

# FOREWORD TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2000

## BACKGROUND

CEFAS was established on 1 April 1997 as an Executive Agency of MAFF. It is fully accountable to Parliament through Ministers. CEFAS currently operates from four sites; Lowestoft, Weymouth, Burnham, and Whitehaven.

## AIMS AND OBJECTIVES

CEFAS aims and objectives are given on pages 4 - 5.

## PRINCIPAL ACTIVITIES

The Agency's principal activities are to deliver an efficient service of specialist scientific and technical support, consultancy and advice in the fields of fisheries management, environment protection and aquaculture. The Chief Executive's Statement on pages 6 - 7 contains further information on the business activities of CEFAS.

## PENSION LIABILITIES

Pension liabilities are accrued in total in the year in which the liability arises. Pension benefits are provided through the statutory Principal Civil Service Pension Scheme (PCSPS). This provides benefits on a "final salary" basis at a normal retirement age of 60, as detailed in note 4 of the accounts.

## ACCOUNTS DIRECTION

The accounts have been prepared under a direction issued by the Treasury in accordance with section 5(1) of the Exchequer and Audit Departments Act 1921.

## CEFAS HISTORY AND STATUTORY BACKGROUND

CEFAS is an Executive Agency of MAFF that was created on 1 April 1997 from the former Directorate of Fisheries Research (DFR) under the Next Steps programme. The status and legal framework is laid out in the CEFAS Framework Document. Its origins date from 1902 when a research station was established to investigate declining fish stocks as part of the UK contribution to the newly created International Council for the Exploration of the Sea (ICES).

## MANAGEMENT

The Minister of Agriculture, Fisheries and Food with overall responsibility for CEFAS during the year was The Right Honourable Nick Brown MP.

The Chief Executive of CEFAS is Dr Peter Greig-Smith. The composition of the CEFAS Management Board and Ownership Board is given on page 37. The Chief Executive was appointed through an open competition, and holds the post for a five-year term. External members of the Agency's Ownership Board are appointed by the invitation of the Minister, for a three-year term. Other members of the Ownership Board and Management Board are appointed directly by the Permanent Secretary or Chief Executive respectively, on an open-ended basis.

The Salaries of the Management Board are determined by the CEFAS Performance Related Pay Scheme. The salary of the Chief Executive is performance related and reviewed by the Ownership Board against the key ministerial targets and milestones as agreed at the beginning of the year. Details of the remuneration are provided in note 4 to the accounts.

## EMPLOYMENT OF DISABLED PERSONS

CEFAS follows the Civil Service Code of Practice on the Employment of Disabled People. The Agency's policy is to recruit, train and provide career development facilities to disabled persons on the same basis as for other staff and to make every effort to retrain and assist any individuals disabled in the course of their employment.

## EMPLOYEE INVOLVEMENT

Regular exchanges of information with staff take place through formal and informal consultative arrangements at Agency and local level. Such exchanges include Agency objectives, plans and progress and matters relating to the interests of staff. CEFAS follows an equal opportunities policy for fair and open recruitment of permanent staff.

## PAYMENT OF SUPPLIERS

CEFAS prompt payment policy is described in note 21 to the accounts.

## AUDITORS

Comptroller and Auditor General,  
National Audit Office,  
157 - 197 Buckingham Palace Road,  
Victoria, London SW1W 9SP

## INCOME AND EXPENDITURE ACCOUNT TO 31 MARCH 2000

	Notes	1999/00 £000	1998/99 £000
<b>INCOME</b>			
UK Government Income	2	24,308	23,652
Non UK Government Income	3	3,973	2,490
<b>Total Income</b>		<b>28,281</b>	<b>26,142</b>
<b>EXPENDITURE</b>			
Staff Expenditure	4	(12,481)	(11,543)
Other Expenditure	5	(12,011)	(10,852)
<b>Total Operating Expenditure</b>		<b>(24,492)</b>	<b>(22,395)</b>
Profit/(Loss) on Disposal of Fixed Assets		(159)	(71)
Notional Interest Payable	22	(2,264)	(2,259)
Write Down of Conwy		(1,609)	0
<b>NET SURPLUS / (DEFICIT)</b>		<b>(243)</b>	<b>1,417</b>
<b>Percentage Total Cost Recovery excluding Revaluation Loss on Conwy</b>		<b>105</b>	<b>106</b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2000

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Surplus Loss for the Year	(243)	1,417
Net Gain/(Loss) on Revaluation of Fixed Assets	(429)	1,867
Net Gain/(Loss) on Disposal of Fixed Assets	(159)	(71)
Exchange Gains/(Losses)	(1)	(2)
<b>Total Gains and Losses Recognised in Year</b>	<b>(832)</b>	<b>3,211</b>


*1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.*

## BALANCE SHEET AS AT 31 MARCH 2000

	Notes	1999/00 £000	1998/99 £000
<b>Intangible Fixed Assets</b>		0	0
<b>Tangible Fixed Assets</b>	7	35,120	36,719
<b>Total Fixed Assets</b>			35,120
<b>Current Assets</b>			
Stock		136	81
Work in progress	8	657	307
Debtors	9	5,433	5,911
Cash in Hand and at Bank	15	6,823	612
<b>Total Current Assets</b>		<b>13,049</b>	<b>6,911</b>
<b>Creditors</b> Amounts falling due within one year	10	1,559	2,242
<b>Net Current Assets/(Liabilities)</b>			11,490
<b>Total Assets Less Current Liabilities</b>			46,610
<b>Creditors</b> Amounts falling due after more than one year	10		0
<b>Provisions for liabilities and charges</b>	11		262
<b>Total Assets Less Liabilities</b>			<b>46,348</b>
<b>RESERVES</b>			
Income & Expenditure Account			(243)
General Fund			40,587
Revaluation Reserve			6,004
<b>Total Reserves as at 31 March 2000</b>	12		<b>46,348</b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

Dr Peter Greig Smith

Signed..........Chief Executive and Agency Accounting Officer

## CASH FLOW STATEMENT AS AT 31 MARCH 2000

	Notes	1999/00 £000	1998/99 £000
<b>Cash Flow</b>			
Net Cash inflow/(outflow) from operating activities	13		7,718
Net Capital expenditure & financial investment		(1,507)	(1,720)
Payments to the Consolidated Fund		0	0
Financing from the Consolidated Fund		0	(1,507)
<b>Increase/ (Decrease ) in cash</b>			<b>6,211</b>
			<b>(7,186)</b>
<b>Reconciliation of Operating Costs to Operating Cash Flows</b>			
Net Operating Cost			(243)
Adjustments to working capital other than cash		(610)	(8,602)
Adjustments to long term liabilities		0	0
Adjustment for non cash transactions		8,517	7,961
<b>Net cash inflow/(outflow) from Operating Activities</b>			<b>7,718</b>
			<b>(5,466)</b>
<b>Analysis of Capital expenditure and Financial Investment</b>			
Purchase of tangible fixed assets		(1,527)	(1,730)
Proceeds of disposal of tangible fixed assets		20	10
<b>Net cash inflow/(outflow ) from investing activities</b>			<b>(1,507)</b>
			<b>(1,720)</b>
<b>Cash Requirement</b>	14		<b>6,211</b>
			<b>(7,186)</b>

# NOTES TO THE ACCOUNTS

## NOTE 1

### STATEMENT OF ACCOUNTING POLICIES

#### 1.1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Resource Accounting manual issued by HM Treasury. The particular accounting policies adopted by CEFAS are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

#### 1.2 ACCOUNTING CONVENTION

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

#### 1.3 TANGIBLE FIXED ASSETS

Asset costs are modified annually by the use of indices for current cost accounting as supplied by the Office for National Statistics. In addition Land and Buildings are professionally valued at intervals of no greater than 5 years.

##### 1.3.1 Land and Buildings

The title to the freehold land and buildings occupied by CEFAS is held by MAFF. Buildings are depreciated based upon a 50-year life.

##### 1.3.2 Other Fixed Assets

The capitalisation threshold for fixed assets is £2,000. Asset pools exist for items of IT Equipment with individual values ranging from £500 to £2000.

CEFAS has no internally generated software, which falls within the criteria laid down in the MAFF Resource Accounting Manual.

##### 1.3.3 Depreciation of Tangible Fixed Assets

Depreciation is provided on all fixed assets, with the exception of Land, at rates calculated to write off the valuation of each asset evenly over its expected useful life.

##### Asset lives are as follows:

IT Servers	4 Years
Short Life IT Equipment	4 Years
Longer Life IT Equipment	6 Years
IT Asset pool	3 Years
Short Life Scientific and Research Equipment	5 Years
Longer Life Scientific and Research Equipment	10 Years
Vessels	20 Years
Short Life Fisheries Equipment	5 Years
Longer Life Fisheries Equipment	10 Years
Pool Vehicles	6 Years
Specialist Vehicles	8 Years
Switchboards	11 Years
Office Equipment	6 Years

##### 1.3.4 Donated Assets

CEFAS holds no Donated Assets.

##### 1.3.5 Investments

CEFAS holds no Investments.

##### 1.3.6 Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost or net realisable value.

### 1.3.7 Research and Development

Expenditure on Research and Development (Seedcorn Projects) is treated as an operating cost in the year in which it is incurred and taken to the Income and Expenditure Account. Fixed assets, which are acquired for use in Research and Development are depreciated over their useful economic life.

## 2. OPERATING INCOME

Operating Income is shown net of value added tax and comprises fees and charges for services provided to Core MAFF, external customers, other government agencies and public sector repayment work receipts from the European Union.

## 3. CAPITAL CHARGE

A notional charge, reflecting the cost of capital used by CEFAS is included in the Income and Expenditure Account. The charge is calculated at the government standard rate of 6% on the average value of all assets, less liabilities and excluding donated assets.

## 4. TAXATION

No taxation is payable on the surplus generated by CEFAS. CEFAS is covered under the VAT registration of MAFF. Irrecoverable VAT, excluding that on capital purchases, is charged to the Income and Expenditure Account in the year in which it is incurred.

## 5. FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, all differences being taken to the Income and Expenditure Account.

## 6. NOTIONAL CHARGES

In addition to the capital charge, the following notional costs borne on the Income and Expenditure Account are charged to the General Fund:

*MAFF Maintenance Charges*  
*MAFF Central Overhead Charges*  
*Redundancy*  
*Interest*  
*Internal Audit Fees*  
*External Audit Fees*

## 7. INSURANCE

CEFAS, in common with other Government bodies, does not insure the majority of its assets. Losses and Compensations are charged to the Income and Expenditure Account.

## 8. PENSIONS

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. CEFAS meets the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme for the PCSPS as a whole.

## 9. EARLY DEPARTURE COSTS

CEFAS is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. CEFAS provides in full for this cost when the early retirement programme has been announced and is binding on CEFAS. CEFAS may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster Generals Account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

## 10. GOING CONCERN

These accounts have been prepared on the basis that CEFAS is a going concern.

**NOTE 2****UK GOVERNMENT INCOME**

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
MAFF	22,706	22,417
MAFF Agencies	24	19
Other Government Depts	1,578	1,216
<b>Total UK Government Income</b>	<b><u>24,308</u></b>	<b><u>23,652</u></b>

**NOTE 3****NON UK GOVERNMENT INCOME**

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	887	668
European Union	2,352	1,539
Export Non European Union	394	169
Royalties	47	91
Sundry Income	293	23
<b>Total Non UK Government Income</b>	<b><u>3,973</u></b>	<b><u>2,490</u></b>

**NOTE 4****STAFF RELATED EXPENDITURE**

<b>(a) Staff Costs</b>	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Wages and Salaries	10,392	9,588
Social Security Costs	769	729
Superannuation	1,320	1,226
<b>Total Staff Expenditure</b>	<b><u>12,481</u></b>	<b><u>11,543</u></b>

**(b) The average number of persons employed by CEFAS during the year was:**

	<b>1999/00</b>	<b>1998/99</b>
	<b>No.</b>	<b>No.</b>
Scientific Research & Development	387	383
Management/Administration	108	87
Marketing	3	2
<b>Total</b>	<b><u>498</u></b>	<b><u>472</u></b>

**NOTE 4 (continued)****(c) Board Remuneration**

The remuneration, including bonuses, superannuation and national insurance of the Chief Executive amounted to £84,223 (1998/99 £79,484).

The Chief Executive is an ordinary member of the Civil Service Pension Scheme. MAFF bears the cost of Ownership Board representation apart from the CEFAS Chief Executive.

Information in respect of salaries and pensions of the other members of the Management Board has not been disclosed at their request.

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a "final salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5 percent of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Salaries include gross salaries, performance bonuses payable, reserved rights to London Weighting or London allowances, recruitment and retention allowances and private office allowances. It does not include the estimated monetary value of benefits in kind.

**(d) High Earners**

The following numbers of employees received remuneration, exclusive of employer's contributions to national insurance and superannuation within the following ranges:

Salary Band	1999/00 No.	1998/99 No.
40,000-44,999	7	5
45,000-49,999	3	1
50,000-54,999	3	4
55,000-59,999	1	0
<b>Total</b>	<b>14</b>	<b>10</b>

**(e) Superannuation Scheme**

The employees of CEFAS are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. The 1999/00 contributions of £1,320K (1998/99 £1,226K) were calculated as rates determined from time to time by the Government Actuary and advised by the Treasury.

For this year the range of rates were 12% to 18.5% (1998/99 12% to 18.5%) for industrial staff and non

**(f) Early departure costs**

Early departure costs in 1999/00 amounted to £436K (1998/99 £66k), exclusive of employer's contributions to national insurance and superannuation, for lieu of notice and compensation for loss of pension.

**NOTE 5****OTHER EXPENDITURE**

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Laboratory	2,884	2,147
Library Purchases	81	87
Depreciation	2,496	2,395
Vessels & Charters	677	803
Accommodation	982	922
Rent & Rates	412	420
Vehicles	153	126
Audit	27	27
Travel & Subsistence	591	528
Training	191	132
Agency Staff	49	48
Consultancy	133	136
IT Costs	513	440
Insurance/Losses	104	86
MAFF Management Overheads	1,572	1,836
Telecommunications	152	145
Postage	76	63
Stationery & Printing	135	79
Bank Charges	3	5
Bad Debt Provision	29	68
Exchange Losses	1	2
Losses on Revaluation	8	87
Provision for Early Departure Costs	436	66
Other Expenditure	306	204
<b>Total Expenditure</b>	<b><u>12,011</u></b>	<b><u>10,852</u></b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

## NOTE 6

## SEGMENTAL REPORT

	1999/00			1998/99		
	Governmental Bodies £000	Other £000	Total £000	Governmental Bodies £000	Other £000	Total £000
Income	24,308	3,973	28,281	23,652	2,490	26,142
Expenditure	(25,302)	(3,222)	(28,524)	(22,784)	(1,875)	(24,659)
<b>Surplus/(Loss) for the Year</b>	<b>(994)</b>	<b>751</b>	<b>(243)</b>	<b>868</b>	<b>615</b>	<b>1,483</b>
<b>Return on Capital Employed</b>	<b>6%</b>	<b>16%</b>	<b>8%</b>	<b>6%</b>	<b>39%</b>	<b>9%</b>

These figures are produced in accordance with HM Treasury Fees and Charges Guidance

## NOTE 7

## TANGIBLE FIXED ASSETS

	Land	Buildings	Vessels	Information Technology	Scientific Equipt	General Equipt	Vehicles	Assets In course of Construction	Total
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 April 1999	1,081	29,974	4,871	2,173	5,911	327	432	283	45,052
Revaluation	(157)	(1,774)	0	6	24	2	5	0	(1,894)
Indexation	99	912	173	(25)	(112)	(7)	(7)	0	1,033
Additions	0	0	8	64	383	162	0	910	1,527
Transfers	0	0	0	176	50	0	0	(226)	0
Disposals	(21)	(115)	0	(76)	(42)	(2)	(61)	0	(317)
<b>As at 31 March 2000</b>	<b>1,002</b>	<b>28,997</b>	<b>5,052</b>	<b>2,318</b>	<b>6,214</b>	<b>482</b>	<b>369</b>	<b>967</b>	<b>45,401</b>
<b>Depreciation</b>									
As at 1 April 1999	0	(4,017)	(247)	(1,107)	(2,611)	(164)	(187)	0	(8,333)
Indexation	0	61	(17)	13	48	2	3	0	110
Revaluation	0	322	0	0	0	0	0	0	322
Disposals	0	17	0	60	19	1	19	0	116
Provided in Year	0	(1,007)	(246)	(491)	(645)	(56)	(51)	0	(2,496)
<b>As at 31 March 2000</b>	<b>0</b>	<b>(4,624)</b>	<b>(510)</b>	<b>(1,525)</b>	<b>(3,189)</b>	<b>(217)</b>	<b>(216)</b>	<b>0</b>	<b>(10,281)</b>
<b>Net Book Value</b>									
<b>At 1 April 1999</b>	<b>1,081</b>	<b>25,957</b>	<b>4,624</b>	<b>1,066</b>	<b>3,300</b>	<b>163</b>	<b>245</b>	<b>283</b>	<b>36,719</b>
<b>At 31 March 2000</b>	<b>1,002</b>	<b>24,373</b>	<b>4,542</b>	<b>793</b>	<b>3,025</b>	<b>265</b>	<b>153</b>	<b>967</b>	<b>35,120</b>

Land and Buildings at Conwy are surplus to requirements and have therefore been revalued to a new value of £250,000. The resultant loss has been charged to the Income and Expenditure Account. Opening Balances for Buildings have been restated.

**NOTE 8****WORK IN PROGRESS**

	<b>As at 31 March 2000 £000</b>	<b>As at 31 March 1999 £000</b>
United Kingdom	323	208
European Union	317	80
Other	17	19
<b>Total Work In Progress</b>	<b>657</b>	<b>307</b>

**NOTE 9****DEBTORS**

	<b>As at 31 March 2000 £000</b>	<b>As at 31 March 1999 £000</b>
Trade Debtors	630	701
Provision for Bad Debts	(99)	(71)
Accrued Income	0	0
VAT	91	2
MAFF	4,144	5,112
Prepayments	213	146
Sundry Debtors	454	21
<b>Total Debtors</b>	<b>5,433</b>	<b>5,911</b>

**NOTE 10****CREDITORS**

		<b>As at 31 March 2000 £000</b>	<b>As at 31 March 1999 £000</b>
<b>Within One Year</b>	Trade Creditors	313	1,073
	Wages control	224	191
	Accruals	441	170
	MAFF Creditor	186	443
	Other Creditors	164	101
	Deferred Income	231	264
<b>Total under One Year Creditors</b>		<b>1,559</b>	<b>2,242</b>
<b>Over One Year</b>	Trade Creditors	0	0
<b>Total Creditors</b>		<b>1,559</b>	<b>2,242</b>

**NOTE 11**

**PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Early Retirement and pension commitments £000</b>	<b>Other £000</b>	<b>Total £000</b>
Balance as at 1 April 1999	66	0	66
Increase in provision	196	0	196
<b>Balance as at 31 March 2000</b>	<b>262</b>	<b>0</b>	<b>262</b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

**NOTE 12**

**MOVEMENT ON RESERVES**

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Total £000</b>
<b>As at 1 April 1999</b>	37,538	3,784	41,322
Notional MAFF Charges	1,597	0	1,597
Notional Interest	2,264	0	2,264
Notional Insurance	0	0	0
Revaluation	(1,052)	2,220	1,168
General Fund	0	0	0
Provision for Early Departure Costs	240	0	240
Income & Expenditure Account	(243)	0	(243)
<b>Balance as at 31 March 2000</b>	<b>40,344</b>	<b>6,004</b>	<b>46,348</b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

**NOTE 13****RECONCILIATION OF NET OPERATING COST TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1999/00 £000	1998/99 £000
<b>Net Operating Cost for the year</b>		1,417
		(243)
<b>Adjustment for non cash transactions</b>		
Depreciation	2,496	2,395
Notional Charges	3,863	(900)
(Profit)/loss on disposal of fixed assets	159	71
Early Retirement Liability	436	66
Revaluation losses	1,617	87
<b>Total</b>		<b>1,719</b>
		<b>8,571</b>
<b>Adjustments for movements in working capital other than cash</b>		
(Increase)/Decrease in Stocks/Work in progress	(405)	1,085
(Increase)/Decrease in Debtors	478	(5,612)
(Increase)/Decrease in Long Term Loans	0	0
Increase/(Decrease) in Long Term Liabilities	0	0
Increase/(Decrease) in Creditors	(683)	(1,503)
Other Movements	0	(2,572)
<b>Total</b>		<b>(8,602)</b>
		<b>(610)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>(5,466)</b>
		<b>7,718</b>

1998/99 Figures have been restated to take account of the transfer of Early Departure Provision from MAFF to CEFAS.

**NOTE 14****ANALYSIS OF CHANGES IN CASH DURING THE YEAR**

	1999/00 £000	1998/99 £000
Balance as at 1st April 1999	612	7,798
Net Cash Flow	6,211	(7,186)
<b>Balance as at 31 March 2000</b>	<b>6,823</b>	<b>612</b>

**NOTE 15****CASH IN HAND OR AT BANK**

	<b>As at 31 March 2000 £000</b>	<b>As at 31 March 1999 £000</b>
Midland	0	18
Giro	0	1
Barclays	85	281
Paymaster Generals Office	6,720	294
Other	18	18
<b>Total Cash in Hand or at Bank</b>	<b><u>6,823</u></b>	<b><u>612</u></b>

**NOTE 16****CAPITAL COMMITMENTS**

CEFAS has Capital Commitments totalling £357K, (1998/99 £10K).

**NOTE 17****POST BALANCE SHEET EVENTS**

The Ownership Board has raised the capital threshold on non Information Technology Assets to £3,000 from April 1st 2000.

**NOTE 18****CONTINGENT LIABILITIES**

There were no Contingent Liabilities at the year end.

**NOTE 19****OPERATING LEASES**

Rentals under Operating Leases are charged to the Income and Expenditure Account on a straight line basis over the term of the Lease.

	<b>1999/00</b> <b>£000</b> <b>Vehicles</b>	<b>1999/00</b> <b>£000</b> <b>Land</b>	<b>1998/99</b> <b>£000</b> <b>Vehicles</b>	<b>1998/99</b> <b>£000</b> <b>Land</b>
Operating Leases which expire:				
Within 1 Year	28	0	0	0
In 2 to 5 Years	0	1	34	0
Over 5 years	0	81	0	82
<b>Total</b>	<b>28</b>	<b>82</b>	<b>34</b>	<b>82</b>

1998/99 Lease figures for land and vehicles have been restated.

**NOTE 20****RELATED PARTY TRANSACTIONS**

CEFAS has dealings with the Ministry of Agriculture, Fisheries and Food and its sponsored bodies, notably the Veterinary Medicines Directorate and the Central Science Laboratory. During the year none of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with CEFAS.

**NOTE 21****PROMPT PAYMENT POLICY**

CEFAS has a duty to meet the CBI 30 day payment policy. During the year 1999/00 the percentage of invoices that met the policy is as below:

	<b>1999/00</b> <b>%</b>	<b>1998/99</b> <b>%</b>
Quarter 1	92	63
Quarter 2	95	78
Quarter 3	97	82
Quarter 4	96	85
<b>Average percentage of invoices paid within 30 days</b>	<b>95</b>	<b>78</b>

**NOTE 22**

**NOTIONAL INTEREST**

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Fixed Assets	2,102	2,137
Working Capital	162	122
<b>Total Notional Interest</b>	<b><u>2,264</u></b>	<b><u>2,259</u></b>

**NOTE 23**

**MILLENNIUM EXPENDITURE TO 31 MARCH 2000**

CEFAS is required to report the expenditure to ensure its Information Technology is millennium compliant.

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Cost in prior years	399	0
Estimated Staff Cost	60	175
Replacement of Hardware/Software Cost	0	224
<b>Total Millennium Expenditure to 31 March 2000</b>	<b><u>459</u></b>	<b><u>399</u></b>
<b>Total Estimated Expenditure 1999/2000 to complete compliance</b>	<b><u>0</u></b>	<b><u>43</u></b>
<b>Total Millennium Expenditure</b>	<b><u>459</u></b>	<b><u>442</u></b>

**NOTE 24**

**NET FUNDING FROM APPROPRIATION ACCOUNT**

The MAFF Appropriation Account reports the cash spending of CEFAS to Parliament.

	<b>1999/00</b>	<b>1998/99</b>
	<b>£000</b>	<b>£000</b>
Section C Class X Vote 2		
Receipts:	23,778	21,775
Less: Running Costs	(23,685)	(20,404)
Capital Expenditure	(1,457)	(1,774)
<b>Net Funding from Appropriation Account</b>	<b><u>(1,364)</u></b>	<b><u>(403)</u></b>
Add: Balance payable at 31 March 1999	331	0
Add: Balance payable by MAFF at 31 March 2000	3,958	4,669
<b>Net Vote payment during 1999/00</b>	<b><u>2,925</u></b>	<b><u>4,266</u></b>

*The 1998/99 figures have been restated.*

# STATEMENT OF ACCOUNTING OFFICERS' RESPONSIBILITIES

1. Under the Government Resources and Accounts Act 2000 [in the interim: Under Section 5 of the Exchequer and Audit Departments Act 1921] the Agency is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.
3. The Ministry of Agriculture, Fisheries and Food has appointed the Permanent Head of the Agency as principal Accounting Officer of the Agency with overall responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts the principal Accounting Officer is required to comply with the *Resource Accounting Manual* prepared by the Treasury, and in particular to:
  - Observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgments and estimates on a reasonable basis;
  - state whether applicable accounting standards, as set out in the *Resource Accounting Manual*, have been followed and disclose and explain any material departures in the accounts;
  - prepare the accounts on a going concern basis.
5. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the *Accounting Officers' Memorandum* issued by the Treasury and published in *Government Accounting*.

# STATEMENT ON INTERNAL FINANCIAL CONTROL

This statement is given in respect of the Resource Account for Class III Vote 2. As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Centre for Environment, Fisheries and Aquaculture Science Agency.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Management Board;
- Regular review by the Management Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting of targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- Formal project management disciplines, as appropriate.

The Centre for Environment, Fisheries and Aquaculture Science Agency has an internal audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit unit is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed and approved by the Management Board. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Agency. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's system on internal financial control.

My review of the effectiveness of the system of internal financial 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 financial control framework, and comments made by the external auditors in their management letter and other reports.

**Implementation of the Turnbull Report**

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by the Treasury.

Signed.....

Chief Executive

Date.....18 July 2000.....

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements on pages 43 to 61 under the Exchequer and Audit Departments Act 1921. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 48 to 49.

## RESPECTIVE RESPONSIBILITIES OF THE AGENCY, THE CHIEF EXECUTIVE AND AUDITOR

As described on page 60 the Agency and Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited

financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 61 reflects the Agency's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## BASIS OF OPINION

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the

financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## OPINION

In my opinion:

- The financial statements give a true and fair view of the state of affairs of CEFAS at 31 March 2000 and of the surplus/(deficit), total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and directions made thereunder by Treasury; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

## John Bourn

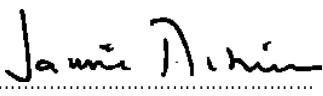
Comptroller and Auditor General

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

Date... 20 July 2000 .....

# ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5(1) OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

1. When preparing its accounts for the financial year ended 31 March 1999 and subsequent financial years, the Centre for Environment, Fisheries and Aquaculture Science shall comply with the accounting principles and disclosure requirements of the edition of the Resource Accounting Manual which is in force for the financial year for which the accounts are prepared.
2. In addition the requirements of the Manual, the Foreword to the accounts shall include a brief history of the Centre for Environment, Fisheries and Aquaculture Science and its statutory background.

Signed  .....

Treasury Officer of Accounts

Date ..... 1 July 1999 .....