



An Agency within the Department of
**Agriculture and
Rural Development**
www.dardni.gov.uk

AN ROINN
Talmhaíochta agus
Forbartha Tuaithe
MINISTRE O
Fairms an
Kintra Fordèrin



INVESTOR IN PEOPLE



FOREST SERVICE

Annual report

2011-12



Harvesting Larch trees to control the spread of
Phytophthora ramorum disease, Woodburn Forest,
Co. Antrim.

**Forest Service Annual Report and Accounts
For the year ended 31 March 2012**

*Laid before the Northern Ireland Assembly
under section 11(3) (c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Agriculture and
Rural Development*

on

4 July 2012

Should accessible formats such as large type, audio cassette or a language other than English be required, please contact the Customer Services Manager at Forest Service Headquarters and appropriate arrangements will be made as soon as possible.

Forest Service Headquarters
Dundonald House
Upper Newtownards Road
Ballymiscaw
Belfast
BT4 3SB

Tel: 028 9052 4480

e-mail: customer.forests@ardni.gov.uk

**web sites: www.ardni.gov.uk/forests
www.nidirect.gov.uk/forests**

© Crown Copyright 2012

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: licensing@opsi.gov.uk

CONTENTS

Annual Report
for the year 1 April 2011 – 31 March 2012

	PAGE
Chief Executive's Foreword	5
Directors' Report	7
Management Commentary	11
Remuneration Report	31
Statement of Chief Executive's Responsibilities	37
Statement on Internal Control	38
Certificate of Comptroller and Auditor General	41

Accounts
for the year 1 April 2011 – 31 March 2012

Accounts	43
Notes to the Accounts	47



Chief Executive's Foreword



I am pleased to present the Annual Report and Accounts of the Forest Service for the year ended 31 March 2012.

We achieved five of the twelve Key Targets set by the Minister, and thirteen of the sixteen supporting targets. We were disappointed that we were unable to put in place subordinate legislation under the Forestry Act (NI) 2010, relating to the regulation of felling of trees in woodlands; and a public right of pedestrian access to the Department's forestry land. We made good progress drafting the forest byelaws to take account of the advice provided by the public and stakeholders, the Agriculture and Rural Development (ARD) Committee and the Executive Committee. The work to complete a business case for exploiting commercial opportunities for tourism and wind-farm development proved to be much more complex and took longer to complete than expected. We will carry both these areas of work forward into next year.

Our forests continued to be used intensively for public access, and supplied significant volumes of timber to support economic development in rural areas. We made good progress to develop and support partnerships with local government bodies, with specialist interest groups, and with forestry organisations, and with central government bodies including the NI Tourist Board, to enhance the recreational and ecological benefits obtained from our forests, and to protect them from fire and disease. Regrettably, we experienced the worst losses due to fire of recent years, and we continue to be concerned by the presence of *Phytophthora ramorum* (*P. ramorum*) and other diseases that threaten the productive capacity of forests and may lead to significant changes in forest landscapes. We also became concerned that some forecasts showed reduced timber production from our forests well below current levels by 2030, and there is little prospect that this will be augmented by supplies from private plantings. We will explore the evidence base for these forecasts and the implications in the coming year.

The achievement of £9.63m timber and other receipts in year has reduced the public subsidy of the agency to £1m (excluding all non-cash costs and grant income and expenditure). The £1m subsidy is required to support the non-commercial recreation visitors to our forests, with entrance charges only levied for the nine Forest Parks.

In May 2012 the Minister announced that Forest Service headquarters is to relocate to Fermanagh. We will take that work forward during 2012 in consultation with Trade Unions.

A handwritten signature in black ink that reads "Malcolm Beatty". The signature is written in a cursive, slightly slanted style.

Malcolm Beatty
Chief Executive
27 June 2012



Management Board

The Forest Service Management Board consists of the Chief Executive, three executive directors and one non-executive director. The Chief Executive has overall responsibility for achieving the aims, objectives and targets set out in the Corporate and Business Plans with each executive director having ownership and responsibility for achieving objectives and targets within their management control.

The Agency's headquarters are at Dundonald House in Belfast, with offices at Enniskillen, Castlewellan and Garvagh. Forestry training is provided by the College of Agriculture, Food and Rural Enterprise under a Service Level Agreement.

Appointments to the Board are automatic on joining the senior management team through internal promotion or transfer - except in the case of the Non-Executive Director who was selected by arrangement with the core Department. At 31 March 2012 the Board's membership was:

Chief Executive	Malcolm Beatty FICFor, CPFA
Director of Forestry	John Joe O'Boyle
Director of Woodland Development & Strategies	Stuart Morwood, MICFor
Director of Forest Management	Ian Irwin
Non-Executive Director	Pauline Keegan

Corporate Services support is provided by the Corporate Services Unit. Corporate Service interests are represented at all Board meetings by the Head of the Unit.

Accounts Direction

The Forest Service's audited Accounts for the Financial Year 31 March 2012 have been prepared in accordance with the Department of Finance and Personnel Direction under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

History and Statutory Background

The Forest Service is an Executive Agency within the Department of Agriculture and Rural Development (DARD) and is subject to the overall direction of the Minister with responsibility for the Department. The Department is responsible for promoting the interests of forestry under the Forestry Act (NI) 2010.

The Chief Executive is responsible to the Minister for the Agency's operations and performance. The Minister determines the policy framework within which the Agency operates, the level of resources made available each year and the scope of Agency activities. The Minister also approves the annual business plans, sets key performance targets and monitors the Agency's performance.

The Forest Service has been an Agency since 1 April 1998. The Agency's Framework Document sets out the context within which it operates. This includes its role, business objectives, performance measures, relationship with the Department and its accountability to the Minister.

Aims

The aims of the Agency set out in the Framework Document are:

“to contribute to the economic development of the entire forestry sector in Northern Ireland, whilst at the same time promoting the sustainable management of forests for multiple use and conserving and enhancing the rural environment”.

Objectives

Forest Service objectives, described in published strategies and plans, give practical expression to these aims and are as follows:

Operational

- to encourage forest expansion and contribute to the mitigation of climate change.
- to promote the supply of wood for industrial use and in support of renewable energy opportunities.
- to promote access to and recreational use of our forests.
- to protect and conserve forests and the associated areas of special natural and heritage interest.

Customer Service

- to pursue continuous improvement in the delivery and quality of service to the public in line with the principles set down in the Agency's Customer Charters.

Value for Money/Efficiency

- to maximise operational use and financial returns on the assets of the Forest Service estate through wood production and the development of commercial opportunities.
- to secure on-going value for money and improve efficiency and effectiveness in the management of the Agency through the application of best management practice and standards.
- to extend private sector competition and other efficiency measures in the provision of services, including, where possible, the development of public and private sector partnerships.
- to promote the involvement of private finance in forestry.

Pension Costs

Further details in relation to the pension schemes are given in accounting policy note 1.12 to the accounts and in the Remuneration Report.

Conflict of Interests

No member of the Board holds a position in any company which may conflict with their management responsibilities.

Auditors' Remuneration

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland. As Head of the Northern Ireland Audit Office, he is wholly independent and reports his findings to the Assembly.

The audit of the financial statements for 2011-12 resulted in a notional audit fee of £9,250 (2010-11: £9,250) and is included in Other Costs – Non-Cash items in the Statement of Comprehensive Net Expenditure. The auditors did not provide any non-audit services during the year.

Disclosure of information

So far as the Chief Executive is aware, there is no relevant audit information of which the Agency's auditors are unaware. The Chief Executive has taken all

reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

Security of Personal Data

Forest Service, as an Agency of the Department of Agriculture and Rural Development, is committed to the safeguarding of personal data and has set in place appropriate measures to ensure its security. Detailed advice on the type of information which is considered to be personal data and how it should be handled is available from the Department's Information Management Branch (IMB) and via the Branch's Intranet site. Forest Service staff have been advised that it is their personal responsibility to ensure that any document with sensitive information, including personal data, is appropriately secured and to ensure that, in the case of data held electronically, appropriate access controls are put in place to prevent unauthorised access, whether deliberate or accidental, by others. The laptop replacement programme for all laptops containing personal or sensitive data has been completed with data fully protected on encrypted devices.

Key Strategic Targets and Objectives

The Forest Service Business Plan identifies a number of key performance targets that cover the full spectrum of forestry objectives and outputs.

KEY STRATEGIC OBJECTIVES	2011-2012 TARGETS	2011 2012 outturn
To optimise the return from timber sales.	<ul style="list-style-type: none"> • Sell total annual volume of at least 400,000 cubic metres through our competitive timber marketing arrangements. • Generate receipts of at least £6.5 million from timber sold. 	<p>Target achieved 438,927 cubic metres</p> <p>Target achieved £8.34 million</p>
To manage forests in a sustainable manner.	<ul style="list-style-type: none"> • Meet UK Woodland Assurance Standard (UKWAS) certification requirements. 	<p>Target achieved - Planning meetings are in line with Corporate plan for completion. UKWAS certification requirements met.</p>
To extend the area of woodland in Northern Ireland.	<ul style="list-style-type: none"> • Develop proposals for new mechanisms to support woodland creation. • Manage Woodland Grant Scheme to deliver 200 ha of new woodland. 	<p>Target achieved Additional new mechanisms to support woodland creation will be developed in the context of the Rural Development Regulation proposals and the needs of forestry stakeholders.</p> <p>Target achieved 313 ha approved for payment.</p>
Optimise commercial opportunities in Leisure and Renewable Energy Sectors as identified in the Forest Service Commercialisation Plan.	<ul style="list-style-type: none"> • Secure business case approval and proceed for market for the: <ul style="list-style-type: none"> • provision of Caravan and Camping facilities; and • development of Wind Farms in DARD Forests. 	<p>Target not achieved The Business Case for Commercial Opportunities in Renewable Energy & Leisure was submitted to DFP for consideration and approval at the end of the business year.</p>

<p>To put in place Subordinate Legislation and administrative processes in support of the Forestry Act.</p>	<ul style="list-style-type: none"> • Make the Forestry Land Byelaws (NI) 2012. • Make the Forestry (Felling of Trees) Regulations (NI) 2012. • Make the Forestry (Felling of Trees) (Calculation of the Area of Land) Regulations (NI) 2012. • Support the Minister in presenting the Forestry (Felling of Trees) (Calculation of the Area of Land) Regulations (NI) 2012 to the Assembly under Affirmative Resolution. • Develop supporting administrative processes. • Make the Forestry (2010 Act) (Commencement No 2) Order (NI) 2012. 	<p>Target not achieved The Byelaws were substantially redrafted following consultation. It was not possible to complete all the scrutiny stages before the end of the year.</p> <p>Target not achieved It became clear during the year that a period of testing administrative procedures was required before making Regulations. The Minister agreed to postpone making Regulations until the following year.</p> <p>Target not achieved As above.</p> <p>Target not achieved Drafting did not reach the stage where it could be presented to the Assembly.</p> <p>Target not achieved As above at Felling of Trees Regulations.</p> <p>Target not achieved The Commencement Order could not be made because subordinate legislation was not prepared.</p>
---	--	---

Supporting Objectives and Targets

SUPPORTING OBJECTIVES	11-12 TARGETS	2011-2012 outturn
Manage Forest Service response to Ramorum disease in Forests.	<ul style="list-style-type: none"> • Meet felling requirements required under Quality Assurance Branch Notification letters. • Conduct aerial survey to assist management of disease. 	<p>Target achieved All Felling deadlines met.</p> <p>Target achieved Surveys completed.</p>
Implement Recreation and Social Use Strategy.	<ul style="list-style-type: none"> • Deliver 2011/12 commitments set out in the Recreation Strategy implementation Plan. • Complete Forestry tourism research study in conjunction with Northern Ireland Tourist Board (NITB) to inform Forest Plans. 	<p>Target achieved</p> <p>Target not achieved Draft report presented to NITB/Forest Service project management group. Further work required by KPMG to meet the project's Terms of Reference.</p>
Engage positively and promptly with customers and stakeholders.	<ul style="list-style-type: none"> • Review & update Timber Customer Charter. • Meet twice yearly with Recreation & Social Use Strategy Implementation Stakeholder Forum. • Meet twice yearly with Woodland Stakeholder Group. • Convene review meetings with individual timber customers & maintain proactive engagement with Confederation of Forest Industries (CONFOR) (UK) Ltd. 	<p>Target achieved Consultation carried out on updated Timber Customer Charter with final document ready for publication on Forest Service and NI Direct web sites.</p> <p>Target achieved Two meetings were held.</p> <p>Target achieved Two meetings were held.</p> <p>Target achieved Customer review group meetings held according to contract conditions in 2011/12. Attendance at CONFOR meeting held 20 March 2012.</p>

<p>To manage and report on the Agency's income and expenditure.</p>	<ul style="list-style-type: none"> • Maintain expenditure within resource limits and to approved budgets. • Present draft Accounts to DARD Finance by 13 May 2011. • Produce unqualified accounts which are laid in the Assembly by the summer recess. • Meet expenditure and income requirements of the Memorandum Trading Account (MTA), in relation to Recreation and Plant Health. 	<p>Target achieved Provisional Outturn submitted to DARD - Variances against 2011/12 budget are within acceptable level.</p> <p>Target achieved - Draft 2010/11 accounts submitted on time.</p> <p>Target achieved Unqualified 2010/11 accounts signed 22 June and laid 27 June 2011.</p> <p>Target achieved - MTA outturn as at 31 March 2012 shows lower than expected commercial recreation income due to poor summer weather however the costs have been controlled to ensure the objective of break-even has been achieved.</p>
<p>Establish baseline data of woodland cover and type in Northern Ireland.</p>	<ul style="list-style-type: none"> • Complete analysis of data on woodland area and type and publish preliminary results. 	<p>Target achieved A dataset of woodland cover has been assembled from several woodland datasets. Work is continuing to develop a methodology for removing areas of non-woodland from these datasets, and to find other woodland not included in either dataset, using remote sensing data and analytical techniques.</p>

<p>To develop and deploy staff to meet business delivery objectives.</p>	<ul style="list-style-type: none"> • Contribute to the Departmental combined absenteeism target set by the Minister. • Deliver 80% of high priority training against the Training Plan. • Revise and implement Service Level Agreement (SLA) with College of Agriculture, Food and Rural Enterprise (CAFRE) to meet Professional and Technical and Industrial training needs. 	<p>Target achieved The Ministerial set target for Forest Service was an average of 9.7 days – Forest Service achieved average of 8.5 days.</p> <p>Target not achieved Delivery on original Forest Service overall training plan is sitting at 53%, falling well below 80% target, due in part to lack of training resources. We reprioritised our training demand to ensure that we met our essential training needs.</p> <p>Target not achieved SLA agreed. Staff resource still to be allocated by Forest Service.</p>
--	--	---

Strategic objective: to extend the area of woodland

During 2011/12 we provided £1.6 million in grant aid under the NI Rural Development Programme, which is part-funded by the European Commission, to 1,366 private landowners to encourage 313 ha of new planting and to maintain plantations established in previous years. Although we publicised the support available for planting at the Balmoral Show, the Green Living Fair and the Ulster Farmers' Union (UFU) Spring Farm Focus event and other agricultural shows and events, and we exceeded our target of 200 ha, this is still significantly short of the rate of planting needed to achieve the policy aim of 12% woodland and forest cover by the middle of the century. Most (94%) of the new planting consists of broadleaved species, and includes 226 ha of new native woodland. This continues the long term trend of increasing the proportion of broadleaved woodland since the introduction of the Woodland Grant Scheme in 1989.

The Minister was able to visit some older woodlands to learn about the experience of tree planters, which was reported in the press, and we supported the Minister as she met stakeholders to discuss forestry proposals for the next EU Rural Development Regulation. During the year Members of the Legislative Assembly asked 34 questions for written answer and 5 for oral answer by the DARD Minister about woodland creation. Responding to a question about forestry targets, the Minister announced that "Forest Service will review the support arrangements for private planting with the objective of increasing the rate of woodland creation"¹. To inform this review we briefly reviewed the barriers to woodland expansion in Ireland. Although public expectations for forestry expansion focus on environmental improvement and social use it is clear that landowners also seek economic benefits. As the Common Agricultural Policy (CAP) dominates decisions on rural land use we concluded that we need to integrate forestry activity into farming practice to a greater extent. We identified some opportunities to present forestry options to farmers who are encountering difficulties complying with aspects of the CAP regime, focusing on land that is ineligible under the Single Farm Payment Scheme, and which might be suitable for forestry planting.

1 (AQO 782/11-15) <http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Reports-11-12/21-November-2011/#a3>

During the year we collated separate woodland datasets using Geographic Information System (GIS) technology provided by government departments and agencies (DARD, DOE and DFP's Land Property Services), the National Trust the Woodland Trust, and the Ancient Woodland Inventory. The provisional estimate of 106,447ha, or 8% of land area, is significantly greater than our previous estimate based on the summation of our own woodlands, the 1978 inventory of private woodland, and additions for woodland planted with Forest Service grant aid. The increase reflects some of the additional woodlands that have naturally regenerated since the 1978 inventory. We are working with the Forestry Commission to refine the estimate by applying remote sensing techniques to satellite imagery to exclude areas of non-woodland held with some of the datasets, and to capture other woodlands that are not held within any of the datasets.

In common with other parts of the department, we continue to improve the reliability of the data held to support aid payments under the Rural Development Regulation. This year we introduced a new process to the annual claims under the Farm Woodland Premium Scheme (FWPS), and improved the data we hold on FWPS woodland blocks within our Geographical Information. At the end of the year 95% of 2011 claims for FWPS had been paid.

Strategic Objective: Sustainable forest management

We use our woodlands to provide economic, environmental and social benefits for this and succeeding generations. A large part of our work is to maintain the productive capacity of woods and forests for these purposes, and to realise those benefits in an orderly manner.

One measure of the benefits realisation is the incremental growth of the timber asset (upward net revaluation of £10 million to £134 million), with £20 million increment due to estate growth and price increases offset by £10 million of removals, assets awaiting sale and losses due to fire damage.

This year, we built 800 metres of new road to provide access to mature plantations and harvested 940 ha to produce sales of 439,000 cubic metres and realised revenue of £8.3 million. We replanted 870 ha after harvest and other events.

We lost approximately £1 million from the value of plantations, mainly due to fires during dry, windy weather between 28 April to 5 May 2011. Fires destroyed 704 ha



of forest and twice this area of open habitat. This damaged the environment, reduced future timber harvests, wasted the resources used to create those forests and placed lives at risk. These forests will be replanted during the next three years.

Potentially even more significant, we lost 60 ha of larch trees from 7 forests

due to disease caused by the pathogen *P. ramorum*, where felling was needed to reduce the risk of infection. We are concerned about the means by which disease is spread and its apparent association with public recreation areas. We introduced stricter bio-security measures and asked the public to comply with information posted on forest signs, and we restricted access during harvesting operations. We were grateful to have the advice of the Forestry Commission available to us, we shared with them the costs of aerial surveillance, and there were frequent contacts with the plant health authorities in GB and the south of Ireland to monitor progress and share experience.

We were also disappointed to learn from our work with the Mountstewart deer management group that Muntjac deer have been introduced to Northern Ireland. One animal was shot. This species has the potential to cause serious environmental damage to forests and increase the costs of forest management. Other deer populations were maintained at sustainable levels through monitoring and culling. We are a member of the Partnership for Action Against Wildlife Crime and welcomed the production of a leaflet drawing attention to deer poaching.

We continue to support the work of red squirrel groups, monitoring red and grey squirrel populations and trapping grey squirrels, and investigating causes of disease by sending samples for laboratory analysis. We acknowledge the support of the Northern Ireland Environmental Agency in providing cameras for monitoring squirrel

activity, Moredun Research Institute, Edinburgh for confirming the presence of poxvirus in red squirrel populations at Tollymore and Glenarm, and the Animal Health and Veterinary Laboratories Agency, Weymouth for confirming the presence of adenovirus for the first time in Northern Ireland at Tollymore. Young healthy red squirrels have been seen regularly at Tollymore. The experience gained from management interventions is being used to inform poxvirus control strategies by the Glens group and towards the end of the year we were pleased to host a field training day for the Fermanagh group.

We also worked successfully with fishing interests to enhance the spawning beds on the Glendun River at Slieveanorra Forest.

At the beginning of the year a surveillance inspection by the Soil Association confirmed that our forest management practice remains compliant with the UK Woodland Assurance Standard and relevant legislation, and therefore we continued to offer timber for sale certified under the Forestry Stewardship Scheme. The surveillance activity complements our internal programme of environmental audits, which this year focused on harvesting operations and their compliance with the Forests and Water Guidelines. No major problems were identified and the exercise reinforces our culture of seeking good operational practice.

We continued our programme of work to improve our knowledge base of forestry attributes and operations, to support forest planning.

This information is held within our Geographical Information System (GIS). It improved the evidence base underpinning forest management decisions, helps us monitor and report progress towards the long term goals for forest structure. For example, we were able to provide staff with the means of capturing, representing and reporting species observations found in our forests, and we provided foresters with GPS enabled devices that were integrated with the GIS, to record electronically the felling of forest areas through to the completion of replanting. We believe this will improve the accuracy and timeliness



of field measurements and observations compared with the paper based system that it replaced. We used this system to monitor progress on re-establishment and treatment of 260 ha of crop affected by invasive and shrub species.

We have a common interest with Coillte in developing forests close to the international border. We began work to co-ordinate felling plans for the Lough Melvin catchment area so that the overall impact of forestry operations in the area is considered before decisions are made affecting landscape, ecology and social use. We are also co-ordinating our fire management plans so that we can deploy resources effectively to protect each others interests.

Social use of forests

Our work to promote the social use of forests depends increasingly on the development of effective partnership arrangements with other organisations. As a result, we reached agreement with Newry & Mourne District Council to provide a children's play area at Slieve Gullion Forest, with Fermanagh District Council to develop walks in the West Fermanagh forests. Work began on the Lough Navar Viewpoint Trail and to refurbish the Magho steps. Derry City Council is completing trail developments in Learmount Forest adjacent to Park village. We are negotiating arrangements with Cookstown, Down, and Newry and Mourne Councils, to develop



extensive mountain biking trails in Davagh, Castlewellan and Rostrevor forests. We also discussed opportunities with Dungannon and South Tyrone, Strabane, Ballymena and with Coleraine Councils.

We are directly responsible for certain camping and caravan sites, and are disappointed to see episodes of anti-social behaviour at Castlewellan and

Tollymore Forest Parks. We enhanced our security measures and are pleased that this reduced customer complaints.

We contribute to the cross departmental action plan which aims to deliver the Strategy for Children and Young People. We provide forest guides at Gortin,

Portglenone, Glenariff, Belvoir, Castlewellan and Gosford forests. We are pleased that, despite financial pressures on school budgets, they value our services and we met our target of 125 school visits for Key Stage 1 – 4 pupils.

Forestry regulation

Forestry activity is regulated under EU environmental legislation. For some regulations we are the statutory authority. Afforestation and deforestation projects are subject to the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006. After consulting the Northern Ireland Environment Agency (NIEA), we provided opinions that two projects were 'relevant' and, in total, sought modifications to six projects to reduce the potential environmental impact. We carried out five assessments of our forest operations under the Habitats Regulations and one assessment of a road construction project, as well as similar assessments for two private forestry operations and eight recreational events. One assessment addressed planned forestry operations close to the Owenkillew Special Area of Conservation, where we are working as a partner in a project funded through a partnership between Northern Ireland Environment Agency and Donegal County Council to protect and improve the habitat of the Fresh Water Pearl Mussel. This project is expected to continue through to 2014.

Other regulations require the assent of the Northern Ireland Environment Agency, and this was provided for seven Forest Service and six private sector operations and one event in or close to Areas of Special Scientific Interest (ASSIs).

We were not able to achieve our targets to make revised byelaws and felling regulations. The byelaws were significantly revised following consultation during the early part of the year, and it was not possible to complete all the stages before the year end. Similarly, we recognised that the felling regulations have potential to create a significant administrative burden for woodland owners, and we delayed presenting legislation for political scrutiny until we are satisfied that the administrative processes are sufficiently robust to support industry, for example, in exercising the due diligence required when the EU Timber Regulation comes into force in the UK on 3 March 2013.

HQ relocation

On 17 May 2012 the Minister, Michelle O'Neill MLA announced that she had "*asked the Chief Executive of the Forest Service to identify suitable premises in Fermanagh and relocate the Headquarters of his Agency to that County*". We will take that work forward in the current year in consultation with Trade Unions representing staff interests.

Corporate Governance

The Agency operates a system of internal control to provide reasonable assurance of the effectiveness of corporate governance arrangements and to meet the requirements of the Department of Finance and Personnel.

The Agency's Statement on Internal Control is given on pages 38 - 40.

Business Continuity

We maintained our liaison with the Northern Ireland Fire and Rescue Service and DARD's Veterinary Service, as set out in Memorandums of Understanding, which ensure co-operation and integration with these organisations, as well as clarifying roles and responsibilities in relation to response to emergency incidents.

We also maintained and reviewed our contingency plans for maintaining/relocating services from our various sites, in the event of an emergency situation arising.

Human Resource Development

Forest Service follows the NI Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. In addition, we seek to create a harmonious and neutral working environment which accommodates diversity and is free of harassment.

We follow the NI Civil Service Code of Practice on the employment of people with disabilities. Our aim is to ensure that disability is not a barrier to recruitment or advancement, nor that it unreasonably limits training opportunities and career development.

We consult regularly with representatives of the industrial workforce at the Joint Industrial Council. We also meet regularly with NIPSA, who represent non-industrial staff.

We are committed to the Investors in People standards. We place a high priority on staff training and development in order to enhance staff skills for the achievement of our business objectives and to improve job satisfaction. The following indicates the Agency's commitment to staff development:

- We are committed to ensuring that our staff have the necessary competencies to achieve business objectives;
- We encourage staff to pursue their personal development and communicate all opportunities available to them;

- We are committed to achieving business excellence through continuous improvement and to maintaining the Investors In People standard;
- We develop staff, consistent with the Agency's policies on equal opportunities and health and safety and other relevant legislation; and
- We commit resources to fulfil the training and development aims.

The Management Board monitors Human Resource issues including absence statistics, and the Board is assisted by the DHR Business partner who attends quarterly to provide information and advice within the broader Departmental context. The Management Board encourages consultation and exchange of information within the Agency. This is brought about through team briefings, circulars and utilisation of our intranet. There are also well established arrangements for formal consultation with representatives of the trade unions (both non-industrial and industrial) on all significant developments likely to impact on staff.

We have made staff aware that their personal objectives contribute to the business objectives of the Agency. Accordingly, they are responsible, in consultation with their line managers, for planning their personal development in ways that will enable them to contribute to the achievement of the Agency's business objectives by meeting the current demands of the job and maximising their future contribution.

Health and Safety management continues to be a priority for our staff and all others who may work in or visit our forests. We continue to adhere to all existing health & safety legislation and constantly keep arrangements under review.

Information Systems and Development

The main online vehicle for communicating with the public is the Forests section on the NI Direct website:

www.nidirect.gov.uk/forests

Other Forest Service business information is accessible at:

www.dardni.gov.uk/forests-service

Resource Accounting and Budgeting

Throughout the year the Agency monitored performance against its resource based budget on an accruals basis.

Net Operating Cost of the forestry programme for 2011/2012

The Statement of Comprehensive Net Expenditure shows the net cost or surplus of the Agency's operations on a full resource basis. The net resource surplus of the forestry programme for 2011/12 was £4.733m (2010-11 £3.141m restated per note to the accounts 1.19).

The increased surplus of £1.592m for 2011-12 is mainly due to the upward revaluation of timber credited to the Statement of Comprehensive Net Expenditure of £9.934m (£8.153m 2010-11 restated).

Maintain Expenditure within resource limits and to approved budgets

We managed our finances within the final control totals set by the Department. Within the Departmental Expenditure Limit resource allocation, we were required by the Department to contain our Departmental Running Costs (DRC) to £7.860m. Through a combination of careful planning and close monitoring of DRC, expenditure was limited to £7.569m.

Non-Current Assets

Details of the movement of non-current assets are set out in Notes 7 - 11 of the Accounts.

Payment to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. During the year, 97.08% of bills were paid within this Standard (2010-11: 91.22%).

From 1 December 2008, the Agency has operated a policy of paying for goods and services within 10 days. This is in accordance with the Supporting Businesses: Prompt Payment of Invoices initiative within the Northern Ireland Civil Service. During the year, 86.94% of bills were paid within the 10 day target (2010-11: 74.74%).

The Late Payment of Commercial Debts (Interest) Act 1998, which came into effect from 1 October 1998, enables suppliers to charge interest on overdue debts. The Agency made no payments during the year in respect of such claims.

Political and Charitable Donations

We made no political or charitable donations during the year.

Absenteeism Target

The Ministerial set target for Forest Service was an average of 9.7 days. Forest Service achieved an average of 8.5 days.



Forest Service Statistical Summary 2011/2012

	Units	2011/12	2010/11
Total area managed	Hectares	75,310	75,400
Forested area	Hectares	61,530	61,040
Acquisition Programme	Hectares	-	-
Disposal Programme	Hectares	7	<1
Timber Production - roadside	Cubic metres	76,000	67,000
- standing	Cubic metres	384,000	429,000
New Planting	Hectares	-	-
Replanting	Hectares	870	850
Fire Damage	Hectares	704	76
Paying visitors to charged recreation areas	Thousands	364	393
Caravan/camping long stay sites(nights)	Thousands	66	75
Staff numbers at 31 March - industrial	Full time equivalent persons	123	127
- non-industrial	Full time equivalent persons	91	95

Note: All figures are rounded for clarity

RECORD OF HARVESTING: April 2011 - March 2012

DISTRICT	STANDING VOLUME (m³)	ROADSIDE VOLUME (m³)	TOTAL
EAST	119,547	46,869	166,416
WEST	264,600	28,783	293,383
TOTAL	384,147	75,652	459,799

Note : All figures represent volume dispatched from forests

BREAKDOWN OF SALES : Agreed for April 2011 - March 2012

Volumes to 7cm TDOB to nearest m³, areas in hectares

DISTRICT	VOLUME by SPECIES			THINNINGS			CLEARFELL		MISC. FELLING	TOTAL VOLUME
	Spruce	Other Conifers	Hard-woods	Area	Volume	Vol. Per hectare	Area	Volume		

STANDING SALES

EAST	79,852	20,874	0	0	0	0	259	100,726	389	-	100,726
WEST	260,677	10,416	0	0	0	0	553	271,093	490	5,480	276,573
TOTAL	340,529	31,290	0	0	0	0	812	371,819	458	5,480	377,299

ROADSIDE SALES

EAST	28,546	7,558	120	62	3,126	50	97	33,098	341	53	36,277
WEST	23,128	1,697	196	131	12,655	97	29	12,366	426	330	25,351
TOTAL	51,674	9,255	316	193	15,781	82	126	45,464	361	383	61,628

ALL SALES

GRAND TOTAL	392,203	40,545	316	193	15,781	82	938	417,283	445	5,863	438,927
-------------	---------	--------	-----	-----	--------	----	-----	---------	-----	-------	---------

Table 2

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT ROADSIDE

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2010 to 31 March 2011		
	(b) 1 April 2011 to 31 March 2012		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0
	(b) 0	0	0
0.075 - 0.124	(a) 0	0	0
	(b) 0	0	0
0.125 - 0.174	(a) 1256	23,626	18.81
	(b) 1075	25,848	24.04
0.175 - 0.224	(a) 690	20,528	29.75
	(b) 1209	27,531	22.77
0.225 - 0.274	(a) 6783	142,033	20.94
	(b) 8881	230,350	25.94
0.275 - 0.424	(a) 27160	582,961	21.46
	(b) 24247	624,348	25.75
0.425 - 0.499	(a) 12403	283,782	22.88
	(b) 17007	455,795	26.80
0.500 - 0.599	(a) 2445	47,403	19.39
	(b) 3563	98,860	27.75
0.600 - 0.699	(a) 0	0	0
	(b) 611	15,445	25.28
0.700 - 0.799	(a) 7540	186,410	24.72
	(b) 0	0	0
0.800 - 0.899	(a) 3223	83,282	25.84
	(b) 1393	34,929	25.07
0.900 - 0.999	(a) 0	0	0
	(b) 0	0	0
1.000 and over	(a) 564	20,796	36.87
	(b) 2066	61,931	29.98
TOTAL	(a) 62064	1,390,821	22.41
	(b) 60052	1,575,037	26.23

Appendix 3

Table 2

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD STANDING

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2010 to 31 March 2011		
	(b) 1 April 2011 to 31 March 2012		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0
	(b) 0	0	0
0.075 - 0.124	(a) 0	0	0
	(b) 0	0	0
0.125 - 0.174	(a) 1294	7,105	5.49
	(b) 0	0	0
0.175 - 0.224	(a) 0	0	0
	(b) 0	0	0
0.225 - 0.274	(a) 30492	254,782	8.36
	(b) 17820	165,429	9.28
0.275 - 0.424	(a) 147885	1,813,809	12.26
	(b) 157163	2,306,569	14.68
0.425 - 0.499	(a) 108850	1,570,368	14.43
	(b) 77446	1,407,715	18.18
0.500 - 0.599	(a) 65980	1,088,341	16.50
	(b) 45401	905,482	19.94
0.600 - 0.699	(a) 25247	432,164	17.12
	(b) 16129	332,315	20.60
0.700 - 0.799	(a) 8080	147,143	18.21
	(b) 14982	330,522	22.06
0.800 - 0.899	(a) 2253	41,231	18.30
	(b) 12008	265,822	22.14
0.900 - 0.999	(a) 7168	132,944	18.55
	(b) 19471	441,729	22.69
1.000 and over	(a) 5625	112,086	19.93
	(b) 2156	44,590	20.68
TOTAL	(a) 402874	5,599,973	13.90
	(b) 362576	6,200,173	17.10

Remuneration Policy

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. The freeze on pay in 2010/11 and 2011/12 also applied to Permanent Secretaries.

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

Service Contracts

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

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

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

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Forest Service.

Remuneration [Audited]

Officials

	2011-12			2010-11		
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)
Mr D Small Chief Executive (until 1 July 2011)	15-20 (65-70 full year equivalent)	-	-	65-70	-	-
Mr M Beatty Chief Executive (3 October 2011 onwards)	30-35 (65-70 full year equivalent)	-	-	n/a	n/a	n/a
Mr JJ O'Boyle Director of Forestry (until 31 July 2011)	15-20 (55-60 full year equivalent)	-	-	55-60	-	-
Mr JJ O'Boyle Acting Chief Executive (1 August to 1 October 2011)	10-15 (65-70 full year equivalent)	-	-	-	-	-
Mr JJ O'Boyle Director of Forestry (from 2 October onwards)	25-30 (55-60 full year equivalent)	-	-	-	-	-
Mr S Morwood Woodlands Development & Strategies Director	50 - 55	-	-	45 - 50	-	-
Mr I Irwin Forest Management Director	50 - 55	-	-	45 - 50	-	-

	2011-12		2010-11
Band of Highest Paid Director's Total Remuneration	65-70	Band of Highest Paid Director's Total Remuneration	65-70
Median Total Remuneration	24,813	Median Total Remuneration	21,924
Ratio	2.7	Ratio	3.1

Salary

'Salary' includes gross salary; 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.

Benefits in kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the years in which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2011-12 and the comparative bonuses reported for 2010-11 relate to the performance in 2010-11.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Forest Service in the financial year 2011-12 was £65-70k (2010-11, £65-70k). This was 2.7 times (2010-11 3.1 times) the median remuneration of the workforce, which was £24,813 (2010-11, £21,924).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

During the 2011-12 year, 6 industrial employees ceased employment with Forest Service. The Minister approved a freeze on senior pay in respect of 2010/11 and 2011/12 pay awards which applied to the highest paid director. All other staff in the workforce progressed up a scale point in the 2011-12 year as applicable. Therefore the ratio reduced to 2.7 (2010-11, 3.1).

Pension Entitlements [Audited]**Officials**

	Accrued pension at age 60 as at 31/3/12 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/12 £'000	CETV at 31/3/11 *** £'000	Real increase in CETV £'000	Employer contribution to partnership pension account nearest £100
Mr D Small Chief Executive (until 1 July 2011)	25-30 plus lump sum of 75-80	(0-2.5) plus lump sum of (0-2.5)	443	426	(2)	-
Mr M Beatty Chief Executive (3 October 2011 onwards)	25-30 plus lump sum of 85-90	(0-2.5) plus lump sum of (0-2.5)	642	614	(7)	-
Mr JJ O'Boyle Director of Forestry (until 31 July 2011)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	403	375	11	-
Mr JJ O'Boyle Acting Chief Executive (1 August to 1 October 2011)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	415	403	8	-
Mr JJ O'Boyle Director of Forestry (from 2 October onwards)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	428	415	2	-
Mr S Morwood Director of Policy and Standards	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	317	290	2	-
Mr I Irwin Forest Management Director	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	227	203	7	-

*** The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 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

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 Price Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Price 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 a 'Career Average Revalued Earnings' (CARE) 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 2012, public service pensions will be increased by 5.2% with effect from 9 April.

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.

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).

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.dfpni.gov.uk/civilservicepensions-ni.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. 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.

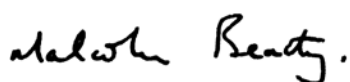
The actuarial factors that are used in the CETV calculation were changed during 2011, due to changes in demographic assumptions. This means that the CETV in this year's report for 31/3/11 will not be the same as the corresponding figure shown in last year's report.

Real increase in CETV

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

Compensation for loss of office

There was no compensation paid for loss of office during the year.



Malcolm Beatty
Chief Executive
27 June 2012

STATEMENT OF AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 11 (2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Forest Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, changes in taxpayers' 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 (FReM)* and in particular to:

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

The Accounting Officer of the Department of Agriculture and Rural Development has designated the Chief Executive as Accounting Officer of Forest Service. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in *Managing Public Money Northern Ireland*, published by the Department of Finance and Personnel.

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

Under the terms of the Agency's Framework Document, as the Agency's Chief Executive, I am directly responsible to the Minister for the Agency's operations and performance. The Minister determines the policy framework within which the Forest Service operates and the scope of its activities. The Minister also determines the resources to be made available to the Agency, approves Corporate and Business Plans, sets key performance targets, and monitors performance. The Minister does not normally become involved in the day to day operation of the Agency or in managing risk. However, I am expected to consult on the handling of operational matters that give rise to significant public or parliamentary concern, including the nature, scale and likelihood of risks occurring in relation to contentious or controversial cases.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. In relation to our key targets, performance is monitored and reported to the Department as part of the Department's wider governance arrangements. The system of internal control has been in place in Forest Service for the year ended 31 March 2012 and up to the date of approval of the Agency's annual report and accounts, and accords with DFP guidance.

3. Capacity to handle risk

The Management Board leads the risk management process. A risk register forms the basis of a risk management plan and is reviewed by the Board on a regular basis. Ownership of risk has been appropriately allocated to individual staff who are trained to manage risk in a way appropriate to their authority and duties. The Board is also represented on the Department's Risk Management Forum.

The Agency uses the service provided by DARD Internal Audit Branch, which operates to standards defined in the Government Internal Audit Standards. The terms of reference given to Internal Audit is focused on 'principal risks' identified along with a range of Corporate Governance issues. Their report includes an opinion on the adequacy and effectiveness of the Agency's system of corporate governance, risk management and internal control processes, together with recommendations for improvement.

The Forest Service Corporate Governance and Audit Committee (FSCGAC) is a sub-committee of the Agency Management Board. It meets three times each year and is chaired by a senior

civil servant from the Department for Regional Development who is independent of the Forest Service. The FSCGAC supports me in my responsibilities for issues of governance, business risk, internal control and associated assurance. The other members of the committee are one executive member of the Forest Service and one non-executive member from DARD.

The Executive Directors within the Agency have each provided me with signed Stewardship Reports in which they acknowledge their responsibility for ensuring that objectives for which they are responsible are clearly defined and that all members of staff within their Directorates are aware of the objectives relevant to their work. In addition they have each acknowledged their responsibility for developing and maintaining effective internal controls within their Directorates to provide reasonable assurance of achievement of these objectives. They have also provided me with specific details of actions taken in various areas of control.

4. The risk and control framework

Experienced managers throughout the Agency manage risks through a process of inspection and review and plans are modified to take account of risks in the delivery of business objectives.

Sound records management practices are in place that ensure the appropriate creation, maintenance and disposal of important information held in paper and electronic formats. Information and information systems as assets are carefully controlled with segmental access provided as required to undertake tasks. The NICS information management systems allows for full audit functionality to minimise and track information risk.

The main strategic risks faced by the Forest Service are the impact of a collapse of the Northern Ireland timber market or loss of major customers and, in the longer term, loss of productivity of plantations due to pests and disease, storm damage, fire and loss of nutrients in the soil. The immediate risks are included in the Agency's Risk Register and the wider Department's Corporate Risk Register. The risk is managed through the implementation of long term contracts and sharing knowledge about the growing stock with major customers.

The Agency's risk environment involves managing risks that impact on the public. The Agency adopts a duty of care to forest users and has procedures for defining safety arrangements for the protection of users in the vicinity of forestry operations. Those recreation users who require special permission for their activities and school parties who learn about environmental issues are advised to carry out their own risk assessments.

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 Agency who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board and the FSCGAC and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board's work is informed by the work of the Soil Association who audits our management performance against the requirements of the UK Woodland Assurance Standard. The Soil Association confirms that there is sufficient evidence that our forests are sustainably managed for products manufactured from our timber can be labelled with the Forestry Stewardship Council (FSC) logo.

Directors also pay particular attention to the monthly finance reports presented by the Agency Accountant, to audit reports and recommendations, and in particular to the reports from the FSCGAC and to reports about progress towards achieving business plan objectives and the emerging risks. The Directors collectively ensure that the Business Plan is relevant and challenging to the Forest Service.

Decisions are recorded in a series of Board minutes which are available to all Agency staff.

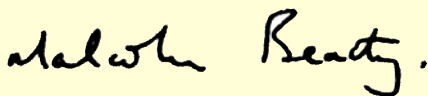
During the year we assisted the Northern Ireland Audit Office in their review of our timber sales process and how we obtain good value for money.

I have noted the satisfactory opinion in the Internal Auditors Annual Assurance Report on Forest Service. The overall conclusion of the FSCGAC report is a general satisfaction with Internal Control arrangements.

In summary, my review of the effectiveness of the Agency's system of internal control relies upon the directors' Stewardship Reports and the roles carried out by the Board, FSCGAC, the Northern Ireland Audit Office and Internal Audit, and the Soil Association.

Significant Internal Control Weaknesses

In overall terms, I am satisfied that the Agency's internal control systems provide reasonable assurance that all risks relating to the achievement of our policies, aims and objectives are being managed effectively.



Malcolm Beatty
Chief Executive
27 June 2012

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

I certify that I have audited the financial statements of the Forest Service for the year ended 31 March 2012 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity 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 Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive 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 examine, certify and report on 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 Forest Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Forest Service; 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 Forest Service's affairs as at 31st March 2012 and of the net operating cost, cash flows and changes in taxpayers' equity 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.

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 Chief Executive's Foreword, Director's Report, Management Commentary and unaudited part of the remuneration report 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.



K J Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT71EU

29 June 2012

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 March 2012

				2011-12	2010-11
				£000	Restated £000
	Note	Staff Costs	Other Costs	Income	
Programme Income:					
EU Income	2	0	0	(579)	(434)
Operating Income	2	0	0	(9,633)	(8,573)
Programme Costs:					
Staff Costs	4.1	6,947	0	0	7,279
Grants	5	0	1,603	0	1,602
Rental Costs	5	0	27	0	13
Other Expenditure	5	0	3,663	0	2,968
Non-Cash Items	5	0	3,173	0	2,157
Growing Timber Revaluation	5	0	(9,934)	0	(8,153)
Totals		6,947	(1,468)	(10,212)	(3,141)
Net Operating Surplus				(4,733)	(3,141)

All income and expenditure are derived from continuing operations.

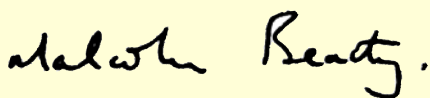
OTHER COMPREHENSIVE EXPENDITURE

			2011-12	2010-11
			£000	Restated £000
	Note			
Net gain on revaluation of Property, Plant & Equipment	8		(1,137)	(11,105)
Net gain on revaluation of Intangibles	9		(3)	(5)
Total Comprehensive Surplus for the year ended 31 March 2012			(5,873)	(14,251)

The notes on pages 47 to 64 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2012

		2012	2011	2010
	Note	£000	Restated £000	Restated £000
Non-current assets:				
Heritage assets	7	1,167	1,167	1,167
Property, plant and equipment	8	118,897	119,203	108,129
Intangible Assets	9	527	590	613
Biological Assets	11	134,299	124,185	116,571
Total non-current assets		254,890	245,145	226,480
Current assets:				
Assets classified as held for sale	12	750	942	388
Inventories	15	177	194	256
Trade and other receivables	16	1,442	2,648	1,559
Cash and cash equivalents	17	3	3	3
Total current assets		2,372	3,787	2,206
Total assets		257,262	248,932	228,686
Current liabilities				
Trade and other payables	18	(1,323)	(1,416)	(1,779)
Provisions	19	(60)	(71)	(452)
Total current liabilities		(1,383)	(1,487)	(2,231)
Non-current assets plus net current assets		255,879	247,445	226,455
Non-current liabilities				
Provisions	19	(60)		
Total non-current liabilities		(60)		
Assets less liabilities		255,819	247,445	226,455
Taxpayers' equity:				
General fund		194,165	186,698	179,610
Revaluation reserve		61,654	60,747	46,845
Total taxpayers' equity		255,819	247,445	226,455



Malcolm Beatty
Chief Executive
27 June 2012

The notes on pages 47 to 64 form part of these accounts

STATEMENT OF CASH FLOWS
for the year ended 31 March 2012

	2011-12	2010-11
Note	£000	Restated £000
Cash flows from operating activities		
Net operating surplus	4,733	3,141
Adjustments for non cash transactions	5 (6,761)	(5,996)
Decrease/(Increase) in trade and other receivables	16 1,206	(1,089)
Decrease in Inventories	15 17	62
(Decrease) in trade payables	18 (93)	(363)
Use of provisions	19 (18)	(406)
Bad debts written off	5 (1)	(5)
Bad debt provisions (provided for)/released in year	5 3	(2)
Net cash outflow from operating activities	(914)	(4,658)
Cash flows from investing activities		
Purchase of property, plant and equipment	8 (350)	(594)
Purchase of intangible assets	9 (18)	(46)
Proceeds of disposal of property, plant and equipment	5,8 61	28
Proceeds of disposal of intangible assets	9 0	1
Net cash outflow from investing activities	(307)	(611)
Cash flows from financing activities		
Gross cash inflow from financing	11,433	14,276
Receipts	2 (10,212)	(9,007)
Net financing	1,221	5,269
Net increase/(decrease) in cash and cash equivalents in the period	0	0
Cash and cash equivalents at the beginning of the period	3	3
Cash and cash equivalents at the end of the period	3	3

The notes on pages 47 to 64 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2012

	Note	General Fund Restated £000	Revaluation Reserve £000	EU Grant Fund Restated £000	Total Reserves Restated £000
Taxpayers' equity at 31 March 2010		178,624	46,845	598	226,067
Changes in Accounting Policy	1.19	986		(598)	388
Restated balance at 1 April 2010		179,610	46,845	0	226,455
Funding from DARD		5,342	0	0	5,342
CFERS payable to the Consolidated Fund		(72)	0	0	(72)
Comprehensive Surplus for the Year	1.19	3,141	0	0	3,141
Non-cash adjustments	8.2, 9.2	0	11,110	0	11,110
Non-cash notional charges	6	1,459	0	0	1,459
Non-cash charges - auditor's remuneration	5	9	0	0	9
Transfers between reserves		165	(165)	0	0
Transfer between reserves - prior year		(2,956)	2,956	0	0
Restated balance at 31 March 2011		186,698	60,747	0	247,445
Funding from DARD		1,221	0	0	1,221
CFERS payable to the Consolidated Fund		0	0	0	0
Comprehensive Surplus for the Year		4,733	0	0	4,733
Non-cash adjustments	8.1, 9.1	0	1,140	0	1,140
Non-cash notional charges	6	1,307	0	0	1,307
Non-cash charges - auditor's remuneration	5	9	0	0	9
Transfers of assets at no consideration	8.1	(36)	0	0	(36)
Transfers between reserves		233	(233)	0	0
Balance at 31 March 2012		194,165	61,654	0	255,819

The notes on pages 47 to 64 form part of these accounts.

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2011-12 *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. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Forest Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.0 Accounting Convention

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

1.1 Property, plant and equipment

Capitalisation

Expenditure on property, plant and equipment of over £5,000 is capitalised. Within DARD the grouping of computer equipment, in respect of items falling below this threshold, has also been undertaken.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred. Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, is capitalised, otherwise it is written off to revenue.

Valuation

Land is valued on a fair value basis. The combined asset value (CAV) of Forestry land and the timber thereon is determined by the Land and Property Services Agency on an annual basis in accordance with The Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors. The fair value of the Timber is calculated as per note 1.3 and deducted from the CAV to provide a fair value for the land. Revaluations are taken to the revaluation reserve to the extent of any credit reserve per individual asset, with the excess charged directly to the Statement of Comprehensive Net Expenditure.

Land at Baronscourt is being handed back to its owner in stages up to the year 2024. Depreciation is charged over the period.

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 buildings are undertaken every 5 years. The valuations of buildings used in these accounts were provided by the Land and Property Services Agency as at 1 April 2009. Buildings are revalued annually, between professional valuations, using indices compiled by the Department of Trade and Industry. These indices have been applied at December 2011. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

For property occupied by, but not owned by the Agency a notional charge for accommodation costs is included in the Statement of Comprehensive Net Expenditure.

Assets under construction are carried at cost.

Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS), using the MM22 - Producer Price Indices .

Depreciation

Depreciation is charged on a straight line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful live. The useful lives, which are reviewed regularly, are:

Computer equipment and Software	3 to 7 years
Plant and Machinery	4 to 15 years
Buildings	50 years
Roads	10 years

Assets under construction are not depreciated until they are commissioned.

1.2 Intangible Assets

Purchased computer software licenses are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition, similar licenses falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licenses is restated at fair value at the Statement of Financial Position date in accordance with the movement in the Retail Price Index (RPI). Software licenses are amortised over their expected useful life, which can be from 1 to 15 years, depending on the license.

Land rights (shooting and turbarry rights) are valued every 5 years by a professional valuer. The valuations of land rights used in these accounts were provided by the Land and Property Services Agency as at 1 April 2009 in accordance with The Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors. There is no in-year amortisation charge as the life span is land based and therefore assumed to be infinite.

Externally Developed Software is the Forest Service Geographic Information System (FSGIS) which is used in the management and monitoring of Forest Service forests and grant-aided private woodlands. This externally developed software is amortised over the expected useful life of 3 years.

1.3 Biological Assets

Biological assets include all forested areas where there is potential to recover timber regardless of whether timber production is a primary objective, excluding natural reserves. The extent of forest area is maintained on an electronic database.

The age and expected volume at harvest is derived from measurements of sample plots taken in 2007 and applied to a series of timber yield models. The age of Maximum Mean Annual Increment (MMAI) is used as the most appropriate method of assessing when a crop is mature. In the absence of an active market for the sale of immature forest crops or forests in Northern Ireland, the value of trees is included in non-current assets on a fair value basis less estimated selling costs.

The fair value is determined by applying the present value of expected future net cash flows from the asset discounted at a market determined pre-tax rate to calculate the current fair value of the timber estate in its present form. Future revenues are based on active market information for the sale of mature timber. Costs to sell are those associated with measurement for timber sales, supervision of harvesting operations, roading to facilitate harvesting access and costs to market the timber. Forest Service has determined that the appropriate interest rate is 5%.

All income and costs are annualised over the previous five years using the Gross Domestic Product (GDP) Inflation Series published by the Office of National Statistics to exclude the influence of short term fluctuations in trading prices.

Revaluations are directly charged to the Statement of Comprehensive Net Expenditure with the timber held for sale disclosed as a current asset.

1.4 Heritage Assets

Forest Service received 75% funding from the EC to construct a Peace Maze in Castlewellan Forest Park. This has been included in the Statement of Financial Position as a Heritage Asset.

Forest Service replaced the walkway in Glenariff Forest Park reflecting its historical value in providing access to and recreational use of the forest. This is included in the Statement of Financial Position as a Heritage Asset.

Heritage assets are valued at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated. Both heritage assets are operational.

1.5 Non-Current Assets reclassified as Current Assets held for Sale

The Agency classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets that are held for sale are valued on the basis of open market value less any material directly attributable selling costs and are reclassified as current assets held for sale. Current assets held for sale are regularly reviewed to ascertain whether they continue to meet the above criteria. Where a current asset held for sale no longer meets the criteria, the asset is reclassified as a non-current asset.

1.6 Inventories

General raw material stocks are shown at the lower of average costs and net realisable value.

1.7 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for Assembly 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. (See note 23 to the accounts).

1.8 Provisions

The Agency provides for legal or constructive obligations, which are of an uncertain timing, or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation.

Legal claims and other provisions are provided for at the full assessed amount in each case.

DARD is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. DARD provides in full for the cost of meeting these payments in respect of early retirement programmes at the time that a liability is created. These costs are included as a notional cost in the Agency accounts. There were no early retirements in 2011-12.

1.9 Operating Income

Operating income is income that relates directly to operating activities of the Agency. It comprises fees and charges to be recovered for services provided to external customers, sale of timber and other forest products and rental income.

1.10 Grant Income and Expenditure

Forestry Grant Schemes for the creation of new woodland, the restocking of previously felled areas and the management of existing mature and semi-mature woodlands are co-funded by the European Agricultural Fund (EAF). The Agency recognises grant expenditure in the period in which the recipient carries out the activity that creates an entitlement to the grant support, in so far as it is practicable to do so. EU income due to the Agency is accrued in line with the relevant expenditure.

1.11 Administration and Programme Income and Expenditure

The Statement of Comprehensive Net Expenditure shows only programme income and expenditure. The classification of income and expenditure as administration or programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury and adopted by the Department of Finance and Personnel (DFP) for Northern Ireland. All of the Agency's income and expenditure relates directly to service delivery and as such is designated as programme.

1.12 Employee Benefits including Pension Costs

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been derived by using a specific report run from the HR Connect personnel system which calculates the year end balance using actual leave balances on the system.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes which are described in Note 4. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS)[NI] of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year. (see note 4.1)

1.13 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Balances at the year end are restated using the exchange rate on 31 March and any exchange gain or loss is treated as income or expenditure.

1.14 Value Added Tax

The Statement of Comprehensive Net Expenditure is stated net of VAT. Where trade receivables and trade payables are stated gross of VAT, the VAT account balance is adjusted accordingly. Vat is recovered on an accruals basis by DARD.

1.15 Taxation

No taxation is chargeable on the financial results of the Agency.

1.16 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.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is de-recognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is de-recognised when, and only when, it is extinguished.

The Agency 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 and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Agency assesses at each Statement of Financial Position 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.

The Agency measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

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.

1.17 Related Party Transactions

The Forest Service is an executive agency of DARD. DARD is regarded as a related party. During the year, Forest Service has had various material transactions with DARD and with other entities for which DARD is regarded as the parent Department, including Rivers Agency.

In addition, Forest Service has had a small number of transactions with other government departments and other central government bodies including DFP, the Department of Enterprise, Trade and Investment and the Agri-Food and Biosciences Institute (AFBI).

In terms of related party interests of the Agency's officials, in the interests of transparency the Agency considers it necessary that its top managerial officials and members of the Departmental

Board declare all of the following: -

- Any interests in Forest Service other than through the normal relationship of employee/ employer, for example receipt of grants for woodland expansion;
- Any interest in any body with which Forest Service has dealings including membership of Boards of those bodies even when such membership is part of the officer's job;
- Any such interest held by a close family member.

1.18 Segmental Reporting

Under IFRS 8, the Agency has one operating segment whose results are regularly reviewed by the Accounting Officer to make decisions about resources to be allocated to the segment and assess its performance. The operating aim of the Agency is to manage existing woods and forests across Northern Ireland and to secure a steady expansion of tree cover to promote economic and environmental benefits and provide recreational opportunities for the people of Northern Ireland.

1.19 Exceptional Items

Government Grant Reserve

Under IAS 20 there has been a change in the accounting treatment for government grants. The Agency's Peace Maze (Heritage Asset) was part funded by the EU and the funding was accounted for as a Government Grant Reserve. IAS 20 dictates that a government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises the related costs for which the grants are intended to compensate. Therefore the Government Grant Reserve has been credited to the General Fund. IAS1 requires a third statement of financial position to be presented as at the beginning of the earliest comparative period following a change in accounting policy.

Timber revaluation split and recognition of timber asset held for sale

Under IAS 41, a reconciliation of the carrying amount of biological assets between the beginning and the end of the current period is required. The disclosure at note 11 has been amended to satisfy this requirement. This revised disclosure shows the gain arising from changes in fair value less costs to sell, decreases attributable to removals and biological assets held for sale and trees lost due to forest fires and disease.

Reconciliation of taxpayers' equity as at 1 April 2010

	General Fund £000	Reserve Revaluation £000	EU Grant Fund £000	Total £000
Opening balance 1 April 2010	178,624	46,845	598	226,067
Adjustment for Government Grant Reserve	598	0	(598)	0
Adjustment for biological asset held for sale	388	0	0	388
Adjusted opening balance 1 April 2010	179,610	46,845	0	226,455

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

Net operating surplus for 2010-11	(2,602)
Adjustment for biological asset held for sale	(539)
Adjusted net operating surplus for 2010-11	(3,141)

1.20 Critical accounting estimates and key adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.21 Impending application of newly issued accounting standards not yet effective

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, but have not yet been EU adopted. The application of these IFRS changes is subject to further review by Treasury and the other Relevant Authorities before due process consultation.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

2 INCOME

	2011-12 £000	2010-11 £000
Grant income:		
EU Income	579	434
Operating Income:		
Timber Sales	8,340	7,170
Other Forest Products	87	91
Recreation	816	871
Rentals	265	231
Other Activities	125	210
	9,633	8,573
	10,212	9,007

3 BUSINESS ACTIVITIES ATTRACTING FEES AND CHARGES

The purpose of this note is to provide fees and charges information.

Commercial Recreation encompasses camping and caravanning, as well as game shooting.

Non-Commercial Recreation refers to visits to all of our forests. Entrance charges are only levied for the 9 Forest Parks.

The financial objective of Commercial Recreation is full cost recovery. However in the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short term objective is to recover at the maximum level that the market will bear.

	2011-12			2010-11		
	Income £000	Cost £000	Surplus/ (Deficit) £000	Income £000	Cost £000	Surplus/ (Deficit) £000
Commercial Recreation	430	429	1	466	431	35
Non-Commercial Recreation	386	1,339	(953)	405	1,308	(903)
Total	816	1,768	(952)	871	1,739	(868)

4 STAFF NUMBERS AND RELATED COSTS

4.1 Staff Costs comprise:

	2011-12 £000			2010-11 £000	
	<i>Total</i>	<i>Permanently employed staff</i>	<i>Others</i>	<i>Total</i>	
Wages and Salaries	5,595	5,506	89	5,948	
Social Security Costs	413	408	5	386	
Other Pension Costs	939	932	7	945	
Total net costs	6,947	6,846	101	7,279	

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme but Forest Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. In accordance with FReM, full actuarial valuations should be carried out every four years. However, formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design. Details can be found in the PCSPS(NI) resource accounts.

For 2011-12, employers' contributions of £939,189 were payable to the PCSPS(NI) (2010-11 £944,999) at one of four rates in the range 18 to 25 per cent (2010-11: 18 to 25 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions following a full scheme valuation. 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 (2010-11: 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 per cent (2010-11: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of nil (0 per cent; 2010-11: nil, 0 per cent) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. As no staff were in a partnership pension account no payments been made during 2011-12.

There were no early retirements on ill-health grounds in the 2011-12 year (2010-11: there was one early retirement on ill health grounds with the total additional accrued pension liabilities in the year amounting to £2,136.42).

4.2 Average Number of Persons Employed

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

	2011-12			2010-11	
	Number			Number	
	<i>Total</i>	<i>Permanent staff</i>	<i>Others</i>	<i>Total</i>	
Industrial	126	122	4	130	
Non Industrial	91	91	0	91	
Total	217	213	4	221	

5 PROGRAMME COSTS

	Note	2011-12 £000	2010-11 £000 Restated
Grant Payments			
Paid to applicants	EU element	579	522
	National element	1,024	1,080
		1,603	1,602
Rentals under operating leases		27	13
Other Expenditure			
Staff related costs		273	256
Accommodation costs		223	319
Office Services		121	134
Contracted out services		1,130	927
Professional costs		25	34
Consultancy costs		50	50
Other costs		1,840	1,248
Non-capital purchases		1	0
		3,663	2,968
Non-cash items:			
Depreciation	8	704	662
Amortisation	9	36	75
Revaluation	8	971	(69)
Growing Timber Revaluation	11	(9,934)	(8,153)
Loss/(Profit) on disposal of non-current assets		81	(11)
Liability provisions provided for/released in year	19	67	25
Bad debts written off		1	5
Bad debt provisions provided for/(released) in year		(3)	2
Auditor's remuneration and expenses		9	9
Notional charges	6	1,307	1,459
		(6,761)	(5,996)
Total Programme Costs		(1,468)	(1,413)

Grant Payments

The total of grant payments for 2011-12 included £11,580 paid to local government (2010-11: £35,722). Payments to private sector recipients for 2011-12 totalled £1,591,560 (2010-11: £1,566,236).

Growing Timber Revaluation

Included within Programme Costs is a non-cash credit for the movement in the fair value of the Biological Growing Timber asset. The basis of the credit is outlined in note 1.3.

6 NOTIONAL COSTS

	2011-12 £000	2010-11 £000
Services provided by parent department:		
Central Support	667	607
Compensation Claims	15	211
	682	818
Services Provided by other Departments:		
DFP Accommodation charges	164	177
Business Development Service	34	44
Departmental Solicitors' Office	24	40
AccountNI	225	183
IT	174	155
Valuation Fees	4	42
	625	641
Total Notional Costs	1,307	1,459

Notional Costs

Notional Costs relate to services received for which no actual payment is made. They are included in the accounts so as to reflect the full economic cost of provision.

7.0 HERITAGE ASSETS

7.1 2011-12

	Heritage Assets £000
Cost or Valuation	
At 1 April 2011	1,167
Additions	0
Disposals	0
Reclassifications	0
Revaluations	0
Impairments	0
Indexation	0
At 31 March 2012	1,167
Carrying amount at 31 March 2012	1,167
Carrying amount at 31 March 2011	1,167

Heritage assets are valued at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated.

7.2 2010-11

	Heritage Assets £000
Cost or Valuation	
At 1 April 2010	1,167
Additions	0
Disposals	0
Reclassifications	0
Revaluations	0
Impairments	0
Indexation	0
At 31 March 2011	1,167
Carrying amount at 31 March 2011	1,167
Carrying amount at 31 March 2010	1,167

8 PROPERTY, PLANT AND EQUIPMENT

8.1 2011-12

	Land £000	Buildings £000	Plant and Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or Valuation						
At 1 April 2011	112,767	5,143	5,347	133	397	123,787
Additions	0	2	264	11	73	350
Disposals	(102)	0	(289)	(1)	0	(392)
Reclassifications	0	412	0	0	(412)	0
Revaluations	605	412	65	(10)	0	1,072
Impairments	0	0	0	0	0	0
Transfers	5	0	6	0	0	11
Net revaluations charged to OCS	(1,041)	9	1	(1)	0	(1,032)
At 31 March 2012	112,234	5,978	5,394	132	58	123,796
Depreciation						
At 1 April 2011	432	281	3,803	68	0	4,584
Charge for year	63	197	410	34	0	704
Disposals	(35)	0	(269)	(1)	0	(305)
Reclassifications	0	0	0	0	0	0
Revaluations	7	34	(98)	(8)	0	(65)
Impairments	0	0	0	0	0	0
Transfers	0	0	42	0	0	42
Net revaluations charged to OCS	(12)	1	(50)	0	0	(61)
At 31 March 2012	455	513	3,838	93	0	4,899
Carrying amount at 31 March 2012	111,779	5,465	1,556	39	58	118,897
Carrying amount at 31 March 2011	112,335	4,862	1,544	65	397	119,203
Asset financing:						
Owned	111,779	5,465	1,556	39	58	118,897
Finance leased	0	0	0	0	0	0
Carrying amount at 31 March 2012	111,779	5,465	1,556	39	58	118,897

1) The combined valuation of the Agency's Land and Timber used in these accounts is provided by the Land and Property Services Agency on an annual basis 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).

2) Buildings are valued every 5 years by a professional valuer. The valuations of buildings used in these accounts were provided by the Land and Property Services Agency as at 1 April 2009 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). Buildings are revalued annually, between professional valuations, using indices compiled by the Department of Trade and Industry. These indices have been applied at December 2011. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

3) Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS), using the MM22 - Producer Price Indices.

8.2 2010-11

	Land £000	Buildings £000	Plant and Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or Valuation						
At 1 April 2010	101,788	4,974	5,273	113	23	112,171
Additions	0	10	156	26	402	594
Disposals	(1)	(9)	(166)	(14)	0	(190)
Reclassifications	(56)	84	0	0	(28)	0
Revaluations	10,988	81	81	8	0	11,158
Impairments	0	0	0	0	0	0
Transfers	(15)	0	0	0	0	(15)
Net revaluations charged to OCS	63	3	3	0	0	69
At 31 March 2011	112,767	5,143	5,347	133	397	123,787
Depreciation						
At 1 April 2010	385	133	3,464	60	0	4,042
Charge for year	51	144	445	22	0	662
Disposals	0	0	(159)	(14)	0	(173)
Reclassifications	0	0	0	0	0	0
Revaluations	(4)	4	53	0	0	53
Impairments	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Net revaluations charged to OCS	0	0	0	0	0	0
At 31 March 2011	432	281	3,803	68	0	4,584
Carrying amount at 31 March 2011	112,335	4,862	1,544	65	397	119,203
Carrying amount at 31 March 2010	101,403	4,841	1,809	53	23	108,129
Asset financing:						
Owned	112,335	4,862	1,544	65	397	119,203
Finance leased	0	0	0	0	0	0
Carrying amount at 31 March 2011	112,335	4,862	1,544	65	397	119,203

9 INTANGIBLE ASSETS

9.1 2011-12

	Land Rights £000	Licenses £000	Externally Developed Software £000	Total £000
Cost or Valuation				
At 1 April 2011	450	406	48	904
Additions	0	0	18	18
Disposals	0	(340)	0	(340)
Reclassifications	0	0	0	0
Revaluations	0	3	3	6
Impairments	0	0	0	0
Net revaluations charged to OCS	0	0	0	0
At 31 March 2012	450	69	69	588
Amortisation				
At 1 April 2011	0	312	2	314
Charge for year	0	16	20	36
Disposals	0	(292)	0	(292)
Reclassifications	0	0	0	0
Revaluations	0	2	1	3
Impairments	0	0	0	0
Net revaluations charged to OCS	0	0	0	0
At 31 March 2012	0	38	23	61
Carrying amount at 31 March 2012	450	31	46	527
Carrying amount at 31 March 2011	450	94	46	590

Land Rights held by the Forest Service relate to shooting, turbarry rights and wayleaves. They are valued at 5-yearly intervals by the Land and Property Services (LPS), the latest being at 1 April 2009.

9.2 2010-11

	Land Rights £000	Software Licenses £000	Software £000	Total £000
Cost or Valuation				
At 1 April 2010	450	445	0	895
Additions	0	0	46	46
Disposals	0	(56)	0	(56)
Reclassifications	0	0	0	0
Revaluations	0	15	2	17
Impairments	0	0	0	0
Net revaluations charged to OCS	0	2	0	2
At 31 March 2011	450	406	48	904
Amortisation				
At 1 April 2010	0	282	0	282
Charge for year	0	73	2	75
Disposals	0	(55)	0	(55)
Reclassifications	0	0	0	0
Revaluations	0	11	0	11
Impairments	0	0	0	0
Net revaluations charged to OCS	0	1	0	1
At 31 March 2011	0	312	2	314
Carrying amount at 31 March 2011	450	94	46	590
Carrying amount at 31 March 2010	450	163	0	613

10 DONATED ASSETS

The Forest Service has a number of donated assets that are all valued at below £5,000. As this is below the threshold they have not been capitalised.

11 BIOLOGICAL ASSETS

	Note	2011-12 £000	2010-11 £000 Restated	2009-10 £000 Restated
Value at 1 April		124,185	116,571	109,928
<i>Revaluation adjustment</i>				
Transfer to assets held for sale		(747)	(927)	(388)
Timber removals		(8,324)	(7,221)	(6,470)
Timber lost to fire		(928)	(48)	0
Timber lost to disease		0	(31)	0
Price/Growth increment		20,113	15,841	13,501
Carrying amount at 31 March		134,299	124,185	116,571
Revaluation adjustment:				
Credited/(charged) to				
Statement of Comprehensive				
Net Expenditure	5	9,934	8,153	7,031
In year movement in assets				
held for sale	12	180	(539)	(388)
Movement in timber valuation		10,114	7,614	6,643

Growing timber is valued as per note 1.3. Timber lost to fire and disease is also valued on the same basis.

Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2012-13 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

The revaluation movement, except for the movement in the asset held for sale value, is taken directly to the Statement of Comprehensive Net Expenditure.

12 CURRENT ASSETS - ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2011-12 £000	2010-11 £000 Restated	2009-10 £000 Restated
Land		3	15	0
Timber	11	747	927	388
Carrying amount at 31 March		750	942	388

Asset held for sale includes one small area of land surplus to requirements. Two small areas of land which were surplus to requirements in 2010-11 were disposed of in the 2011-12 year.

Assets held for sale include timber allocated for sale under contract which has been removed from the estate database and therefore not valued as part of the non-current timber asset per note 11. This timber held for sale at year end will be sold in the following financial year and therefore is disclosed as a current asset held for sale valued at the expected sales price.

13 REVALUATIONS

	Note	2011-12 £000	2010-11 £000 Restated
Credited through Statement of Comprehensive Net Expenditure	5	(8,963)	(8,222)
Total Revaluation (credit)/charge in year		(8,963)	(8,222)

14 FINANCIAL INSTRUMENTS

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

15 INVENTORIES

	2011-12 £000	2010-11 £000	2009-10 £000
Inventories	177	194	256

16 TRADE RECEIVABLES AND OTHER CURRENT ASSETS**Amounts falling due within one year:**

Trade receivables	1,232	2,393	1,478
Other receivables	0	1	3
Prepayments and accrued income	54	65	35
Government funding receivable	69	28	43
VAT	87	161	0
Balance at 31 March	1,442	2,648	1,559

16.1 Intra-government Balances

	2011-12 £000	2010-11 £000	2009-10 £000
Balances with other central government bodies	87	162	33
Balances with local authorities	0	0	13
Subtotal: intra-government balances	87	162	46
Balances with bodies external to government	1,355	2,486	1,513
Total debtors at 31 March	1,442	2,648	1,559

17 CASH AND CASH EQUIVALENTS

Balance at 1 April	3	3	38
Net change in cash and cash equivalent balances	0	0	(35)
Balance at 31 March	3	3	3
The following balances as at 31 March were held at:			
Commercial banks and cash in hand	3	3	3
Balance at 31 March	3	3	3

18 TRADE PAYABLES AND OTHER CURRENT BALANCES

	2011-12 £000	2010-11 £000	2009-10 £000
Amounts falling due within one year:			
Other taxation and social security	0	0	89
Trade payables	175	43	93
Government Grants Payable	156	69	121
Other payables	0	5	207
Accruals and deferred income	966	1,177	1,172
Consolidated Funds extra receipts due to be paid to the consolidated fund	26	122	50
Vat	0	0	47
	1,323	1,416	1,779

18.1 Intra-Government Balances

Balances with other central government bodies	126	172	97
Balances with local authorities	0	0	0
Subtotal: intra-government balances	126	172	97
Balances with bodies external to government	1,197	1,244	1,682
Total debtors at 31 March	1,323	1,416	1,779

19 PROVISION FOR LIABILITIES AND CHARGES

	Legal Claims £000	Equal Pay £000	2011-12 £000	2010-11 £000
Balance at 1 April	52	19	71	452
Provided in the year	87	0	87	52
Provisions utilised in the year	(18)	0	(18)	(406)
Provisions not required written back	(1)	(19)	(20)	(27)
Balance at 31 March	120	0	120	71

Analysis of expected timing of discounted cash flows

	Legal Claims £000	Equal Pay £000	2011-12 £000	2010-11 £000
Not later than one year	60	0	60	71
Later than one year and not later than five years	60	0	60	0
Later than five years	0	0	0	0
Balance at 31 March	120	0	120	71

Legal Claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The legal claims and other provisions are provided for at the full assessed amount in each case. The provision is based on the estimated cash flows.

Legal claims which may succeed but which are either not probable, or the liability cannot be estimated reliably, are disclosed as contingent liabilities in Note 23.

Equal Pay

This provision represents the Agency's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as a result of an agreement with NIPSA in respect of Equal Pay. All claims have now been settled.

20 GRANT COMMITMENTS

The agency has entered into non-cancellable contracts (which are not leases or PFI (and other service concession arrangement) contracts) for grants for the management of existing woodlands which are payable annually in arrears, so long as specific objectives and criteria are met. The payments to which the agency is committed are as follows:

	2011-12 £000	2010-11 £000
EU Grant Schemes		
Not later than one year	700	800
Later than one year and not later than five years	1,500	1,500
Later than five years	2,300	2,300
	4,500	4,600
National Grant Schemes		
Not later than one year	600	800
Later than one year and not later than five years	1,200	1,200
Later than five years	1,900	1,900
	3,700	3,900
Total EU/National Grant Schemes		
Not later than one year	1,300	1,600
Later than one year and not later than five years	2,700	2,700
Later than five years	4,200	4,200
Present value of obligations	8,200	8,500

21 CAPITAL COMMITMENTS

There are no contracted capital commitments at 31 March 2012 (2010-11 nil).

22 COMMITMENTS UNDER LEASES

Operating leases

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

	2011-12 £000	2010-11 £000	2009-10 £000
Land			
Not later than one year	2	2	2
Later than one year and not later than five years	7	7	7
Later than five years	180	182	188
	189	191	197

23 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

Due to the serious prejudice that would be caused to the Agency's position in relation to disputes with other parties, full disclosure of its contingent liabilities is not possible. At 31st March 2012, we estimate other contingent liabilities to be nil. (31st March 2011: £nil).

24 LOSSES AND SPECIAL PAYMENTS

Losses Statement

	2012 £000	Number of cases	2011 £000	Number of cases	2010 £000	Number of cases
Forest Fires	981	22	48	11	0	0
P. ramorum *	153	8	216	5	0	0
P. lateralis *	26	5	0	0	0	0
Others	10	13	8	18	4	8
	1,170	48	272	34	4	8

* P. ramorum/P. lateralis

During the 2010-11 and 2011-12 years, we discovered that several larch plantations were diseased, caused by the quarantine organism P. ramorum. During the 2011-12 year, we also discovered that plantations and individual trees of lawson cypress were diseased, caused by the quarantine organism P. lateralis.

The losses indicated above are calculated as the total direct labour and material costs incurred in the necessary harvesting and clearance of affected sites, and the fair value of immature trees. The value of these trees has been calculated using the fair value method described in note 1.3.

25 RELATED PARTY TRANSACTIONS

The Forest Service is an executive agency of DARD. DARD is regarded as a related party. During the year, Forest Service has had various material transactions with DARD and with other entities for which DARD is regarded as the parent Department, including Rivers Agency.

In addition, Forest Service has had a small number of transactions with other government departments and other central government bodies including DFP, the Department of Enterprise, Trade and Investment and the Agri-Food and Biosciences Institute (AFBI).

During the year, no Board Member, key manager or other related parties has undertaken any material transactions with Forest Service.

26 EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period which affect these accounts.

27 The Accounting Officer authorised these financial statements for issue on 29 June 2012.



FS 2C 08/12 IMPPD
ISBN 978 1 84807 334 0

Printed on recycled paper

