eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2011 and up to the date of approval of the accounts, and accords with Department of Finance and Personnel guidance.

3. Capacity to Handle Risk

Under the leadership of the Departmental Board and the Departmental Audit Committee, we are carrying out appropriate procedures to ensure that we identify the Department's objectives and risks and devise a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk in relation to the achievement of the Department's objectives. More specifically the Department has:

- a Risk Management policy document;
- delivered risk management training for relevant staff;
- produced risk registers at strategic (corporate) and operational (divisional) levels;
- maintained a system of quarterly risk reporting via stewardship statements by heads of division for the year ended 31 March 2011; and
- maintained a formal system of risk reporting to the Departmental Board and the Departmental Audit Committee for the year ended 31 March 2011.

4. The Risk and Control Framework

The Departmental Board has ensured that procedures are in place for verifying that risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Departmental Board, risk management and internal control are regularly reviewed by the Departmental Audit Committee. Risk management is continually being incorporated into the corporate planning and decision-making processes of the Department.

During the year, assurance statements were submitted, on a quarterly basis, to the Departmental Accounting Officer by the Heads of Management Services Group and Policy Group. Quarterly assurance statements were also submitted by the Chief Executives of the Department's four NDPBs. These provided an account of internal control matters arising in each of the reporting periods.

The Departmental Board and the Departmental Audit Committee receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and to monitor progress on key projects.

The Department's key objectives and risks are regularly assessed to ensure consistency of treatment.

Quarterly oversight and liaison meetings take place between Departmental and NDPB representatives. These meetings cover performance against targets; finance issues; policy issues; and corporate governance issues.

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 Department who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letters 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 Departmental Board and the Departmental Audit Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Departmental Board and the Departmental Audit Committee meet quarterly and receive regular reports on risk management and internal control issues. Representatives from the Northern Ireland Audit Office attend the Departmental Audit Committee.

Reflecting the emphasis which the Department gives to an effective corporate governance framework, key procedures are regularly reviewed and revised in order to strengthen and improve controls. Appropriate guidance and delegated limits are established to promote control and consistency in decision making across the Department's activities.

The Department has an Internal Audit Service, which operates to HM Treasury's Government Internal Audit Standards. Internal Audit Service constructs its annual audit programme in light of the Department's and NDPBs' Risk Registers. Internal Audit Service submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2010-11 year. A draft report, containing a 'limited' opinion, has issued to management for comment following a review of Minerals / Geological Survey of Northern Ireland. This does not, however, affect the overall satisfactory opinion provided by Internal Audit Service.

6. Information Security

During the year work continued to improve information security awareness and dissemination of best practice. The DETI Information Security Policy continued to be updated and disseminated during the year. In particular revised guidance was issued on laptop security and electronic storage media policies. A further NI Data Protection Review was completed in December 2010 which gave assurance that formal documented policies and procedures are in place, supported by well designed practices. The Department has in place a Senior Information Risk Owner and Information Asset Owners across business areas to provide further assurance that information assets are properly managed. Information Security is a regular item at Departmental Board meetings and Heads of Branches are required to review information security compliance in their quarterly internal assurance statement checklists.

7. Significant Internal Control Problems

Public Accounts Committee Issues

The Department has provided final reports to the Assembly Public Accounts Committee at the conclusion of investigations into three bodies which had been established between 1990 and 1998 with the assistance of public funds.

On 20 May 2010, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Campsie Office Accommodation and Synergy e-Business Incubator.

The Department's response to the report was contained in a Memorandum of Reply, which was laid before the Assembly by the Department of Finance and Personnel on 30 November 2010.

Other Issues

Grant was paid to Craigavon Borough Council under Interreg IIIA for the installation of renewable energy boilers. Following checks undertaken by the funders, a suspected fraud in connection with the tendering process for installation of the boilers was discovered. The Department is pursuing clawback of grant.

Following reviews of the Consumer Council's payroll undertaken by DETI's Internal Audit Service and the Consumer Council's internal auditors, issues were identified in relation to the Consumer Council's adherence to the general NICS pay structure. This led to the identification of salary overpayments to members of staff amounting to £273,723 in the period from 1 April 2004 to 31 March 2011. The Comptroller and Auditor General qualified the Consumer Council's 2009-10 accounts as a result of these overpayments.

During the year remedial work was undertaken by Invest NI in relation to a number of compliance issues associated with European funding. Weaknesses that were identified have either been addressed or are being addressed.

An investigation is continuing into anonymous allegations concerning grant funding to a company.

DAVID STERLING
Accounting Officer
17 June 2011

DEPARTMENT OF ENTERPRISE, TRADE & INVESTMENT

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 Department of Enterprise Trade & Investment for the year ended 31 March 2011 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayer's 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 the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland).Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the 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 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 31 March 2011 and of its net cash requirement, net resource outturn, net operating cost, cash flows, changes in taxpayers' equity and net operating costs applied to departmental strategic objectives 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 and Department of Finance and Personnel directions issued thereunder.

Emphasis of matter: Material Uncertainty on Provisions

Without qualifying my opinion, I draw attention to Note 21 of the financial statements which indicates the existence of significant uncertainty over the adequacy or excessiveness of the provisions at 31 March 2011 of £92m of which £86m is for anticipated asbestosis claims. The ultimate outcome of the matter cannot presently be accurately determined.

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 directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Directors' Report, Management Commentary, Sustainability Report and the Financial Performance in the Period for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; 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 Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

Kieran J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU
28 June 2011

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Accounting Schedules
for the year ended 31 March 2011

Department of Enterprise, Trade and Investment

Statement of Parliamentary Supply for the year ended 31 March 2011

Summary of Resource Outturn

								2010-11	2009-10
				Estimate			Outturn		
Request for Resources	Note	Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
		£000	£000	£000	£000	£000	£000	£000	£000
RfR A: To grow a dynamic, innovative economy									
Total Resources	2	269,690	(8,631)	261,059	257,633	(7,175)	250,458	10,601	274,270
Non-operating Accruing Resources				-			(10)	-	(19)

Net cash requirement 2010-11

	Note	Estimate	Outturn	2010-11 Net total outturn compared with estimate	2009-10 Outturn
		£000	£000	£000	£000
Net cash requirement	4	270,372	242,190	28,182	262,350

Summary of income payable to the Consolidated Fund

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

			Forecast 2010-11		Outturn 2010-11
	Note	Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	3,000	3,000	3,177	*17,642*

Notes 1 to 33 form part of these accounts

Explanation of variances between Estimates and Outturn are given in Note 2 and the Management Commentary.

Department of Enterprise, Trade and Investment

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

					Restated
				2010-11	2009-10
	Note	Staff Costs	Other Costs	Income	Total
		£000	£000	£000	£000
Administration costs:					
Staff costs	9	13,034			13,068
Other administration costs	10		6,282		7,098
Operating income	12	-			(6)
Programme costs					
Staff costs	9	9,303			8,916
Programme costs	11		229,014		298,802
Income	12			(10,352)	(58,884)
Totals		**22,337**	**235,296**	**(10,352)**	**268,994**
Net operating cost	3			**247,281**	**268,994**

Notes 1 to 33 form part of these accounts

Other Comprehensive Expenditure for the year ended 31 March 2011

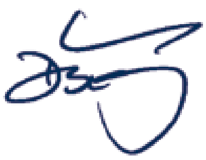
			Restated
	Note	2010-11	2009-10
		£000	£000
Net (gain)/loss on revaluation of property, plant and equipment	14	(145)	187
Net (gain)/loss on revaluation of intangible assets	15	(256)	(219)
		(401)	(32)
Net operating cost		247,281	268,994
Total Comprehensive Expenditure		**246,880**	**268,962**

Department of Enterprise, Trade and Investment

Statement of Financial Position
as at 31 March 2011

	Note	2010-11	2009-10
		£000	£000
Non-current assets			
Property, plant and equipment	14	2,573	2,525
Intangible assets	15	6,431	6,144
Financial assets	16	-	-
Total non-current assets		**9,004**	**8,669**
Current assets			
Trade and other receivables	17	21,355	52,190
Cash and cash equivalents	18	188	260
Total current assets		21,543	52,450
Total assets		**30,547**	**61,119**
Current liabilities			
Trade and other payables	20	(41,159)	(61,592)
Total current liabilities		(41,159)	(61,592)
Non-current assets plus/less net current assets/liabilities		**(10,612)**	**(473)**
Non-current liabilities			
Provisions	21	(92,541)	(99,146)
Total non-current liabilities		(92,541)	(99,146)
Assets less liabilities		**(103,153)**	**(99,619)**
Taxpayers' equity			
General fund		(105,291)	(101,406)
Revaluation reserve		2,138	1,787
Total Taxpayers' equity		**(103,153)**	**(99,619)**

Notes 1 to 33 form part of these accounts



DAVID STERLING
Accounting Officer
17 June 2011

Department of Enterprise, Trade and Investment

Statement of Cash Flows
for the year ended 31 March 2011

			Restated
	Note	2010-11	2009-10
		£000	£000
Cash flows from operating activities			
Net operating cost	3	(247,281)	(268,994)
Adjustments for non-cash transactions	9,10,11	5,554	12,005
(Increase)/decrease in trade and other receivables	17	30,835	(29,330)
Non-cash movement in trade receivables and other current liabilities	11	304	(2,675)
Increase/(decrease) in trade payables	20	(20,371)	44,642
Less movements in payables relating to items not passing through the OCS			
Consolidated Fund Extra Receipts	20	14,647	(9,425)
Consolidated Fund Supply	17, 20	(171)	473
Non-current asset accruals		-	116
Use of Provisions	21	(7,658)	(4,292)
Net cash outflow from operating activities		**(224,141)**	**(257,480)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(43)	(126)
Purchase of intangible assets		(363)	(472)
Proceeds on disposal of property, plant and equipment		-	19
Net cash outflow from investing activities		**(406)**	**(579)**
Cash flows from financing activities			
From the Consolidated Fund - current year	19	242,246	261,876
From the Consolidated Fund - prior year	19	115	-
Net financing		**242,361**	**261,876**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**17,814**	**3,817**
Payments of amounts due to the Consolidated Fund		(17,824)	(4,143)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	18	(10)	(326)
Cash and cash equivalents at the beginning of the period	18	112	438
Cash and cash equivalents at the end of the period	**18**	**102**	**112**

Notes 1 to 33 form part of these accounts

Department of Enterprise, Trade and Investment

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2011

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 1 April 2009		**(85,833)**	**1,791**	**(84,042)**
Change in taxpayer's equity for 2009-10				
Net Parliamentary Funding - drawn down	19	261,876	-	261,876
Net Parliamentary Funding - deemed		358	358	358
Supply (payable)/receivable adjustment	17	115	-	115
Amounts repayable to the Consolidated Fund	6	(13,568)	-	(13,568)
Comprehensive Expenditure for the year		(268,962)	-	(268,962)
Non-cash charges - auditors remuneration	10	77	-	77
Non-cash charges - other notional costs	9,10	4,527	-	4,527
Recognised in Statement of Comprehensive Expenditure		(32)	32	
Transfers between reserves		36	(36)	
Balance at 31 March 2010		**(101,406)**	**1,787**	**(99,619)**
Changes in taxpayers equity for 2010-11				
Net Parliamentary Funding - drawn down	19	242,246	-	242,246
Net Parliamentary Funding - deemed	17	-	-	-
Supply (payable)/receivable adjustment	20	(56)	-	(56)
Amounts repayable to the Consolidated Fund	6	(3,177)	-	(3,177)
Comprehensive Expenditure for the year		(246,880)	-	(246,880)
Non-cash charges - auditor's remuneration	10	60	-	60
Non-cash charges - other notional costs	9,10	4,273	-	4,273
Recognised in Statement of Comprehensive Expenditure		(401)	401	-
Transfers between reserves		50	(50)	-
Balance at 31 March 2011		**(105,291)**	**2,138**	**(103,153)**

Notes 1 to 33 form part of these accounts

Department of Enterprise, Trade and Investment

Statement of Net Operating Costs by Departmental Strategic Objectives for the year ended 31 March 2011

		Restated
	2010-11	2009-10
	£000	£000
	Strategic Objective - To grow a dynamic, innovative economy	**Strategic Objective -** To grow a dynamic, innovative economy
Gross Expenditure	257,633	327,884
Income	(10,352)	(58,890)
Net Expenditure	**247,281**	**268,994**
Total Assets	**30,547**	**61,119**

Notes 1 to 33 form part of these accounts

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Notes to the Departmental Resource Accounts

Notes to the Departmental Resource Accounts

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 *Government Financial Reporting Manual* (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early, for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department of Enterprise, Trade and Investment for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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 and the net cash requirement. The *Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets.

1.2 Basis of Consolidation

These accounts comprise the activities of the core department.

The accounts of Harland and Wolff Plc, which is sponsored by the Department, are not included by way of consolidation as they are outside the departmental boundary.

Four Executive Non-Departmental Public Bodies, General Consumer Council for Northern Ireland, Health and Safety Executive for Northern Ireland, Invest Northern Ireland, Northern Ireland Tourist Board, and two Cross-Border Bodies – InterTradeIreland and Tourism Ireland Limited – are not included in the consolidated resource accounts by way of consolidation, but are included by way of accounting for funds paid as grant or expenses.

The public sector bodies, which have not been consolidated in these accounts, publish their own annual reports and accounts, detailing their financial activity during the year.

1.3 Property, Plant and Equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised.

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

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

With the exception of land and buildings and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. They are revalued annually, between professional valuations, using indices provided by Land and Property Service, an executive agency within DFP. Properties are valued on the basis of open market value, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. The Department does not currently have any specialised land or buildings.

1.4 Intangible Assets

The capitalisation threshold for intangible assets is £1,000.

Software and associated licenses are capitalised under intangible assets. Licenses running for a year or less than one year are not capitalised regardless of value.

Databases are capitalised where the specific recognition criteria of IAS 38 are met.

All intangible assets are carried at fair value and are revalued annually in accordance with the movement in the RPI.

1.5 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of acquisition; none is charged in the month of disposal.

No depreciation is provided on freehold land as it has an unlimited or very long established useful life. Items under construction are not depreciated until they are commissioned.

Depreciable assets normally have useful lives in the following ranges:

Buildings	50 years
Plant and Machinery	3 - 20 years
Fixtures, Fittings & Office Equipment	3 - 10 years
Information Technology	3 - 10 years
Motor Vehicles	3 - 10 years
Intangibles (Software and Databases)	2 - 30 years

1.6 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value less provision for any impairment. A provision for impairment is made when there is evidence that the Department will be unable to collect an amount due in accordance with agreed terms.

The Department assesses at each reporting year date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past due beyond 361 days are generally not recoverable.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.7 Operating Income (including income receivable from the European Union)

Operating income is income which relates directly to the operating activities of the Department. It comprises, principally, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other recoveries, which have been deemed to relate to administration expenditure. All other income is treated as programme. Income includes both that which is accruing resources and income collected by the Department which is due to the Consolidated Fund. This income is known as Consolidated Fund Extra Receipts (CFERs).

EU income is separately identified and is recognised in the year in which the underlying activity takes place, in so far as it is practicable to do so.

1.8 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Department, as defined under the administration cost control regime, together with the associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administrative costs, including payments of grants and other disbursements by the Department.

1.9 Grants

The Department recognises grant expenditure in the year in which the recipient carries out the activity that creates entitlement to the grant support, in so far as it is practicable to do so.

1.10 Notional Charges

Some of the costs directly related to the running of the Department are borne by other Departments or organisations and are outside the Department's Vote. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

1.11 Prior Period Adjustments

In line with Department of Finance and Personnel advice, Prior Period Adjustments (PPAs) arising from the removal of the cost of capital charge were not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Supply outturn in respect of 2009-10 are shown below. PPAs arising from an error in previous recording or any other change in accounting policy would have been included in the Estimates in line with conventional arrangements.

The removal of the cost of capital charge has the following effect on Resource Outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect.

	2009-10
	£000
Net Resource Outturn (Statement of Parliamentary Supply)	274,270
Removal of the cost of capital charge	2,826
Adjusted Net Resource Outturn	**277,096**

1.12 Value Added Tax

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

1.13 Foreign Exchange

Revenue and expenditure incurred in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Any outstanding monetary assets or liabilities held in foreign currencies are translated at the rate of exchange ruling at the reporting year date. Translation differences are charged directly to the Statement of Comprehensive Net Expenditure.

1.14 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit scheme is unfunded and is non-contributory except in respect of dependents' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the year during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of defined contribution schemes, the Department recognises the contributions payable for the year.

1.15 Early Retirement Costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early.

1.16 Provisions

The Department provides for liabilities and charges where, at the reporting year date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, the Department discounts the provision to its present value using a discount rate of 2.2%, the Government's standard rate. Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to amortise one year's discount.

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, 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 been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

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

1.18 Third Party Assets

The Department's Insolvency Account holds money received in respect of company liquidations, bankruptcies and estates of deceased insolvents, pending authorised appropriation. This is not a Departmental asset and is not included in the accounts, since neither the Department nor Government more generally has a direct beneficial interest in it.

1.19 Employee Benefits

IAS 19 requires that the Department recognises the cost of employee benefits that have been earned but not paid by the year end as a liability. An accrual for the estimated cost of total employee annual leave at the year end has been included in the accounts. This figure is provided by HR Connect.

1.20 Cash and Cash Equivalents

Cash and cash equivalents are comprised entirely of cash on hand. The Department does not have any demand deposits or any short-term, highly liquid investments.

2. Analysis of net resource outturn by section

Outturn							Estimate	2010-11	2009-10
	Admin £000	Other current £000	Grants £000	Gross resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Prior-year outturn £000
RfR A: To grow a dynamic, innovative economy									
Departmental Expenditure in DEL									
1. Economic Development, Policy & Research	11,672	1,799	110	**13,581**	(229)	**13,352**	13,633	281	14,940
2. Economic Infrastructure/Minerals	1,927	3,059	5,851	**10,837**	62	**10,899**	10,976	77	10,230
3. Invest Northern Ireland	89	-	-	**89**	-	**89**	97	8	77
4. Development of Tourism	317	(5)	-	**312**	-	**312**	332	20	383
5. Tourism Ireland Ltd	159	-	16,072	**16,231**	-	**16,231**	14,757	(1,474)	15,916
6. InterTradeIreland	89	-	3,472	**3,561**	-	**3,561**	3,580	19	3,876
7. ERDF Support for Economic Development	-	(2)	3,397	**3,395**	(3,373)	**22**	36	14	65
8. EU Community Initiatives	-	1	2,116	**2,117**	(1,606)	**511**	662	151	3,711
9. Business Regulatory Services	729	6,904	-	**7,633**	(2,029)	**5,604**	6,129	525	4,430
10. Health and Safety	-	5,135	-	**5,135**	-	**5,135**	5,259	124	4,736
11. Settlement of NICS Equal Pay Claims	-	-	-	**-**	-	**-**	164	164	2,610
Integrated Development Fund (IDF)	-	-	-	**-**	-	**-**	-	-	5

2. Analysis of net resource outturn by section continued

Outturn							Estimate	2010-11	2009-10
	Admin £000	Other current £000	Grants £000	Gross resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Prior-year outturn £000
Annually Managed Expenditure (AME)									
12 Provisions – Economic Development, Policy & Research	-	1,272	-	**1,272**	-	**1,272**	1,570	298	-
13. Provisions – Economic Infrastructure Minerals	-	(218)	-	**(218)**	-	**(218)**	100	318	-
14. Provisions - Exchange Rate Loss/Gain	-	(545)	-	**(545)**	-	**(545)**	(1,000)	(455)	-
15. Provisions - Bad Debt	-	240	-	**240**	-	**240**	240	-	-
Non-Budget									
16. Invest NI – Grant	-	-	147,645	**147,645**	-	**147,645**	151,152	3,507	167,833
17. NI Tourist Board – Grant	-	-	37,838	**37,838**	-	**37,838**	44,469	6,631	40,385
18. NI Tourist Board – IDF	-	-	1,764	**1,764**	-	**1,764**	1,764	-	701
19. Consumer Council for N Ireland – Grant	-	-	1,401	**1,401**	-	**1,401**	1,402	1	1,605
20. Health and Safety	-	-	1,011	**1,011**	-	**1,011**	1,011	-	1,277
21 Notional Charges	4,334	-	-	**4,334**	-	**4,334**	4,726	392	4,604
Invest NI - IDF	-	-	-	**-**	-	**-**	-	-	2,352
IFRS Prior Period Adjustments	-	-	-	**-**	-	**-**	-	-	*(5,466)*
	19,316	**17,640**	**220,677**	**257,633**	**(7,175)**	**250,458**	**261,059**	**10,601**	**274,270**

Explanation of the Variation between Estimate and Outturn (Net Total Resources)

(i) **Economic Development, Policy & Research - £0.281m**
Variance is primarily due to additional Departmental allocation of £0.16m in relation to the NICS Equal Pay settlement, which was not required. There were a number of small underspends in other areas.

(ii) **Tourism Ireland Ltd - (£1.474m)**
An additional £1.5m was allocated in February 2011 monitoring for marketing and promotion.

(iii) **Business Regulatory Services - £0.525m**
Insolvency Services underspend as a result of additional fees and charges income of circa £0.3m.

(iv) **Annually Managed Expenditure (AME)**
AME by its nature is generally less predictable and controllable than other types of expenditure. Fluctuations in currency exchange rates and the uncertain nature of provisions has impacted here.

(v) **Invest NI – Grant - £3.507m**
The Invest NI grant was reduced by £3.5m as part of February 2011 monitoring.

(vi) **NI Tourist Board – Grant - £6.631m**
Variance due to slower than anticipated spend on capital projects.

(vii) **Notional Charges - £0.392m**
Notional accommodation costs were lower than anticipated due to charging department reducing its costs following an internal review.

Detailed explanations of the variances are given in the Management Commentary.

3. Reconciliation of Outturn to net operating cost and against Administration Budget

3.1 Reconciliation of net resource outturn to net operating cost

				2010-11	Restated 2009-10
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net Resource Outturn	**2, 1.11**	250,458	261,059	10,601	277,096
Non supply income (CFERs)	**5**	(3,177)	(3,000)	177	(13,568)
IFRS Prior Period adjustment	**2**	-	-	-	5,466
Net operating cost		**247,281**	**258,059**	**10,778**	**268,994**

3.2 Outturn against final Administration Budget

			2010-11	2009-10
	Note	Budget £000	Outturn £000	Outturn £000
Gross Administration Budget	**2**	15,387	14,982	20,449
Income allowable against the Administration Budget		-	-	-
Net outturn against final Administration Budget		**15,387**	**14,982**	**20,449**

4. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	**2**	261,059	250,458	10,601
Capital:				
- Acquisition of non-current assets	**14, 15**	437	406	31
Non-operating Accruing Resources:				
- Proceeds of asset disposals		-	-	-
Accruals adjustments:				
- Non-cash items	**9, 10, 11**	(6,172)	(5,554)	(618)
- Changes in working capital other than cash		7,000	(10,778)	17,778
- Non-current asset accruals		-	-	-
Use of Provisions	**21**	8,048	7,658	390
Net cash requirement		**270,372**	**242,190**	**28,182**

5. Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income related to the Department and is payable to the Consolidated Fund. (cash receipts being shown in *italics*)

	Note	Forecast 2010-11		Outturn 2010-11	
		Income £000	*Receipts £000*	Income £000	*Receipts £000*
Operating income and receipts - excess Accruing Resources		–	–	–	–
Other operating income and receipts not classified as Accruing Resource		3,000	*3,000*	3,167	*17,642*
Subtotal	**6**	**3,000**	***3,000***	**3,167**	***17,642***
Non-operating income and receipts - excess Accruing Resources	**7**	–	–	–	–
Other non-operating income and receipts not classified as Accruing Resources	**8**	–	–	10	–
Other amounts collectable on behalf of the Consolidated Fund		–	–	–	–
Excess cash surrendable to the Consolidated Fund		–	–	–	–
Total income payable to the Consolidated Fund		**3,000**	***3,000***	**3,177**	***17,642***

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

		2010-11	2009-10
	Note	£000	£000
Operating income	**12**	10,352	58,890
Gross income		10,352	58,890
Income authorised as Accruing Resources	**2**	(7,175)	(45,322)
Operating income payable to the Consolidated Fund	**5**	**3,177**	**13,568**

7. Consolidated Fund Income

Consolidated Fund income shown in note 6 above does not include any amounts collected by the Department of Enterprise, Trade and Investment where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2010-11	2009-10
	£000	£000
Amount payable to the Consolidated Fund	–	–
Balance held at start of the year	–	–
Balance held on trust at the end of the year	–	–

8. Non-operating income - Excess accruing resources

	2010-11	2009-10
	£000	£000
Proceeds on disposal of fixed assets	10	10
Non-operating income - excess accruing resources	**10**	**10**

9a. Staff numbers and related costs
Staff costs

Staff costs consist of:

				2010-11	2009-10
	Total £000	Permanently employed staff* £000	Others £000	Minister ** £000	Total £000
Wages and salaries	16,835	16,798	-	37	17,006
Social security costs	1,238	1,233	-	5	1,244
Other pension costs	3,239	3,230	-	9	2,947
Agency staff	14	-	14	-	55
Movement in employee benefits accrual	144	144	-	-	14
Sub total	**21,470**	**21,405**	**14**	**51**	**21,266**
Staff Seconded from NISRA	867	867	-	-	718
Total gross costs	**22,337**	**22,272**	**14**	**51**	**21,984**
Less recoveries in respect of outward secondments	(228)	(228)	-	-	(564)
Total net costs	**22,109**	**22,044**	**14**	**51**	**21,420**
Analysed as:					
Administration	13,034	12,979	4	51	13,068
Programme	9,303	9,293	10	-	8,916
Income	(228)	(228)	-	-	(564)
	22,109	**22,044**	**14**	**51**	**21,420**

*Permanently employed staff includes the cost of the Department's Special Advisor. The Special Advisor was paid in the pay band (£57,300-£82,531).

**Notional (non-cash) charge for Minister's salary in 2009-10 was £51,466.

The Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) is an unfunded multi-employer defined benefit scheme, but the Department for Enterprise, Trade and Investment is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007, and details of the valuation are available in the PCSPS (NI) resource accounts.

For 2010-11, employers' contributions of £3.2m were payable to the PCSPS (NI) (2009-10:£2.9m) at one of four rates in the range of 18% to 25% (2010: 16.5% to 23.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2010-11, and will remain unchanged until 1st April 2011. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

Employers' contributions of £nil (2009-10: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2009-10 £8), were payable to the PSCPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil.

Contributions prepaid at that date were £nil.

6 persons (2009-10: 3 persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £10,731 (2009-10: £4,577)

9b. Staff numbers and related costs
Staff costs

Average number of full-time equivalents people employed during the year was as follows:

	2010-11			Restated 2009-10
	Total	Permanent staff	Minister	Total
Core Department	461	460	1	484
HSENI	121	121	-	112
Staff Seconded from NISRA	19	19	-	18
Less staff on secondments	(6)	(6)	-	(9)
Total	**595**	**594**	**1**	**605**

9.1. Reporting of compensation and exit packages for all staff 2010-11

Comparative shown (in brackets) for previous year

1	Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2	<£10,000	0 (0)	0 (1)	0 (1)
3	£10,000 - £25,000	0 (0)	0 (2)	0 (2)
4	£25,000 - £50,000	0 (0)	0 (1)	0 (1)
5	£50,000 - £100,000	0 (0)	0 (1)	0 (1)
6	£100,000- £150,000	0 (0)	0 (0)	0 (0)
7	£150,000- £200,000	0 (0)	0 (0)	0 (0)
8	Total number of exit packages	0 (0)	0 (5)	0 (5)
9	Total resource cost /£	0 (0)	0 (£126,165)	0 (£126,165)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

10. Other Administration Costs

		2010-11 £000		2009-10 £000
General administration expenditure		2,000		2,546
Non-cash items:				
Auditors' remuneration and expenses	60		77	
Notional accommodation costs	2,450		2,885	
Other notional costs	1,772	4,282	1,590	4,552
Total		**6,282**		**7,098**

11. Programme Costs

		2010-11		Restated 2009-10
		£000		£000
Grants		215,586		266,105
EU Grants		5,091		17,579
Other Programme Costs		7,116		7,731
Non-cash items:				
Depreciation and amortisation	461		431	
(Profit) / Loss on disposal of PP&E	9		(9)	
Net revaluations of PP&E	2		-	
Additions to provisions	131		3,040	
Provisions written back	(729)		(493)	
Unwinding of discount on provisions	1,651		1,757	
Foreign exchange (gain)/loss	(544)		2,252	
Bad debts	240	1,221	409	7,387
Total		**229,014**		**298,802**

12. Income

	2010-11 £000	2009-10 £000
EU Income	5,091	30,575
Invest NI income	2,801	756
Fees and charges to external bodies	2,164	3,782
Other	407	268
Rents	2	2
Project funding	(113)	23,507
Total Income	**10,352**	**58,890**

13. Analysis of net operating cost by spending body

		2010-11 £000	Restated 2009-10 £000
	Estimate	Outturn	Outturn
Spending body:			
Core Department	39,592	37,518	34,666
Invest NI	151,152	147,645	170,185
NI Tourist Board	46,233	39,602	41,086
Consumer Council for NI	1,402	1,401	1,605
Health and Safety Executive NI	1,011	1,011	1,277
Tourism Ireland	15,089	16,543	16,299
InterTrade Ireland	3,580	3,561	3,876
Net Operating Cost	**258,059**	**247,281**	**268,994**

14. Property, plant and equipment

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2010	1,075	1,404	427	264	20	214	3,404
Additions	-	-	6	-	-	37	43
Disposals	-	-	(13)	(4)	(3)	(22)	(42)
Revaluation to OCS	-	(3)		-	-	-	(3)
Revaluations to reserves	(99)	(135)	14	7	-	-	(213)
At 31 March 2011	**976**	**1,266**	**434**	**267**	**17**	**229**	**3,189**
Depreciation							
At 1 April 2010	-	330	239	186	20	104	879
Charged in year	-	40	32	26	-	31	129
Disposals	-	-	(9)	(4)	(3)	(17)	(33)
Revaluation to OCS	-	(1)	-	-	-	-	(1)
Revaluations to reserves	-	(367)	5	4	-	-	(358)
At 31 March 2011	**-**	**2**	**267**	**212**	**17**	**118**	**616**
Net book value							
At 1 April 2010	**1,075**	**1,074**	**188**	**78**	**-**	**110**	**2,525**
At 31 March 2011	**976**	**1,264**	**167**	**55**	**-**	**111**	**2,573**

Land and buildings have been professionally revalued by the Valuation and Lands Agency, on the basis of existing use as at the following dates:

Land – Ulster American Folk Park, Omagh 31 March 2010

Buildings – Consumer Affairs Building, Newtownbreda, Belfast 31 March 2011

In intervening years, Land and Buildings were revalued using indices provided by the Valuation and Lands Agency.

Other PP&E were revalued at 31 March 2011 using the latest available indices published in "Price Index Numbers for Current Cost Accounting" prepared by the Office for National Statistics.

Included in the above are fully depreciated assets with an original cost of £378,370 which are still in use.

14.1 Property, plant and equipment (comparative)

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2009	1,198	1,510	420	249	20	324	3,721
Additions	-	-	-	10	-	-	10
Disposals	-	-	-	(11)	-	(114)	(125)
Revaluations	(123)	(106)	7	16	-	4	(202)
At 31 March 2010	**1,075**	**1,404**	**427**	**264**	**20**	**214**	**3,404**
Depreciation							
At 1 April 2009	-	312	204	163	20	175	874
Charged in year	-	43	32	28	-	32	135
Disposals	-	-	-	(11)	-	(105)	(116)
Revaluation	-	(25)	3	6	-	2	(14)
At 31 March 2009	**-**	**330**	**239**	**186**	**20**	**104**	**879**
Net book value							
At 1 April 2009	**1,198**	**1,198**	**216**	**86**	**-**	**149**	**2,847**
At 31 March 2010	**1,075**	**1,074**	**188**	**78**	**-**	**110**	**2,525**

15. Intangible assets

	Software	Databases	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2010	631	6,455	-	7,086
Additions	108	227	28	363
Revaluations	30	280	-	310
At 31 March 2011	**769**	**6,962**	**28**	**7,759**
Amortisation				
At 1 April 2010	360	582	-	942
Charged in year	113	219	-	332
Revaluation	20	34	-	54
At 31 March 2011	**493**	**835**	**-**	**1,328**
Net book value				
At 1 April 2010	**271**	**5,873**	**-**	**6,144**
At 31 March 2011	**276**	**6,127**	**28**	**6,431**

All intangible assets have been separately acquired.

Intangible assets were revalued at 31 March 2011 based on the Retail Price Index provided by the Office for National Statistics.

15.1. Intangible assets (comparative)

	Software	Databases	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2009	588	5,773	-	6,361
Additions	20	452	-	472
Revaluations	23	230	-	253
At 31 March 2010	**631**	**6,455**	**-**	**7,086**
Amortisation				
At 1 April 2009	246	366	-	612
Charged in year	101	195	-	296
Revaluation	13	21	-	34
At 31 March 2010	**360**	**582**	**-**	**942**
Net book value				
At 1 April 2009	**342**	**5,407**	**-**	**5,749**
At 31 March 2010	**271**	**5,873**	**-**	**6,144**

16. Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk. The Department does not face any significant medium to long-term financial risks.

16.1 Investments in non-public sector bodies

	Share Capital H&W plc	Viridian Growth Fund	Total
	£000	£000	£000
Balance at 1 April 2010	4,600	3,340	7,940
Additions	-	-	-
Disposals	-	-	-
At 31 March 2011	**4,600**	**3,340**	**7,940**
Opening provision at 1 April 2010	(4,600)	(3,340)	(7,940)
Charged in year	-	-	-
Revaluation	-	-	-
At 31 March 2011	**(4,600)**	**(3,340)**	**(7,940)**
Net balance at 31 March 2011	**-**	**-**	**-**

16.2 Investments in non-public sector bodies (comparative)

	Share Capital H&W plc	Viridian Growth Fund	Total
	£000	£000	£000
Balance at 1 April 2009	4,600	3,340	7,940
Additions	-	-	-
Disposals	-	-	-
At 31 March 2010	**4,600**	**3,340**	**7,940**
Opening provision at 1 April 2009	(4,600)	(3,340)	(7,940)
Charged in year	-	-	-
Revaluation	-	-	-
At 31 March 2010	**(4,600)**	**(3,340)**	**(7,940)**
Net balance at 31 March 2010	**-**	**-**	**-**

17. Trade receivables and other current assets

	2010-11	2009-10
	£000	£000
Amounts falling due within one year:		
Trade receivables	82	427
Deposits and advances	7	13
VAT	212	241
Other receivables	540	953
Prepayments and accrued income	484	9,323
Amounts due from the Consolidated Fund in respect of supply	-	115
Amounts due from EU	14,492	21,104
	15,817	**32,176**
CFER amounts due from EU	2,943	17,566
Other CFER due	2,595	2,448
	5,538	**20,014**
Total at 31 March 2011	**21,355**	**52,190**

Included within trade receivables is £21,827 (2009-10: £12,060) that will be due to the Consolidated Fund once the debts are collected.

17.1 Intra-Government Balances

	2010-11	2009-10
	£000	£000
Balances with other central government bodies	3,362	2,878
Balances with bodies external to government	17,993	49,312
Total at 31 March 2011	**21,355**	**52,190**

18. Cash and Cash equivalents

	Notes	2010-11 £000	2009-10 £000
Balance at 1 April		112	438
Net change in cash and cash equivalent balances	**19**	(10)	(326)
Balance at 31 March		**102**	**112**
The following balances at 31 March were held at:			
Commercial banks and cash in hand		102	112
Balance at 31 March		**102**	**112**
The balance comprises			
Cash		188	260
Overdraft	**20**	(86)	(148)
		102	**112**

19. Reconciliation of Net Cash Requirement to increase / (decrease) in cash

	Notes	2010-11 £000	2009-10 £000
Net cash requirement	**4**	(242,190)	(262,350)
From the Consolidated Fund - current year		242,246	261,876
From the Consolidated Fund - prior year	**17**	115	-
Amounts due to the consolidated Fund received and not paid over - current year	**20**	46	227
Amounts due to the consolidated Fund received and not paid over - prior year	**20**	(227)	(79)
Increase / (decrease) in cash		**(10)**	**(326)**

20. Trade payables and other current liabilities

	Notes	2010-11 £000	2009-10 £000
Amounts falling due within one year:			
Trade payables		49	556
Other payables		186	265
Accruals and deferred income		10,500	17,854
EU Programmes advances		24,676	22,516
Amounts issued from the Consolidated Fund for supply but not spent at year end		56	-
		35,467	**41,191**
Consolidated fund extra receipts due to be paid to the Consolidated Fund			
Received	**19**	46	227
Receivable - EU		2,943	17,566
Receivable - Other		2,617	2,460
		5,606	20,253
Total Creditors before bank overdraft		**41,073**	**61,444**
Bank overdraft	**18**	86	148
Total at 31 March 2011		**41,159**	**61,592**

20.1 Intra-Government Balances

	2010-11 £000	2009-10 £000
Balances with other central government bodies	5,983	20,402
Balances with bodies external to government	35,176	41,190
Total at 31 March 2011	**41,159**	**61,592**

21. Provisions for liabilities and charges

	H&W	Mines	Equal Pay	LEDU pensions	Early departure costs	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2010	88,347	7,497	2,610	300	328	64	99,146
Provided in the year	-	-	-	-	56	75	131
Provisions not required written back	-	(294)	-	(300)	(71)	(64)	(729)
Provisions utilised in the year	(4,185)	(758)	(2,547)	-	(168)	-	(7,658)
Unwinding of discount	1,570	76	-	-	5	-	1,651
Balance at 31 March 2011	**85,732**	**6,521**	**63**	**-**	**150**	**75**	**92,541**

Analysis of expected timing of discounted flows

	H&W	Mines	Equal Pay	LEDU pensions	Early departure costs	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Not later than one year	5,000	500	63	-	80	-	5,643
Later than one year and not later than five years	31,000	1,000	-	-	70	75	32,145
Later than five years	49,732	5,021	-	-	-	-	54,753
Balance at 31 March 2011	**85,732**	**6,521**	**63**	**-**	**150**	**75**	**92,541**

21.1 Provisions for liabilities and charges (comparative)

	H&W	Mines	Equal Pay	LEDU pensions	Early departure costs	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2009	90,164	7,857	-	600	94	419	99,134
Provided in the year	-	-	2,610	-	430	-	3,040
Provisions not required written back	-	-	-	(300)	-	(193)	(493)
Provisions utilised in the year	(3,500)	(434)	-	-	(196)	(162)	(4,292)
Unwinding of discount	1,683	74	-	-	-	-	1,757
Balance at 31 March 2010	**88,347**	**7,497**	**2,610**	**300**	**328**	**64**	**99,146**

21.2 Harland and Wolff plc

The provision in respect of Harland and Wolff plc activities is based on assumptions as to future liabilities and revenues. The outcome of these matters cannot be certain. The provision reflects the approximate amount that the Department may be required to contribute to enable Harland and Wolff plc to fulfil its obligations as they fall due.

The provision reflects the Department's potential liability to meet claims against Harland and Wolff Plc in respect of employer's and public liability arising from the collapse of the group's insurer, Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestosis related illnesses of former employees of Harland and Wolff plc, together with estimated amounts in relation to unreported claims which may be expected to crystallise over a significant number of years. The amount, £85.7.m (2009-10 £88.3m), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments, and the outcome of future legal cases.

The overall undiscounted liability in relation to the employer's and public liability claims referred to above, based on actuarial advice, amounts to £97.6m (2009-10 £101.7m). A revised actuarial report was issued in 2007-08; this included revised projected cash flows as at 31 March 2008.

21.3 Mines

Provision is made for the anticipated costs of ensuring that inactive mines in Northern Ireland are secure.

21.4 Equal Pay

This provision represents the balance of the Department's share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

21.5 LEDU pensions

This provision related to the potential shortfall in the former LEDU employees pension scheme, as a result of the transfer of LEDU employees to Invest NI on 1 April 2002.

21.6 Early departure costs

The Department meets the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the year between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

21.7 Other

This provision includes an estimate of the amount the Department may be required to pay in respect of a range of claims against it.

22. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

Programme grants and other current expenditure have been allocated as follows:

	2010-11	Restated 2009-10
	£000	£000
Strategic Objective - To grow a dynamic, innovative economy	238,317	301,969
Total	**238,317**	**301,969**

23. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements.

	2010-11	2009-10
	£000	£000
Intangible assets	-	226
Total	**-**	**226**

24. Other financial comitments

The department has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements). Fulfilling the terms of letters-of-offer are included in this definition. The payments to which the department are committed are as follows:

	2010-11	2009-10
	£000	£000
Not later than one year	5,070	14,473
Later than one year and not later than five years	3,396	3,716
Later than five years	-	-
Total	**8,466**	**18,189**

24.1 Financial Guarantees, Indemnities and Letter of Comfort

The Department has given a guarantee to meet claims in respect of employer's and public liability arising from the collapse of the Harland and Wolff insurer.

This has been fully provided for under IAS 37 and detailed in Note 21.

The Department has not entered into any other Financial Guarantees, Indemnities or Letters of Comfort.

25. Contingent liabilities disclosed under IAS 37

The Department has a maximum potential liability of €2.1m to the European Commission in relation to grant funding to a company. An investigation is continuing into the eligibility of the expenditure to determine the quantum, if any, of ineligible expenditure.

26. Losses and special payments

Losses Statement

	2010-11	2009-10
	£000	£000
Claims Abandoned [(1,165 cases (2009-10 - 633)]	876	471
Total	**876**	**471**

27. Related-party transactions

The Department of Enterprise, Trade and Investment sponsors the Non-Departmental Public Bodies (NDPBs) and North South Bodies listed in Note 1.2.

These bodies are regarded as related parties with which the Department of Enterprise, Trade and Investment has had various material transactions during the year.

In addition, the Department of Enterprise, Trade and Investment has had a number of transactions with other Government Departments and other Central Government bodies. Most of these have been with the Department of Finance and Personnel.

The Department, its NDPBs and North South Bodies have undertaken a number of transactions with Members of the Departmental Board and Departmental Audit Committee or companies / bodies in which they have an interest. Those transactions during the reporting year were as follows:

Dr. Ian McMorris

i. Chairman of Dale Farm Ltd, which received £972,604 in grant payments from Invest NI. Dale Farm Ltd also paid Invest NI £13,380 for services.

ii. Board member of United Dairy Farmers Ltd, which received £196,093 in grant payments from Invest NI.

iii. Consultant for Clarehill Plastics Ltd, which received £80,455 in grant payments from Invest NI. Clarehill Plastics Ltd also paid Invest NI £300 for services.

iv. Consultant for Pi Communications, which received £546 from Intertrade Ireland in relation to event costs.

Bill McGinnis

i. Chairman and Director of Focus Management Consultants, which received £6,463 for services from Invest NI.

ii. Ambassador of the Princes Trust, which received £404,523 in grant payments and £4,133 for services from Invest NI.

iii. Chairman and Director of the McAvoy Group which paid Invest NI £743 for services.

iv. Council member of NI Chamber of Commerce and Industry, which had transactions totalling £1,743 with NITB.

v. Board member of Tourism Ireland Ltd for which a annual fee of £5,510 is paid.

Dr. Donal Flanagan

i. Chief Executive of Council for Catholic Maintained Schools and Non-Executive Director of South Eastern Trust. Both bodies paid HSENI £100 for attendance at its spring conference.

Harland and Wolff plc

i. A company wholly owned by the Department received £4.2m to enable it to meet its liabilities. The directors of Harland and Wolff plc are appointed ex-officio. During 2010/11 the directors were Trevor Cooper (DETI employee and Senior Manager), Noel Lavery (OFMDFM employee and Senior Manager), and Terry Coyne (DETI employee).

28. Third-party assets

Under Article 358 (1) of the Insolvency (Northern Ireland) Order 1989 trustees in bankruptcy and liquidators of companies must pay the money received in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991, into the Insolvency Account pending authorised appropriation.

	31 March 2010	Gross inflows	Gross outflows	31 March 2011
	£000	£000	£000	£000
Insolvency Account	10,850	7,490	6,956	11,384

These are not Departmental assets and are not included in the accounts. The assets held at the reporting period date comprised monetary assets, such as bank balances and monies on deposit. Further information is contained in the published Insolvency Account.

29. Entities within the departmental boundary

The core Department is the only entity within the boundary during 2010-11.

30. Harland & Wolff Plc

Harland and Wolff Plc is wholly owned by the Department, overseeing the completion of certain activities remaining following the privatisation of the former companies Harland and Wolff Plc and Short Brothers Plc.

The Department holds all 10,996,082 shares of H&W plc which were purchased at a cost of £4.6m.

Details of the group's trading are contained in its accounts, which are prepared under UK GAAP.

Key figures extracted from these accounts are:

Profit and loss account for the year ended 31 March 2011

	2010-11	2009-10
	£000	£000
Turnover	-	-
Administration expenses	(1)	(4)
Operating loss	**(1)**	**(4)**
Interest receivable and similar income	1	4
Profit on ordinary activities before taxation	**-**	**-**
Tax on ordinary activities	-	-
Profit for the financial year	**-**	**-**

Balance sheet as at 31 March 2011

	2010-11	2009-10
	£000	£000
Current assets		
Debtors	83,461	86,015
Cash at bank and in hand	1,087	1,319
	84,548	**87,334**
Creditors	(50)	(40)
Net current assets	**84,498**	**87,294**
Total assets less current liabilities	84,498	87,294
Provisions for liabilities	(84,498)	(87,294)
Net assets	**-**	**-**
Capital and reserves		
Called up share capital	10,996	10,996
Profit and loss account	(10,996)	(10,996)
Total shareholders' funds	**-**	**-**

31. Business activities attracting fees and charges

This note is provided for fees and charging purposes and not for IFRS 8 purposes.

			2010-11	2009-10
	Income £000	Full cost £000	(Surplus) / deficit £000	Total £000
Insolvency Service	(1,886)	3,097	1,211	1,485
	(1,886)	**3,097**	**1,211**	1,485

The above figures represent services where the full cost of the service is in excess of £1m.

The financial objective for the Insolvency Service is to recover the cost of those activities for which core funding was not provided. This objective was met.

32. Presbyterian Mutual Society

DETI has been working closely during 2010/11 with NI Executive Ministers, the Presbyterian Mutual Society Administrator, and officials from OFMDFM, DFP, NIO and HM Treasury to bring about a successful conclusion of the Executive's initiative to resolve the PMS crisis.

One option considered by the NI Executive to resolve the crisis consisted of it providing PMS with a £175 million commercial loan to be repaid over a 10-year workout period and providing a financial assistance package of £50 million.

An independent review assessed that at the end of the work out period, after repayment of the £175 million commercial loan and interest, the Administrator's business plan would in all likelihood generate a significant surplus for distribution to Creditors and Members if the NI Exectuve plan was followed.

DETI officials are currently working with their legal advisors on finalising agreements for the £175 million loan and the £50 million financial assistance package which, providing Court endorsement and completion of all necessary formalities, would enable the Administrator to begin to make payments.

It is proposed that the Department will administer and account for these future transactions.

Further information is contained in the Management Commentary.

33. Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 17 June 2011.

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