Department of
Enterprise, Trade and Investment

www.detini.gov.uk

Resource Accounts

Annual Report and Accounts

for the year to 31 March 2014

Department of Enterprise Trade and Investment
Netherleigh
Massey Avenue
Belfast BT4 2JP

E: information@detini.gov.uk
T: 028 9090 9900
F: 028 9090 9500
Textphone: 028 9052 9304
www.detini.gov.uk

This document can be made available in alternative formats upon request

Resource Accounts for the year ended 31 March 2014

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

on

04 July 2014

This information is also available on our website at www.detini.gov.uk.

Any queries regarding this document/publication should be sent to us at information@detini.gov.uk.

Contents

1

Annual Report

Annual Report

A: MANAGEMENT COMMENTARY

(i) DIRECTORS' REPORT

Introduction

1. The Department presents its annual report and accounts for the financial year to 31 March 2014. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives.

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

Departmental Accounting Boundary

3. The Department's accounting boundary excludes Executive Non-Departmental Public Bodies (NDPBs).

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

Public Sector Bodies Outside the Departmental Accounting Boundary

5. The Department has four Executive NDPBs falling outside the accounting boundary. These are:
   - (i) Invest Northern Ireland (Invest NI);
   - (ii) Northern Ireland Tourist Board (NITB);
   - (iii) Health and Safety Executive for Northern Ireland (HSENI); and
   - (iv) General Consumer Council for Northern Ireland (GCCNI).

6. The Department acts as co-sponsor Department to two organisations set up under the Belfast Agreement which are also regarded as falling outside the accounting boundary. These are:
   - (i) InterTradeIreland (Trade and Business Development Body); and
   - (ii) Tourism Ireland Limited (jointly owned by the Northern Ireland Tourist Board and the Irish Tourist Board).

In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, is also regarded as being outside the accounting boundary.

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

Minister/Directors

8. Ministerial responsibility for the Department of Enterprise, Trade and Investment, for the financial year 2013-14, rested with Arlene Foster MLA.

9. The Permanent Secretary for the Department of Enterprise, Trade and Investment, for the financial year 2013-14, was David Sterling.

10. The Board Members for the Department of Enterprise, Trade and Investment are listed in the Governance Statement on page 43 of this report.

Register of Interests

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

Pension Liabilities

12. The treatment of pension costs and liabilities is disclosed in the Remuneration Report and note 1.15 to the departmental resource accounts.

Public Interest and Other

Disabled Persons

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

Equal Opportunities

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

Employees

15. The DETI Human Resource policies, strategies and plans directly and tangibly support the Department's business by ensuring the provision of appropriately motivated and skilled staff. DETI is committed to the continuous development of its staff to meet the needs of its business areas and to reflect the variety of skills and competencies required for them to operate effectively both now and in the future. Departmental HR supplement the HRConnect service and HR policies contained in the NICS Staff Handbook by providing support and guidance to staff and line managers, and ensuring performance, absence levels and employee relations are managed effectively. The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department and the agreed training priorities for the NICS. The Department utilises the DFP Centre for Applied Learning shared service which provides a wide range of programmes many of which are externally accredited for all generic learning and development needs. In addition the Department arranges external training to ensure specialist training needs are met. The Department also provides an Assistance to Study Scheme which supports staff to achieve a recognised qualification in their own time. Staff commitment to and involvement in the Department is encouraged through regular communication of operating targets, a quarterly internal on-line magazine and an intranet site which can be accessed by all staff. The Department is accredited with the Investors in People (IIP) Bronze Award status and with the assistance of the Departmental Business Support Branch, staff and line managers are committed to advancing our service through innovation and continuous improvement.

16. The Department continues to monitor and actively manage the sickness absence of its staff through the application of centrally agreed policies and procedures and the HRConnect Shared Service. The Department's absence rate for 2013/14 is estimated to be an average of 7.8 days (2012/13: 8.1 days) absence per member of staff. While this is just above the target rate of 7.6 days (2012/13: 7.8 days), it is the lowest rate across the NICS and is some 22% lower than the overall NICS position.

17. DETI had no 'off-payroll' engagements at a cost of over £58,200 per annum in place during the 2013-14 financial year.

Information Security

18. The Department has continued to work towards full implementation of the NICS Information Management Strategy. New retention and disposal schedules have been agreed with the NI Assembly DETI's Information Management Unit has successfully implemented retention and disposal on all hard copy records and is currently working on the same for its electronic records. The Security Risk Overview report to the Head of the Civil Service was completed in July 2013 with no significant failings identified.

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

20. In March 2014 a Trading Standards Inspector lost a work folder. The incident was not classed as a serious breach and as such was not required to be reported to the Information Commissioner's Office (ICO).

Sustainability

21. The Department is committed to ensuring sustainability within the framework established by the Northern Ireland Executive's Programme for Government details of which are explained further within the Sustainability Report on Page 27 of this report.

Payment of Suppliers

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

23. DETI is committed to the 10 day prompt payment target to assist local businesses through the current difficult economic times. Northern Ireland Departments have a target to pay supplier invoices within 10 working days of receipt. For the year to March 2014, DETI paid 91% (2012-13: 91%) within 10 working days, against a NICS average of 89% (2012-13: 91%).

24. DETI will continue to be committed to the 10 day prompt payment target in the next financial year, 2014-15.

25. Up until the implementation of the 10 day target, the Department was committed to the prompt payment of bills for goods and services in accordance with the Late Payment of Commercial Debts (interest) Act 1998 (as amended by The Late Payment of Commercial Debts Regulations 2002). The Department's policy was to pay bills in accordance with contractual conditions or, where no such conditions existed, within thirty days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. For the year to March 2014, DETI paid 98% (2012-13: 98%) within this standard, against a NICS average of 97% (2012-13: 97%).

26. A monthly breakdown of payment performance across the year can be found on the Account NI website using the following link:

    http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2013-2014-march_2014.pdf

Audit

27. The Department's accounts are audited by the Comptroller and Auditor General for NI.

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

29. The audit of the financial statements is a notional audit fee which in the 2013-14 financial year amounted to £52,000.

DAVID STERLING
Accounting Officer
25 June 2014

(ii) STRATEGIC REPORT

Overview of the Department

Departmental Goal

1. In line with the Northern Ireland Executive's top priority within its Programme for Government for the period 2011 to 2015, the goal of the Department is:

   "To promote the growth of a competitive and export-led economy"

Principal Functions

2. The Department has responsibility for a range of functions. These include:

   a. Enterprise;
      – Innovation;
      – Access
      – Agrifood
      – Tourism;
      – Energy;
      – Telecoms; and
      – Social Economy.

   b. Economic Advice & Research

   c. Research and Statistics Services

   d. Business Regulation including:
      – Company Law;
      – Registry of Credit Unions and Industrial Provident Societies:
      – Insolvency Service;
      – Consumer Affairs;
      – Trading Standards; and
      – Financial Capability

   e. Health and Safety at Work

   f. Mineral Development

Structure

3. DETI sponsors four Non-Departmental Public Bodies (NDPBs), which play a key role in shaping and implementing economic development policy:

   - Invest Northern Ireland (Invest NI);
   - Northern Ireland Tourist Board (NITB);
   - Health and Safety Executive for Northern Ireland (HSENI); and
   - General Consumer Council for Northern Ireland (GCCNI)

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

   - InterTradeIreland (ITI); and
   - Tourism Ireland (TI).

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

Staff Employed in DETI

6. The table below provides a breakdown of the number of persons employed by the Department at the end of the 2013/14 financial year by gender (prior year comparison in brackets) for each of the following groups:

   a. Directors (interpreted to be the Departmental Minister, Permanent Secretary, Deputy Secretaries and Departmental Board Members);

   b. Senior Managers (Staff at Senior Civil Servant level that are not included in the Directors Group); and

   c. Other Employees.

	Male	Female
Directors	5 (5)	2 (2)
Senior Managers	5 (4)	1 (1)
Employees	278 (271)	319 (318)

Risks and Uncertainties

7. Paragraphs 31 to 34 of the Governance Statement set out the Department's approach to the management of risk and the significant risks and uncertainties facing the Department.

ECONOMIC CONTEXT

Global Downturn

8. Global activity strengthened in the latter half of 2013 and is expected to improve further according to the International Monetary Fund. Global economic output is estimated to have grown by 3.0% in 2013, following 3.2% growth in 2012.

9. In 2013, output in the Euro area is estimated to have contracted by some 0.5% with output in the Republic of Ireland economy estimated to have fallen by 0.3%. However, the UK economy expanded by some 1.7% in 2013.

Northern Ireland Performance

10. Whilst the economic downturn has had a significant impact on the local economy, the Composite Economic Index indicates that consistent growth is now beginning to return. Economic activity has expanded for three consecutive quarters (to Q4 2013), marking the first time to do so since 2006. In 2013, composite economic activity was some 0.9% above its 2012 level, driven by the services sector which expanded by some 2.1% over the year.

11. Labour market indicators also provide further optimism on the economy. The number of people claiming benefits peaked in January 2013, after growing 176% from August 2007. However, since this peak, the number of people claiming benefits has consistently fallen. In March 2014, there were 7,600 fewer people claiming unemployment benefits compared to the same month in 2013, representing an 11.8% decline.

12. The number of employee jobs has also increased for eight quarters in a row, with 12,300 jobs being added over the last year alone to December 2013. This annual increase in jobs was driven by the services sector (+9,400 jobs) with growth also in the manufacturing (+2,480 jobs), construction (+310 jobs) and other industries (+110 jobs) sector.

13. HMRC Regional Trade Statistics show that manufacturing exports increased by 6.4% (or £358m) in 2013 when compared to 2012. This is above UK average growth (0.8%) but comes after a challenging 2012 when exports had declined by 4.8%. Manufacturing exports to the Republic of Ireland rebounded strongly in 2013, growing by 10% (£205m), with exports to the emerging markets (including China, India and Brazil), growing by 9% in 2013.

14. R&D results for 2012, published in November 2013, show that R&D expenditure increased by a further 10% in 2012. Business expenditure on R&D (BERD), which accounts for some 74% of total R&D, was up almost one-fifth (19%) in 2012 compared to the previous year. BERD is now equivalent to 1.6% of GVA, with NI ranking as the fifth highest performing UK region.

Outlook

15. According to the IMF, global economic growth is projected to strengthen to 3.6% in 2014 and increase further to 3.9% in 2015. However, it warns that downside risks continue to dominate the global growth outlook. In advanced nations, the IMF points to low inflation and the possibility of protracted low growth, especially in the Euro area and Japan. For the Euro area, the IMF predicts growth of 1.2% for 2014.

16. Following estimated growth of 1.7% in 2013, the Office for Budget Responsibility expects the UK economy to pick up speed in 2014 with growth of 2.7% predicted. In 2015, more modest growth of 2.3% is expected.

17. Northern Ireland's economic prospects are more positive than in recent years. Independent economic forecasters are predicting growth ranging from 1.9% (PwC) to 2.8% (Northern Ireland Centre for Economic Policy) for 2014. However, downside risks remain including the strengthening pound (which could impact on the competitiveness of our exports) and also the potential impact of further government fiscal restraint.

PERFORMANCE FOR THE YEAR 2013/14

Operating Plan 2013/14

18. DETI has lead responsibility for ten commitments within the Programme for Government for 2011/15 and has joint responsibility with other Northern Ireland departments, DFP/OFMDFM, DARD and DEL, on a further three commitments.

19. The DETI Corporate Plan 2011/15 was published in May 2012 and the DETI Operating Plan 2013/14 in June 2013. Both are fully aligned with the Programme for Government, the Northern Ireland Economic Strategy and the Investment Strategy for Northern Ireland. The 2013/14 DETI Operating Plan corresponds to the third year of the DETI Corporate Plan 2011/15.

20. DETI's performance against its 2013/14 Operating Plan targets will be published on the DETI website, www.detini.gov.uk. This includes (i) £239m secured business investment in R&D; (ii) promotion of 10,800 jobs by Invest NI; (iii) over 2,000 trade interventions to help companies diversify into new markets; (iv) promoting the UK City of Culture 2013, the hosting of the G8 Summit (June 2013) and the World Police and Fire Games (August 2013); (v) DETI's interventions that have kept NI ahead of other UK regions in terms of Next Generation Broadband Access; (vi) continued increase in renewable electricity generation during the year; (vii) continued Regional Aid for (a) SMEs and (b) large enterprises for initial investments, new products and new process innovations.

ECONOMIC DEVELOPMENT POLICY

Northern Ireland Economic Strategy

21. The economy remains the number one priority for the Executive, which is committed to rebalancing and rebuilding the local economy by implementing those actions set out in the Northern Ireland Economic Strategy and the accompanying Economy and Jobs Initiative.

22. The Executive Sub-Committee on the Economy, which oversees the implementation of the NI Economic Strategy, continued to meet regularly during 2013/14. In October 2013, it published its first annual monitoring report which provided an update on implementation of Economic Strategy and Economy and Jobs Initiative actions as well as an assessment of the wider health of the NI economy. This report highlighted the good progress that has been made to date with 97% of actions on course to be delivered by 2015. The second annual progress report will be published in summer 2014.

Building a Prosperous and United Community

23. In June 2013, HM Government and the Executive launched 'Building a Prosperous and United Community', the Northern Ireland Economic Pact, a further package of measures to help Northern Ireland fulfill its economic potential and ensure lasting peace and prosperity.

24. The Economic Pact commitments complement those measures the Executive is already taking to grow the local economy and increase employment opportunities and prosperity for all.

25. Work is underway on the key Economic Pact commitment to carry out a comprehensive Review of Business Red Tape in Northern Ireland. An Advisory Panel was appointed in December to guide the direction of the Review. The basis of the review is to use credible evidence from business to inform recommendations that will form the basis of the report to be published later in 2014.

26. In response to the Economic Pact commitments on access to finance, a Joint Ministerial taskforce, chaired by the Northern Ireland Secretary of State, was established in October 2013 to lead work on examining whether tailored support is required for Northern Ireland's banks and how support for Northern Ireland businesses can be maximised. In addition, the UK Government's Start-up Loans scheme was also extended to Northern Ireland during 2013/14 and loans are now available through a number of delivery partners.

27. The Pact also set out commitments in relation to Enterprise Zones, focusing on Enhanced Capital Allowances, which permit 100% first year allowances for qualifying plant and machinery expenditure. A pilot Enterprise Zone, adjacent to the University of Ulster Coleraine Campus, was subsequently announced in the Budget Statement on 19 March 2014. DETI and DFP are working alongside Treasury to ensure that the necessary arrangements are taken forward as quickly as possible.

Economic Research

28. The Department is committed to evidence-based policy formulation and development, and economic research has a central role in informing this. The DETI Research Agenda 2012-15 identified a range of research projects that would help to support key themes of the Economic Strategy. The following projects were published during 2013-14:

- Evaluation of Selective Financial Assistance;
- Developing an Open Innovation Centre;
- Survey of Northern Ireland's Third Sector;
- Measuring Northern Ireland's Exports;
- Financial Capability in Northern Ireland;
- Invest NI Data Linkage Study Update; and
- Cost of Injuries and Ill-health to the Economy.

Strategy to Tackle Economic Inactivity

29. During 2013/14, DETI and DEL, in conjunction with DSD, DHSSPS and Invest NI began the process of developing a strategy to reduce economic inactivity through skills, training, incentives and jobs. On 28 November 2013, the Executive agreed a Strategic Framework to Tackle Economic Inactivity. The Framework launched for public consultation in January 2014.

Innovation

30. During 2013 the Department continued to lead in the coordination of efforts to increase NI success in EU R&D Funding programmes. The Department continues to work with the 12 appointed members of the Northern Ireland Contact Point Network to raise awareness and provide assistance to complete Horizon 2020 applications. The UK SMART Specialisation Conference was held in Belfast on 16-17 October and was attended by EU Officials and delegates from across Europe and the UK. Work is also continuing to finalise Northern Ireland's Strategic Policy Framework for SMART Specialisation. It is intended to submit a draft of this to the European Commission during the summer 2014.

31. Following the public consultation which began 23 September 2013, work is ongoing to finalise the Northern Ireland Innovation Strategy. The strategy will identify priority areas to help support NI companies become more innovative.

Business Development through Invest NI

32. Invest NI's assistance towards projects that planned to invest within the Northern Ireland economy is up on the previous year: Offers up 7% (5,000 in 2012/13); Value of Assistance up 75% (£220m in 2012/13) and Investment up 83% (almost £1.1 billion in 2012/13).

33. 94% of all offers made were locally-owned businesses. These offers totalled £160 million (representing 72% of the total assistance offered), with the remaining offers and assistance targeted at externally-owned businesses.

34. Nurturing and encouraging innovation is vital to the NI economy and Invest NI continued to play its part by stimulating business investment in R&D. In 2013/14, Invest NI offered assistance that contributed towards a total of £243 million of planned business investment in R&D. This includes offering £20m of assistance to Bombardier to undertake R&D investment totalling almost £120 million. This is the largest ever R&D project supported by Invest NI and is subject to final European approvals.

35. A core component of Invest NI's work is to help Northern Ireland businesses expand their international trading and during 2013/14,

Invest NI assisted 2,058 trade interventions to help companies diversify into new markets. In addition, Invest NI also supported 125 new business start ups to sell to GB markets and 17 new start-ups selling outside the UK.

36. Stimulating employment remains a key output of Invest NI's activities. During 2013/14, Invest NI had its most successful year since its formation promoting 10,800 jobs across the four Economic Strategy job categories:

- Local Rebalancing (2,054 jobs);
- External Rebalancing (2,408 jobs);
- Business Starts Rebuilding (1,765 jobs); and
- Jobs Fund Rebuilding (4,573 jobs).

37. This included support for projects with Concentrix (1,043 jobs) and Stream (993 jobs) which are the two largest projects, in terms of job promotion, ever supported by Invest NI.

38. Invest NI also remains committed to increasing productivity through encouraging and attracting high quality jobs in NI in our local and externally owned companies. This is facilitated through targeting jobs that pay salaries above the NI Private Sector Median (PSM) within the Local Rebalancing and External Rebalancing categories. To this end, during 2013/14 Invest NI promoted 3,246 jobs attracting salaries above the NI PSM against its target of 1,737 jobs.

Business Development through InterTradeIreland

39. During 2013, a total of 3,395 companies engaged in North/South business through InterTradeIreland Trade and Innovation activities and services with 405 businesses receiving direct support. Of those businesses, 79 were first exporters and 75 companies were first time innovators. The total business value reported in 2013 by companies who had participated directly on Trade and Innovation Programmes was £62M. InterTradeIreland's core activities have also delivered a positive jobs impact of 895.

40. In autumn, 2013, InterTradeIreland delivered two high profile "Meet the Buyer" events in Belfast on 13th September and in Dublin on 17th October. The Belfast event attracted 658 participants and in Dublin 747 participants attended with over 85 public buying organisations present.

Corporation Tax

41. The final decision on the devolution of corporation tax powers rests with the Prime Minister and the UK Government. The First Minister and deputy First Minister met with the Prime Minister in March 2013, when it was indicated that a decision would not be taken until after the Scottish referendum (autumn 2014) at the earliest.

42. Work is continuing, in order to ensure that if a decision to proceed with devolution is forthcoming the required legislative changes could be made prior to the prorogation of the current Parliament.

Economic Advisory Group

43. The Economic Advisory Group, provides independent advice to the DETI Minister and continued to meet regularly in 2013/2014. Having reported Access to Finance recommendations to the Minister in March 2013 an independent panel has now been set up to implement these recommendations. This work will seek to improve the conditions around access to finance for Northern Ireland's small and medium-sized enterprises and will involve work with banks, business and government.

AgriFood

44. The Agri-Food Strategy Board's Strategic Action Plan, Going for Growth was published in May 2013. It sets out 4 key targets to 2020 - to grow sales by 60% to £7 billion, grow employment by 15% to 115,000, grow sales outside NI by 75% to £4.5 billion and grow value added by 60% to £1 billion. There are a range of activities, including support to firms by Invest NI, being taken forward.

Social Economy

45. During 2013/14 DETI continued to fund Social Enterprise NI to design, manage and deliver the three year Social Economy Work Programme with the objective of identifying and implementing a programme of initiatives to enable the continued growth of a sustainable social economy sector. DETI contribution is £150k per annum for up to three years.

46. DETI along with Invest NI, has also been supporting DSD in the development of up to nine Social Economy Incubation Hubs across Northern Ireland under OFMDFM's Delivering Social Change Initiative. It is hoped to have the majority of the hubs operational during May 2014.

47. During 2013/14, DETI and DSD also jointly funded a report which assessed the size and scale of the Third Sector, and the potential of community and voluntary organisations to make the transition to the social enterprise model. The findings from this report, which was published in August 2013, will help inform future strategic decisions in developing the sector.

Connected Health and Prosperity Agenda

48. DETI is currently leading on the development of a Life & Health Sciences Strategy for Northern Ireland and, along with DHSSPS, is exploring options for the creation of a Health Innovations & Life Sciences Hub (DETI-led with SIB support), a Connected Health Interoperability Platform (Invest NI, DHSSPS, DETI and industry) and an International Health Analytics Capability (Invest NI, DHSPPS, DETI and industry). Both the CHIP and IHAC projects have received funding under Invest NI's Collaborative Network Programme.

MATRIX

49. MATRIX, the Northern Ireland Science Industry Panel continues to provide advice on the policies necessary for Northern Ireland to ensure economic growth and wealth creation through greater commercial exploitation of its science and technology capabilities. MATRIX's existing studies remain under review.

50. In February 2013 MATRIX commenced its second foresight study into the Life and Health Sciences sector. This will provide a significant part of the evidence base for the development of a Life & Health Sciences Strategy for Northern Ireland.

51. MATRIX launched its foresight report into opportunities in Sustainable Energy in April 2013. The report was the result of six months work by the MATRIX Sustainable Energy Horizon Panel, made up of 15 industry experts from both business and academia. It identified Intelligent Energy Systems as a strategic niche area where Northern Ireland can take a leading role and it set out a series of enabling actions to take forward. Implementation of the recommendations contained in the report is ongoing, particularly through the Invest NI supported Intelligent Energy Systems Collaborative Network.

TOURISM

52. In 2013/14, DETI supported both the Northern Ireland Tourist Board (NITB) and Tourism Ireland in promoting tourism to build on the momentum generated by the ni2012 campaign and deliver on the key tourism commitments in the Programme for Government, and towards the long term goal to make tourism a £1 billion industry by 2020.

53. The key tourism targets in the PfG for 2013 are to increase visitor numbers to 4.1m and visitor revenue to £637m. Based on NISRA statistics for the first 9 months of 2013 and rolling year figures to September 2013, we are well on course to achieve the 2013 targets.

54. A key legacy from the ni2012 campaign is the ability of NI to host large scale events and through these events change perception of Northern Ireland as a tourism destination with plenty to see and do. The tourism momentum generated by ni2012 continued into 2013 and beyond with the inaugural UK City of Culture

2013 in Londonderry, the hosting of the G8 Summit of world leaders in Fermanagh, and the World Police and Fire Games 2013. The UK City of Culture 2013 programme was a great success with hotels in the North West experiencing record room occupancy rates of 68% during the year, up by 5 percentage points on 2012. Just under 600,000 people attended major events during the UK City of Culture year, including Fleadh Cheoil, Lumiere, Turner Prize, and Return of Colmcille.

55. The G8 Summit in June 2013 ensured that NI remained firmly in the global spotlight and the World Police and Fire Games staged during August was also a major success. Findings from the WPFG survey found that 90% of attendees were satisfied with the event.

56. In total £21.25 million in financial assistance has been delivered by NITB over the past year levering approximately £16 million in match funding. This funding includes circa £18.5m of funding for the Belfast Waterfront Conference and Exhibition Centre. The new £30m extension to Belfast Waterfront will enable NI to compete internationally as a leading convention destination and provides a massive boost to the important business tourism sector which generates a high spend per visitor.

57. The Giro d'Italia is part of NITB's events programme which aims to host one major global event each year, supported by core international, national and local events. NITB and partners will also take forward bids for major global events in 2015 and beyond.

58. Both of our Tourism Bodies have also been working on plans to promote Northern Ireland and the connection to the hit series Game of Thrones. Promotion focuses on the various locations used in the filming of Game of Thrones.

59. In 2013/14, North South Ministerial Council Tourism Sectoral meetings took place in the NSMC Joint Secretariat Offices in Armagh. Ministers also noted the marketing campaign highlights for 2013 in particular the world wide campaign for City of Culture and the Jump into Northern Ireland showcase at the European Parliament. They were updated on the launch of the Giro d'Italia and the growing prominence for Titanic Belfast and the Giant's Causeway as key visitor attractions throughout 2014.

60. A review of the Northern Ireland Tourist Board and wider structures was commenced is November 2013.

TELECOMMUNICATIONS

61. During 2013/14 the Department continued in implementing its Telecommunications Action Plan 2011-2015 and in February 2014 Arlene Foster MLA, announced the award of a new contract to BT for the delivery of the Northern Ireland Broadband Improvement Project (NIBIP). This £23.5m project aims to provide improvements in access to a basic fixed line broadband service of 2Megabits per second (Mbps) and to increase availability of superfast broadband of 24Mbps or more and, is expected to bring more choice and improved broadband speeds to over 45,000 premises across Northern Ireland by the end of 2015. The project is supported by £19.3m of public sector funding from a number of sources including DETI, DARD, UK Government and the European Union.

62. The Department has also submitted an initial proposal for utilising the £7.24m of BDUK funding provisionally allocated for Northern Ireland under the UK Superfast Extension Programme as announced in March 2014. These monies will be used to facilitate the further extension of superfast broadband services into the most difficult to reach areas. More detailed proposals are to be submitted by the end of June 2014 and, if successful, the resulting project will be completed by end March 2017.

63. In its 2013 Infrastructure Report, Ofcom reported that due to DETI's interventions, Northern Ireland remains ahead of the other UK regions with regard to the availability of Next Generation Broadband Access with 96%

of premises now estimated to have access to superfast broadband services. Some 173,000 premises across Northern Ireland are now connected to a superfast fixed-line broadband service with average download speeds across the region now standing at 20.4Mbps (UK average 17.6Mbps).

64. The Logon-ni programme, co-financed under the ERDF Sustainable Competitiveness Programme, came to a conclusion in November 2013 having assisted some 6,019 SMEs in making better use of their broadband connectivity. At the end of the programme, those firms that had participated in the programme had, on average, experienced a 16% increase in their e-sophistication levels.

ENERGY

65. The Department has continued to work closely with its counterparts in the devolved administrations in GB, particularly the Scottish Government, and the Department of Energy and Climate Change (DECC) in London, to advance energy co-operation within the UK. In April 2013, the Department notified the European Commission, via DECC, of the implementation of all outstanding measures required to complete transposition of the Third Package Directives. These included a number of additional pieces of legislation made by the Department and additional licence modifications by the Utility Regulator.

66. The Department also implemented arrangements for the legislative requirements of the EU's Regulation on wholesale Energy Markets Integrity and Transparency (REMIT) in August 2013. The Regulations are aimed at preventing market manipulation and insider trading in wholesale energy markets.

67. In the context of regional cooperation and as part of the All-Island Energy Market Development Framework programme, DETI is continuing to work with its counterpart in the Republic of Ireland, the Department of Communications, Energy and Natural Resources (DCENR), and the Regulatory Authorities in both jurisdictions on common energy matters. Work to examine required changes to the existing all-island Single Electricity Market (SEM) to deliver compliance with the EU "Target Model" for an internal market has been progressed and High Level Design Options presented for consultation in February 2014. In recognition of the particular challenges faced by an island system such as SEM, the European Commission has agreed derogation to 2016 for aspects of this work.

68. The Department has also worked with the Utility Regulator to develop a framework for delivery of a smart meter programme in Northern Ireland. This work will continue throughout 2014, with a number of consultations expected as design arrangements are refined.

69. During 2013/4 renewable electricity generation continued to increase towards delivery of the Strategic Energy Framework's energy targets of 40% renewable electricity and 10% renewable heat by 2020. During the year, renewable electricity consumption was approximately 19% of total electricity consumption and on target to meet 2011-2015 Programme for Government target of 20% by 2015.

70. Changes to Renewable Obligation Certificate (ROC) banding levels for large scale renewable electricity generation supported under the Northern Ireland Renewables Obligation came into operation in May 2013 following a UK-wide banding review. Work also started in late 2013/14 on a review of small scale ROC levels for introduction in 2015.

71. In December 2013, DETI published the Onshore Renewable Electricity Action Plan 2013-2020 which examined the role of onshore renewable technologies to contribute to the 40% target.

72. Work during 2013/14 towards achieving the 10% renewable heat target by 2020 has seen continued DETI support for non-domestic renewable heat generators through the Northern Ireland Renewable Heat Incentive. The Department has also developed and

consulted on proposals to extend the scheme to the domestic sector and potentially include additional technologies. In the meantime, the Renewable Heat Premium Payment Scheme offers grant support to domestic installers of biomass boilers, heat pumps and solar thermal technology.

73. DETI continued throughout 2013/14 to engage with other departments, NIE, and the Utility Regulator, in relation to strengthening of the electrical grid network in Northern Ireland to absorb and transmit increased levels of renewable energy. Work has progressed under the auspices of the European Regional Development Fund (ERDF) 2014-2020 to examine if there are opportunities to use ERDF funds to support a programme of investment in the grid. This work will continue in the incoming year with a view to seeking formal support from the European Commission and any necessary State Aid approval.

74. Following approval by the NI Executive in January 2013 of financial support of up to £32.5million towards extending the gas network to main towns in the West, the Gas (Applications for Licence and Extensions) Regulations were updated in November 2013. The Regulations provide updated arrangements for companies wishing to apply for a number of gas related licences including for gas conveyance. The Regulations will help facilitate the licence competition launched by the Utility Regulator in February 2014 to appoint a developer to extend the gas network to towns in the West. Total project costs are estimated at around £200million, and DETI awaits a decision from the European Commission in relation to a State Aid submission in respect of the proposed Executive grant support for the project. It is anticipated that a licence award will be made by the Utility Regulator in autumn 2014, and that construction work to provide new gas networks in the West could commence during 2015/16. The Department also made new regulations during 2013/14 to provide for standards of performance for the natural gas industry.

75. DETI has carefully monitored energy costs and over the past year has participated in gas and electricity tariff reviews co-ordinated by the Utility Regulator. The Department has worked with the Utility Regulator, energy sector participants and industry to examine drivers of electricity pricing, particularly within the context of the network costs elements of customer bills. As part of its Review of Electricity Pricing, DETI has also provided evidence to the Enterprise, Trade and Investment Committee and is giving detailed consideration to the Committee's recommendations following publication of its pricing report in February 2014.

76. The Department has also engaged with energy distribution and supply companies, and with the power generation sector in relation to security of supply matters. In conjunction with the Utility Regulator, DETI published joint update papers on electricity security of supply in July and December 2013. The Department has worked closely with the Utility Regulator and the system operator SONI on security of supply issues, and welcomed SONI proposals in March 2014 to test the market for additional generating adequacy to maintain an acceptable generation capacity margin in Northern Ireland post December 2015 when the impact EU emissions legislation is realised.

77. In co-operation with DECC and the Irish Government, DETI has agreed content for a Regional Preventative Action Plan and Emergency Plan for gas to meet EU security of supply requirements in Regulations 994/10. The Department has also been working with DECC to meet obligations in the EU-TEN-E Infrastructure Regulation 347/13 for notified Projects of Common Interest (PCI). In addition, DETI has reviewed the requirements of generators in relation to the Fuel Security Code for holding of secondary fuel stocks by generators. The Department has continued to work with developers and consenting bodies on gas storage.

78. The Department continues to participate in the British Irish Council's energy workstream to develop greater regional cooperation on development of grid infrastructure and marine energy to increase opportunities for wind, wave and tidal renewable resources. A key focus is to engage with the European Commission on support for wave and tidal technologies.

79. During the year, the Minister, confirmed that, as part of UK-wide Electricity Market Reform, the NIRO would be closing to new generation in 2017 and that large scale renewable electricity generation (above 5 MW) would instead be offered a feed-in tariff with contracts for difference. The Minister also confirmed that work would commence on the introduction of a small scale feed-in tariff to support generation below 5 MW. In October 2013 the DETI Minister brought forward a further Legislative Consent Motion to extend a power sector decarbonisation target to Northern Ireland as part of the Electricity Market Reform provisions. In December 2013 the Minister confirmed that Northern Ireland would adopt the same support levels as GB for large scale renewable generation under the feed in tariff with contracts for difference scheme.

80. The Department has continued to work closely with its counterparts in the devolved administrations in GB, and the Department of Energy and Climate Change (DECC) in London, to complete transposition of the European Union's Energy Efficiency Directive. During the past year DETI consulted on proposals for further legislative measures to transpose metering and billing aspects of the Directive and provisions relating to energy efficiency in the transmission and distribution of electricity and gas.

81. The Energy Bill has been delayed to allow for prioritisation of the Energy Efficiency Directive. The Directive has significant linkages with the Energy Bill so it is essential that the requirements of the Directive are dealt with first. Delaying the Energy Bill will not impact on the actual delivery timetable as most of the elements in the Bill being legislated for will not come into force until 2016.

OTHER ECONOMIC INFRASTRUCTURE

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

83. The Science Park has continued to grow its business development services to support fledgling companies and has 100% occupancy. Demand for this type of business accommodation at NISP remains high and DETI has begun to explore further co-funding options to expand further the Innovation Centre and the building of a new Concourse III. Through development of its Halo and Connect Programmes, it has been able to widen the pool of companies able to access support and it has also increased the amount of pro-bono support from some of Northern Ireland's more established knowledge based companies and entrepreneurs.

84. Also of note is the construction of North West Regional Science Park in Derry/Londonderry which is due to complete in summer 2014. This is a joint venture between NISP Ltd, Letterkenny Institute of Technology and Northwest Regional Cross-Border Group. Funding was provided by EU INTERREG IVA Programme.

85. DETI continued to manage the process of licensing mineral and hydrocarbons exploration, with technical advice from Geological Survey of Northern Ireland (GSNI). 44% of Northern Ireland's land area is licensed for minerals and/or hydrocarbons exploration: 28% for minerals and 16% for petroleum prospecting. There are 20 licences issued for metallic mineral or salt exploration and four for petroleum, including one for shale gas. Several applications for new Mineral Prospecting and Petroleum Licences are under consideration.

86. Salt mining continued successfully at the mine at Carrickfergus operated by Irish Salt

Mining and Exploration Ltd. In the Larne area two companies are assessing the potential of the underground salt beds for the creation of underground caverns to store natural gas or compressed air. Of these, the Larne Lough Gas Storage Project is listed by the European Commission as one of 248 key energy infrastructure projects.

87. Geological mapping of Northern Ireland and geological research continued, work which underpins the assessment and development of economic resources. GSNI continued to foster research links with universities in the applied geosciences and is currently leveraging innovative research by facilitating 10 PhD studies. GSNI continued to license digital geoscience data to industry and the research sector, under arrangements approved by the National Archives and to respond to technical inquiries from government, industry, academia and the public. GSNI responded to 96 planning consultations under a Service Level Agreement with DoE Planning Service.

88. GSNI continued to operate a Service Level Agreement with the NIEA (Water Management Unit) and continued to promote and support research activities aimed at improving understanding of the strategic underground water resources of Northern Ireland.

89. GSNI provided advice to many geotourism activities and projects throughout Northern Ireland, including the Marble Arch Caves Global Geopark, the Ring of Gullion AONB, the Causeway Coast and Glens Heritage Trust, the Mournes Cooley Gullion Geotourism Project, and other initiatives.

90. GSNI, lead partner in partnership with the Geological Survey of Ireland, Queen's University Belfast and Dundalk Institute of Technology, successfully completed the £4.5 million INTERREG IVA Tellus Border project, on schedule and within budget. Ten resource or environmental research projects were completed in the final year, engaging a wide range of specialists from UK and Ireland. Collaboration with the Geological Survey of Ireland continues on other projects under an existing Framework Agreement.

Business Regulatory Services

Insolvency

91. The twelve monthly trend for insolvencies decreased by approximately 1.76% on the same period last year with trading bankruptcies and compulsory liquidations seeing decreases of 13.86% and 9.95% respectively, indicating that these areas are beginning to even out. Consumer bankruptcies however saw an increase of 13.83%. There were 623 Debt Relief Orders which was an increase of 9.87% on the same period last year. The total number of cases processed by the Official Receiver was 964 and a total of £1,750,516 was paid to creditors in the form of a dividend distribution. 11 Directors Disqualification Orders were made, 93 undertakings were accepted and 25 Bankruptcy Restriction Orders were filed in Court.

92. A draft Insolvency Bill was agreed with the Office of the Legislative Council in January 2014 and the bill is on course to be introduced in the Assembly by September 2014.

Consumer Affairs

93. DETI has continued to liaise with BIS on the reforms of the consumer protection landscape. These reforms were finalised by an Order made (under the Public Bodies Act) setting out the new arrangements for consumer representation in GB. These new arrangements include transferring responsibility for the representation of consumers in relation to postal matters in Northern Ireland from Consumer Focus in GB to the General Consumer Council for Northern Ireland (GCCNI).

94. DETI continued to work with BIS on the proposals for the Consumer Rights Bill which will consolidate, with improvements, consumer rights that are currently spread over eight spate pieces of legislation. The Assembly gave approval

through a Legislative Consent Motion to the Bill's provisions on 8 April 2014.

95. DETI has a 3-year contract with Advice NI (Debt Action NI) since August 2012 to provide an integrated Face to Face, telephone and web based service. From August 2012 until the end of December 2013, Debt Action NI has dealt with over 8300 new clients and over £113,000,000 worth of debts.

Trading Standards

96. "Consumerline", the Trading Standards-based telephone helpline service, continued to effectively provide high quality consumer advice to both businesses and consumers, while also directing intelligence and complaints to the Trading Standards Service (TSS).

97. Consumerline continued to perform very effectively against its user satisfaction targets, with 89% of users being satisfied (against a target of 85%) with the service, 89% having a better understanding of their rights and 42% having saved money as a result of contacting the service. The financial redress achieved for the 22,000 consumers who contacted the Consumerline service in-year (on a par with the previous year) amounted to [£1.8m], but the overall impact of the service measured in terms of reduced detriment to Northern Ireland consumers [and the economy] is estimated to be in the region of £10m.

98. Key areas of engagement during 2013/14 for Trading Standards included – close working with all of NI's energy suppliers and also the Regulator on fair and transparent energy pricing; work with partner enforcement agencies both in NI and GB in tackling (with awareness raising: publicity: partnership working and enforcement action) the issue of mass-marketed scams in Northern Ireland (focusing on the elderly and the vulnerable); close working with the holiday caravan sector in producing new guidance for consumers on their legal rights and entitlements; partnership working with the N.I. Housing Rights Service (and the Office of Fair Trading) in addressing unfair practices and unfair contract terms in Northern Ireland's private rented sector; an outreach programme conducted in liaison with Community Safety Partnerships and designed to deter vulnerable groups from falling prey to rogue trading and support and mentoring work with DOE's new Carrier Bag Levy team during the first year of its operation.

99. Consumerline enabled TSS to direct its enforcement activities to those areas of trading malpractice causing greatest consumer detriment. As a result, 1414 files were referred to the Public Prosecution Service in relation to serious breaches of trading standards legislation, while in the same period, 11 traders were convicted for serious breaches of legislation. In addition, 11 traders received formal cautions with a further 18 issued with written warnings.

Credit Unions

100. Responsibility for the regulation of Northern Ireland credit unions transferred to the Financial Services Authority (FSA) on 31 March 2012. DETI will continue to be responsible for the registration of NI credit unions until such time as responsibility for this function is transferred to the successors to FSA, the Prudential Regulatory Authority/Financial Conduct Authority.

Presbyterian Mutual Society Scheme of Arrangement

101. The third annual capital and interest loan repayment due from the Presbyterian Mutual Society was received in line with the revised payment schedule during November 2013.

Company Law

102. Work to update the legislation applying to Northern Ireland credit unions and industrial and provident societies continued during 2013/14. Having secured Executive approval, the department launched a public consultation on policy proposals between June and September 2013. Stakeholder views were analysed and in December 2013 policy proposals were developed and submitted to the Committee

for Enterprise, Trade and Investment for consideration.

Financial Capability

103. DETI is responsible for the delivery of the Executive's Programme for Government (PfG) 2011-15 commitment to develop and implement a Financial Capability Strategy for consumers under Priority 2, Creating Opportunities, Tackling Disadvantage, and Improving Health and Wellbeing. A public consultation took place on the Draft Strategy during May to July 2013, and money management information and advice resource for Northern Ireland consumers was launched on NI Direct on 13 January 2014. The final draft of the Financial Capability Strategy and supporting Action Plans, were cleared by the ETI Committee on 20 February 2014 and have been submitted to the Executive for final clearance.

Health and Safety at Work

104. This year again saw HSENI focus much of its attention and resources on farm safety as a result of seeing an increasing trend in work-related farm fatalities in recent years. The organisations which make up the HSENI led Farm Safety Partnership have made a major contribution towards raising awareness of the main health and safety issues facing the farming industry and ensured that important messages and advice was distributed across the industry. The Partnership also developed a second Farm Safety Action Plan which was launched on 7th April 2014.

105. HSENI delivered a major multi-media farm safety campaign during the year, which was co-sponsored by the Department of Agriculture and Rural Development. The campaign included a thought provoking TV advert majoring on the consequences of a fall from height as well as radio and newspaper adverts focusing on the four main dangers on farms: Slurry, Animals, Falls and Equipment (SAFE).

106. Staff from HSENI also undertook 1,000 advisory farm visits and delivered over 35 farm safety presentations to a wide range of audiences at events across Northern Ireland during the year. HSENI is pleased to note that the overall health and safety standards appear to have improved and that the number of work-related fatalities in the industry dropped to four compared to eleven in the previous year.

107. Recognising the vulnerability of children on farms, HSENI also delivered its farm safety programme to over 12,200 children in 93 rural primary schools, produced two new farm safety DVDs ("Dangerous Playgrounds" for 4-8 year olds and "Farm safe" for 8-11 year olds), ran a safety poster competition and produced and distributed an "Avoid harm on the farm" 2014 farm safety calendar to 38,500 families in rural areas.

108. During the year, HSENI also continued to reinforce important public safety messages around carbon monoxide and gas safety. One campaign was aimed at raising public awareness of the risk of carbon monoxide poisoning from all fuels and a second was aimed at advising the public on the need to check that gas installers are registered with the Gas Safe Register scheme.

109. HSENI, in partnership with the 26 District Councils, focussed on the final year of the Safe Maintenance campaign and also delivered a Workplace Transport initiative. This joint HSENI/District Council work represents a significant achievement in terms of joint planning and delivery as envisaged under the strategy *"Health and Safety at Work – Protecting Lives, Not Stopping Them",* launched by the DETI Minister in February 2011.

110. Recognising the vulnerability of young people entering the world of work for the first time, and under HSENI's SafeStart-NI initiative, 10,150 copies of the publication "Be safe when you start" were distributed to schools and colleges across Northern Ireland or were downloaded from the "young people's" page on HSENI's website. Overall, under the SafeStart-NI initiative, 94 health and safety presentations were delivered to over 2,600 young people in Northern Ireland during 2013/14.

111. During 2013/14, HSENI's front line work continued to be dominated by investigating a number of significant workplace incidents resulting in deaths and serious injuries, and dealing with a continuing high number of complaints about unhealthy and unsafe workplaces. Investigations by the Major Investigation Team resulted in 17 successful prosecutions which led to fines totalling just over £300,000 as well as a two year prison sentence in relation to the conviction of George Brown for manslaughter by gross negligence in connection with the deaths of Aaron Davidson and Neil McFerran in Castlerock in August 2010.

112. During the year, HSENI carried out 6,350 inspections of workplaces and also undertook a range of high profile promotional events, including a concrete seminar, seminars for smaller builders, demolition seminars, asbestos seminars and a number of farm safety seminars and workshops. In total, HSENI either held or attended 552 promotional events during 2013/14.

113. HSENI's small business advisory service, Health and Safety Works NI (HSWNI), continued to work with start-up and existing small businesses, delivering 325 one-to-one mentoring visits to such businesses to assist them with their management of health and safety. HSWNI also provided mentoring to 65 entrepreneurs participating in the Invest NI "Regional Start" programme and advised a further 24 clients enrolled in Enterprise NI's "Exploring Enterprise" programme. HSWNI also exhibited at 36 events, delivered a total of 24 health and safety presentations and facilitated 11 workshops.

Consumer Council

114. The Consumer Council's Consumer Support Service experienced its busiest year to date dealing with almost 3,500 enquiries and complaints by consumers in respect of energy, transport and water services (an increase of 25% on 2012–13). Furthermore it secured almost £½ million in redress for consumers, up almost 60% on the previous year. The Consumer Council also maintained last year's high levels of customer satisfaction with its service, at over 97%. A backlog of complaints about flights was passed to it by the Civil Aviation Authority and was cleared by the Consumer Council, but this impacted on the customer satisfaction rate.

115. A key focus of activity during the year was to work with energy and water suppliers to promote awareness among consumers of Customer and Critical Care Registers. These registers help ensure that enhanced services can be targeted by suppliers for vulnerable consumers who are most in need of additional support. The registers for most energy and water suppliers increased, with the average increase being around 20% the size of their registers.

116. The Consumer Council exceeded its targets in respect of outreach activity in terms of increased contact with consumers in priority locations and with those who are vulnerable, and increases in social media followers and downloads of its resources. Furthermore, interest in cost of living information published on the Consumer Council's website increased by almost 60%.

117. As planned, the Consumer Council progressed two key recommendations from its *Hard to Stomach* research in respect of food prices. These concerned Pricing Policy and Promotions and Special Offers. Work is ongoing with the Food Standards Agency to commission research on the balance of special offers in local supermarkets.

118. The Consumer Council continued to be active in progressing European policy issues affecting Northern Ireland consumers. This included work on EU Slots Allocation (affecting air travel), EU 261 (compensation for air passengers), IME3 (internal energy market regulations), implementation of the Consumer Rights Directive, and monitoring developments in respect of the Alternative Dispute Resolution Directive / Online Dispute Resolution Regulations and the Payment Services Directive. The Consumer Council also co-hosted a cross border event to mark the European Year of Citizens 2013.

119. DETI appointed an independent reviewer to undertake a review of the Consumer Council for Northern Ireland (CCNI). The review which commenced in November 2012 found that CCNI has been responsive to consumers, and effective as an organisation. However, it concluded that political and consumer landscape changed significantly since CCNI formed in 1985, and questioned whether CCNI model is most cost-effective mechanism for consumer representation in Northern Ireland.

120. The review of CCNI led to a consultation on the options for the future delivery of consumer representation in Northern Ireland to ensure value for money in the use of public funds and delivery of services to the Northern Ireland public. The consultation ended on 17 January 2014 and around 300 responses were received. The Minister will decide on the most appropriate model by summer 2014.

European Union Support for Economic Development

121. DETI is the Managing Authority for the European Sustainable Competitiveness Programme for Northern Ireland 2007-13. At current exchange rates the Programme is worth approximately £472m, of which 50% is provided by the European Regional Development Fund (ERDF). The Programme's overall aim is to boost Northern Ireland's competitiveness and increase its capacity for Research and Innovation. The Programme is delivered by a number of Intermediate Bodies which include Invest NI, NITB, DETI Telecoms, Energy and Innovation Policy Units, DARD, DRD and DSD. During 2013/14, sustained progress has been made in implementing the programme and consequently the strict annual EU imposed expenditure targets were achieved.

122. DETI has been preparing the 2014-2020 ERDF Investment for Growth and Jobs Programme for Northern Ireland. The Programme will be the successor to the current European Sustainable Competitiveness Programme. ERDF funding will be used to strengthen research, development and innovation, enhance the competitiveness of SMEs and support the shift towards a low-carbon economy. It is anticipated that ERDF Programme funding will be in the region of £257m (€308m) with match funding of £171m, giving a total Programme budget of £428m. The Department's response to the public consultation (which closed on 21st October 2013) has been published on the DETI website. Work is ongoing to finalise the full operational programme which is expected to be agreed with the European Commission before the end of 2014.

EU Regional Aid

123. During 2013/14, DETI continued to liaise closely with both the Department for Business, Innovation and Skills (BIS) and the European Commission to ensure that Northern Ireland's interests were reflected in the UK's interactions with the Commission on Regional Aid. The European Commission finalised the revised Regional Aid Guidelines (RAG) for 2014-2020 in July 2013.

124. Of key importance for Northern Ireland was the retention of our ability to support SMEs and large enterprises through the mechanism of Regional Aid. It was welcome therefore that, apart from a 5% reduction in maximum grant rates outside of Belfast, support for SMEs remained unchanged. Support for large enterprises is also still permissible for initial investments in favour of new economic activities or for the diversification of existing establishments into new products and new process innovations. However any restrictions on support for large company follow-on investment will impact Northern Ireland, given the importance of large company follow-on expansions to our economic growth and job creation targets. DETI and Invest NI will continue to liaise with BIS and the European Commission to seek clarification in this regard prior to the revised RAG coming into effect in July 2014.

125. In parallel, the UK Government confirmed in its Economic Pact published in June 2013 that Northern Ireland will continue to retain its 100% assisted area status, at least in the medium term. This is a positive development and will allow Regional Aid to continue to be provided across Northern Ireland post July 2014.

State Aid

126. During 2013/14, there was an increase in the number of issues on which State Aid advice was provided as well as an increase in the number of departments and other public authorities in Northern Ireland seeking State aid advice. In total, State aid advice was provided on 87 issues (compared to 76 issues in 2012/13) and, in addition to providing advice to six DETI Divisions, advice was provided to Invest NI, NITB, InterTradeIreland, SEUPB, three councils (Belfast Londonderry and Dungannon) and nine NI departments (DARD, DCAL, DEL, DE, DFP, DHSSPS, DoJ, DRD &, DSD). The reasons for this increase are partly due to greater levels of awareness on State aid and the introduction of new programmes and innovative funding mechanisms such as the Financial Transactions Capital scheme. European Support Unit also played a key role in ensuring that DCAL obtained State aid approval from the EC for the redevelopment of the Windsor, Ravenhill and Casement Park stadia.

127. In addition to its key role in relation to the post 2013 Regional aid rules, European Support Unit provided the Northern Ireland input to the UK response to the European Commission's consultation exercises on 13 State aid rules and regulations which were revised during 2013/14 as part of the EC's State aid modernisation initiative.

Barroso Taskforce Activity

128. The Barroso Taskforce was established in 2007 by European Commission President, Jose Manuel Barroso, to assist Northern Ireland in its work to consolidate the peace process and move towards a new era of stability and prosperity. In particular, the Taskforce aims to improve and strengthen links between NI officials and the EU institutions.

129. DETI officials have been actively involved in three of the four Taskforce Thematic Working Groups; Innovation and Technology (as chair), Competitiveness and Employment, and Climate Change and Energy. The emphasis has been on enhancing our engagement with the EU Commission to identify best practice in these areas and explore opportunities for additional funding. At November 2013, NI allocated funding from FP7 had reached €79.6m. This represented a significant contribution towards the Executive's target to increase drawdown of EU elective funds by 20% over the PfG period. It should be noted that following a review of the Taskforce, undertaken by OFMdFM, three new Thematic Working Groups have been established, namely:- Economy, Social, and Environment. DETI leads the Economy Group which consists of representatives from most NICS Departments.

Equality

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

131. The Departmental Equality Scheme, setting out how DETI will meet its obligations under Section 75 of the Act, is in place. The Equality Action Plan details what DETI will be doing to better promote equality of opportunity. The Department will report on the commitments contained in the Equality Scheme in its Annual Report to the Equality Commission by 31st August 2014.

The Services Directive

132. The Services Directive aims to reduce barriers to trade across Europe to make it easier for service providers to set up or offer their services anywhere in the EU. The Department for Business, Innovation and Skills (BIS) is the lead department for implementing the Directive in the UK. With assistance from BIS, DETI continues to work closely with Northern Ireland Local Authorities (LAs) and Competent Authorities (CAs) to ensure they are aware of their obligations under the Services Directive. DETI will also work closely with BIS with regards to any possible infraction proceedings and will co-ordinate any Northern Ireland responses as appropriate.

Cross-Departmental Working

133. The Department's approach to cross-departmental working is to engage positively and constructively with cross-departmental issues and projects where a DETI perspective or resource input can add value or secure resources for the achievement of common objectives. DETI has, therefore, continued throughout 2013/14 to work with other departments to deliver the Executive's Programme for Government.

134. DETI has joint lead responsibility with DARD for the industry-led Agri-Food Strategy Board which has been established to provide advice to Ministers in respect of the development of a Strategic plan for the Agri-Food sector – a Programme for Government Commitment. Other areas of cross-departmental action have included corporation tax policy, enterprise policy, innovation policy development, employability/ skills policy development, spatial/ infrastructure development, sustainable development, delivering social change and rural development.

Efficiency

135. The Department has delivered all its planned £2.408m efficiency savings in 2013/14. Details of the efficiency savings can be found on the DETI website under 'DETI Spending Proposals and Savings Delivery Plans'.

e-Business

136. Throughout the year Departmental Business Support continued to provide specialist IT and project management support to a number of key departmental projects, including:

- The continued development of the departmental Business Continuity Plans culminating in a scenario-based exercise involving TMT to ensure the Netherleigh BCP was fit for purpose. Work was also undertaken regarding the validation of individual branch BCP's;
- Working with both HSENI and Insolvency Service towards the procurement of replacement applications have progressed well;
- A number of Economic Appraisals (11) and PPE's (5) were carried out in line with the appropriate DFP guidelines; and
- ICT Security related reviews and tasks were undertaken.

137. Major in-house application development projects completed this year includes the TOMS Registry System which replaced the Impress System for the Information Management Unit, and the Renewable Heat Premium Payment System for Energy Division. A number of other applications were also developed for both DETI HQ and HSENI. Applications currently under development or under consideration include the NITB Recommendations Register, RHPP Grants Satisfaction Survey and enhancing the TOMS Registry System for HSENI and DHR.

DETI Complaints Procedure

138. DETI has been operating its current complaints procedure since 2009. During the 2013/14 period it received two formal complaints.

139. The Complaints Procedure is managed by the Information Management Unit in the Department. The complainant is invited to write to the business area in question detailing

their complaint. This will be investigated by the Head of the Unit and a reply will issue within 10 working days. If the complainant is unhappy with the response they can write to the Departmental Complaints Officer asking for a review of the matter. The Complaints Officer will, after carrying out an investigation, issue a letter to the complainant detailing their findings on the matter. If still dissatisfied the complainant is advised that the further option of writing to the Ombudsman is available. Details of the Complaints Procedure are available on the DETI website.

SUSTAINABILITY REPORT

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

2. The DETI Corporate Plan 2011-15 is closely aligned with the Programme for Government which, in turn, reflects SD principles.

3. SD issues arise both directly and indirectly within the Department and are at the heart of energy, tourism and economic development policies, programmes and initiatives. DETI works with a number of stakeholders to deliver these policies, programmes and initiatives. For example:

    - DETI works with partners to help deliver the actions laid out in the Strategic Energy Framework – the SEF includes a significant number of actions that will increase the sustainability of energy in Northern Ireland and these actions are reflected in the Management Report;
    - Invest NI provides industry with advice, information and finance to reduce its consumption of water, energy and materials;
    - The Deputy Secretary, Policy Group, is the SD Champion for DETI and is a member of the SD Champions Network.

4. Under the auspices of the Ministerial led Sustainable Energy Inter-Departmental Working Group (SEIDWG) a number of actions were delivered in 2013-14:

    - DETI, along with DOE and DARD, published in November 2013 "Communities: A Renewable Energy Study". This study considered the relationship between communities and the development of renewable energy and how communities can engage with developers and participate and/or benefit from renewable energy developments;
    - A draft cross departmental Action Plan will be prepared for consultation in 2014/15;
    - A Memorandum of Understanding was signed by DOE and DETI in July 2013 in relation to onshore and offshore planning and consenting relationships; and
    - In October 2013, DETI published "Envisioning the Future; considering energy in Northern Ireland to 2050 which outlined a long term vision for energy covering electricity, heat and transport.

5. In December 2010, the Executive endorsed a cross departmental approach to sustainable energy messaging. This approach led to the development of the "EnergyWise" branding and a communications programme that included television advertisement, billboards and a dedicated web presence on NI Direct. DETI has now delivered a number of marketing campaigns under the "EnergyWise" branding. During 2013, DETI, in conjunction with Executive Information Service, used the branding to promote awareness of renewable energy technologies and in particular the financial incentive schemes available for renewable heat installations.

6. The Renewable Heat Strategy Group meets biannually and considers cross-cutting issues relating to renewable heat and the delivery of 10% renewable heat by 2020. This group also

has responsibility for monitoring implementation of the Bioenergy Action Plan.

7. Invest NI has worked to enhance resource efficiency through the provision of advice and assistance and in some cases financial support, to businesses particularly in the areas of reducing waste, introducing clean and renewable technologies and enhancing energy efficiency. This work continues to be delivered through a range of support including:

   - Industrial Symbiosis– In 2013/14 £1.65 million of additional sales and resource savings were achieved through industrial symbiosis activity with £0.7 million resource savings identified.
   - The Energy Efficiency Loan Scheme, funded by Invest NI and administered by Carbon Trust provided 4.8 million in 0% interest energy efficiency loans to Northern Ireland businesses during 2013/14 which will realise combined annual energy savings of £2.25 million; these savings will be annually recurring for the lifetime of the installed equipment.
   - Consultancy support provided by Invest NI resulted in the identification of circa £17.8 million of annual resource savings for Northern Ireland businesses.
   - During 2013/14 Invest NI's Resource Efficiency Capital Grant scheme helped SME businesses in Northern Ireland to purchase and install new equipment to realise a total of £0.8 million in water and materials savings; these savings will be annually recurring for the lifetime of the installed equipment.

8. DETI has in place a SD Action Plan, which sits alongside its Waste Management Action Plan. These plans contain targets in relation to waste, water, energy, estate, procurement and travel. DETI is committed to "green housekeeping" and many aspects of this are already well embedded within the Department's processes. The Department continues to actively monitor its energy consumption to avoid wastage and reduce our carbon footprint by increasing our use of renewable energy. In addition general office waste is recycled where possible. A number of programmes have been introduced to ensure all staff are aware of the need to reduce energy use and improve resource efficiency.

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

Financial Performance in the Period

1. Details of financial performance for the year to 31 March 2014 are contained in the resource accounts and the supporting notes.

2. The Estimates for the year to 31 March 2014 are contained in The Budget Act (Northern Ireland) 2013 and the Supplementary Estimates are contained in The Budget Act (Northern Ireland) 2014. Both of these Acts and Department of Finance and Personnel publications containing detailed supporting information are available from The Stationery Office Limited.

3. These annual resource accounts, for the year to 31 March 2014, report against the Supplementary Estimates and will be laid in the Assembly.

4. The Statement of Assembly Supply shows a saving in total net resources of £7.3m against Estimate.

5. The analysis of resource outturn by function measured against the Spring Supplementary Estimates is contained in note SoAS2 to the resource accounts.

6. The main contributor to the £7.3m under spend identified related to Grant expenditure and in particular the Superconnected Cities Telecoms project. A transfer of £5.7m from the Department of Culture, Media and Sport was received in relation to this late in the financial year. Full End Year Flexibility was granted by DFP/HM Treasury and as such it will not contribute towards DETI outturn targets. An

under spend of £0.7m was identified under other current expenditure mainly comprising; £170k of overestimated costs within Minerals and Petroleum Branch relating to various projects such as adit closures, remedial works, and main contract costs associated with geological services; £234k of under spends within Insolvency branch and Economic Policy division due to unfilled vacant posts and lower than anticipated costs; and £70k within Energy branch due to renegotiation of external service costs in relation to the Renewable Heat Incentive Service. A further £436k of under spends were identified under Admin expenditure due to vacant posts, slippage in planned expenditure, costs savings across business areas, and reduced IT Notional costs due to a reduction in the number of laptops charged by IT Assist. In relation to income, Insolvency Service recognised additional receipts of £248k which were offset by reductions in receipts across a number of areas.

Basis of Going Concern

7. Historically, a feature of the Department's statement of financial position is that there is negative taxpayers' equity, i.e. liabilities typically exceed assets. This is not currently the case due to the addition of a Financial Asset Investment. In future years, as the Department receives repayments of this investment, its carrying value will reduce and it is likely that liabilities will again exceed assets. This results from the nature of accounting in government. NI Assembly provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years, are taken into account in the Statement of Financial Position. An example of this is the provision for Harland & Wolff Plc's potential future liability to claims from former employees who have suffered from the effects of asbestosis and related diseases. This provision is an estimate of liabilities which may arise over a significant number of years. In common with other government departments the future financing of DETI's liabilities will be met by future grants of Supply and the application of future income, both to be approved annually by the Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Provisions

8. Note 16 of the resource accounts details provisions for liabilities and charges. Provisions are set up to cover liabilities where the timing or amount is uncertain. While it is prudent to make such provisions the eventual outturn of these matters cannot be certain. The major provision is in respect of the retained liabilities of Harland & Wolff plc. The Harland & Wolff plc provision for other retained liabilities of £68m (£87m at 31 March 2013) is mainly necessary to meet the company's anticipated costs of employer's liability and public liability claims, both in relation to known claims and to unreported claims expected to crystallise over a significant number of years.

Net Cash Requirement

9. Statement of Assembly Supply shows a variance of £17.5m in the Net Cash Requirement. Further detail is contained in note SoAS4.

Important Events since the Financial Year End

10. There are no reportable post balance sheet events.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets		
	2013/14 £000	2012/13 £000
Net Resource Outturn (Estimates)	221,838	221,655
Adjustments:		
Less Consolidated Fund Extra Receipts (CFERs) in the FOCS	(789)	(268)
Add Non Supply Expenditure	(412)	186
Net Operating Costs (Accounts)	220,637	221,573
Adjustments:		
Add other Consolidated Fund Extra Receipts	789	268
Remove voted expenditure that is outside the Resource Budget (NDPB Cash Draw & Notionals)	(206,395)	(182,669)
Add NDPB resource consumption	186,391	212,127
Add European Union income related to capital grants	12,455	7,151
Less capital grants (Department & NDPBs)	(27,415)	(28,246)
Other Adjustments:		
Unrealised EU Foreign Exchange Rate gain/loss	412	(186)
Resource Budget Outturn (Budget)	186,874	230,018
Of which:		
Departmental Expenditure Limit (DEL)	189,030	199,345
Annually Managed Expenditure (AME)	(2,156)	30,673

DAVID STERLING
Accounting Officer
25 June 2014

B: DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

1. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

Service Contracts

2. 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.

3. 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.

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

Salary and Pension entitlements

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

Remuneration (including salary) and pension entitlements (Audited Information)						
	2013-14			2012-13		
Minister	Salary £	Pension Benefits (to nearest £1000)	Total (to nearest £1000)	Salary £	Pension Benefits (to nearest £1000)	Total (to nearest £1000)
Arlene Foster MLA	38,000	23,000	61,000	37,801	12,000	50,000

Remuneration (Audited Information)						
	2013-14			2012-13		
Officials	Salary £'000	Pension Benefits (to nearest £1000)	Total £'000	Salary £'000	Pension Benefits (to nearest £1000)	Total £'000
David Sterling Permanent Secretary	105-110	21,000	125-130	100-105	27,000	130-135
Colin Lewis Deputy Secretary (until 21 April 2013)	5-10 (90-95 full year equivalent)	(13,000)	(5) – (10)	90-95*	18,000	105-110
David Thomson Deputy Secretary	100-105	4,000	100-105	95-100	20,000	115-120
Eugene Rooney Deputy Secretary (from 01 October 2013)	45-50 (80-85 full year equivalent)	65,000	105-110	-	-	-
Trevor Cooper Assistant Secretary	65-70	9,000	75-80	71-75	57,000	125-130
Wendy Johnston Assistant Secretary	70-75	2,000	70-75	5-10 (65-70 full year equivalent)	(3,000)	0-5
David Beck Non-Executive Director	10-15	-	10-15	5-10	-	5-10
Band of Highest Paid Director's Total Remuneration	105-110			100-105		
Median Total Remuneration	£28,366			£27,835		
Ratio	3.8			3.7		

* DETI paid Colin Lewis in the band £90,000 to £95,000 in the 2012-13 year. However, Colin Lewis was seconded to the Office of the Police Ombudsman for NI until 27 July 2012. DETI received in the band £25,000 to £30,000 (net of employer's contributions, pension costs and VAT) from the Office of the Police Ombudsman for NI in respect of this.

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

None of the above received benefits in kind or bonus payments.

Salary

6. '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.

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

Pension Benefits

8. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Benefits in kind

9. 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. There were no benefits in kind paid to the most Senior Management of the Department during 2013/14.

Bonuses

10. Bonuses are based and paid on performance levels attained and are made as part of the appraisal process. Bonuses relate to the year in which they become payable to the individual. There were no non-consolidated bonus payments to the most Senior Management of the Department during 2013-14.

Top to Median Pay Multiples

11. 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 DETI in the financial year 2013-14 was £105k-£110k (2012-13, £100k-£105k). This was 3.8 times (2012-13, 3.7 times) the median remuneration of the workforce, which was £28,366 (2012-13, £27,835).

    In 2013-14, zero (2012-13, zero) employees received remuneration in excess of the highest-paid director.

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

    There has been minimal change to the pay multiple ratio since last year.

Pension Benefits (Audited Information)					
	Accrued pension at pension age as at 31-3-14	Real increase in pension at pension age	CETV at 31-3-14	CETV at 31-3-13	Real increase in CETV
Minister	£'000	£'000	£'000	£'000	£'000
Arlene Foster MLA	5-10	0-2.5	69	52	10

Ministerial pensions

12. Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

13. Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 21.6% of the Ministerial salary.

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

The Cash Equivalent Transfer Value (CETV)

15. This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Pension Entitlements (Audited Information)						
Civil Service Pensions (Audited Information) Officials	**Accrued pension at pension age as at 31-3-14 and related lump sum**	**Real increase in pension and related lump sum at pension age**	**CETV at 31-3-14**	**CETV at 31-3-13**	**Real increase in CETV**	**Employer contribution to partnership pension account**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**Nearest £100**
David Sterling Permanent Secretary	45-50 Plus lump sum of 140-145	0-2.5 Plus lump sum of 2.5-5.0	980	903	18	-
Colin Lewis Deputy Secretary (until 21 April 2013)	20-25 Plus lump sum of 70-75	0-2.5 Plus lump sum of 0-2.5	440	439	0	-
David Thomson Deputy Secretary	40-45 Plus lump sum of 120-125	0-2.5 Plus lump sum of 0-2.5	931	912	4	-
Eugene Rooney Deputy Secretary (from 01 October 2013)	30-35 Plus lump sum of 95-100	2.5-5.0 Plus lump sum of 7.5-10	621	556	55	-
Trevor Cooper Assistant Secretary	15-20 Plus lump sum of 50-55	0-2.5 Plus lump sum of 0-2.5	299	273	6	-
Wendy Johnston Assistant Secretary	35-40 Plus lump sum of 110-115	0-2.5 Plus lump sum of 0-2.5	715	670	1	-

Northern Ireland Civil Service (NICS) Pension arrangements

17. Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an '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%. CARE pension benefits are increased annually in line with increases in the CPI. For 2014, public service pensions will be increased by 2.7% with effect from 8 April 2013. Pensions which began after 8 April 2013 will be increased proportionately.

18. Employee contributions are determined by the level of pensionable earnings. The employee contribution rates for the 2014/15 year are as follows:

Members of classic:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	3.00%
£21,001-£30,000	4.48%
£30,001-£50,000	5.27%
£50,001-£60,000	6.06%
Over £60,000	6.85%

Members of premium, nuvos and classic plus:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	5.00%
£21,001-£30,000	6.48%
£30,001-£50,000	7.27%
£50,001-£60,000	8.06%
Over £60,000	8.85%

19. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

21. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-ni

Cash Equivalent Transfer Values

22. 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.

Real increase in CETV

23. 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

24. There were no compensation for loss of office payments in respect of Board Members during 2013/14.

DAVID STERLING
Accounting Officer
25 June 2014

2

Statements and Certificates

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Statement of Accounting Officer's Responsibilities

Year to 31 March 2014

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, changes in taxpayer's equity and cash flows for the financial year.

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

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

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in Managing Public Money NI issued by the Department of Finance and Personnel.

DAVID STERLING
Accounting Officer
25 June 2014

GOVERNANCE STATEMENT

Introduction

1. This Governance Statement reflects the Department of Enterprise, Trade and Investment's governance, risk management and internal control arrangements as they have operated during the 2013-14 financial year. It also provides details of future actions planned by the Department to mitigate risks and to address any internal control weaknesses that have been identified.

The DETI Governance Framework

2. Corporate Governance refers to the way in which organisations are directed and controlled. DETI's governance framework, which ensures the effectiveness of the direction and control of the Department, is set out in the following paragraphs.

Individual Responsibilities

The DETI Minister

3. The DETI Minister leads the Department and is responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of the Department.

The Accounting Officer

4. The Permanent Secretary is the principal Accounting Officer for the Department. As Accounting Officer, the Permanent Secretary is personally responsible for ensuring that the Department, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity.

Organisation and Structures

5. The five key organisational structures which support the delivery of corporate governance in the Department are the:

    - Departmental Board;
    - Departmental Audit Committee;
    - Casework Committee;
    - Fortnightly Senior Management Team meetings; and
    - Quarterly Oversight and Liaison meetings

The Departmental Board

6. The Departmental Board manages the Department within the strategic framework set by the Minister. It supports the Permanent Secretary by providing collective leadership and taking ownership of the Department's performance. The Board operates within the guidelines set out in the April 2013 DFP publication "Corporate governance in Central Government Departments: Code of Good Practice NI 2013".

7. The Board is chaired by the Permanent Secretary of the Department. The Deputy Secretaries for Policy Group and Management Services Group are members, as are the Heads of Division with responsibility for Human Resources and Finance. As at 31 March 2014, there is currently one Independent Board Member (IBM), David Beck. The term of office of another IBM, Donal Flanagan, who had temporarily stood down from the Board for personal reasons, came to an end on 20 March 2014. A process is in place which will lead to the appointment of a second IBM during the 2014-15 year.

8. The Board operates as a collegiate forum under the leadership of the Permanent Secretary to manage the running of the Department. It is not, however, the principal policy making body, as policy is determined by the Minister. The Board does, however, discuss policy in the context of setting and directing the strategic planning that ensures delivery of Ministerial policy decisions and the operational management of the implementation of those decisions. The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are the responsibility of the Deputy Secretaries and Heads of Division.

9. The objective of the Board is to provide collective leadership in the Department and to:

   (i) take forward the Department's agreed strategic aims and objectives;

   (ii) determine the strategic allocation of its financial and human resources to achieve those aims;

   (iii) strategically manage departmental resources, and monitor and take action to ensure the achievement of objectives;

   (iv) set the Department's standards and values;

   (v) maintain a transparent system of prudent and effective controls (including internal controls);

   (vi) assess and manage risk; and

   (vii) lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Department's capacity to discharge its functions efficiently and effectively.

10. In order to achieve these objectives, a formal schedule of matters for consideration by the Board is maintained.

<u>*Corporate and Business Planning*</u>

11. Within the policy and resources framework set by the Minister and the Executive, the Departmental Board sets the strategic and annual direction of the Department through the corporate and business planning process. A Corporate Plan, which aligns with the Executive's Programme for Government and Budget, is normally prepared every three years. More detailed Operating Plans are prepared on an annual basis. The detailed stages of the corporate and business planning processes are built into the Departmental Board work programme.

<u>*Secretariat*</u>

12. The Board is supported by a secretariat, located within Central Management Branch, which is responsible for maintenance of a register of interests. An agenda and papers are circulated one week in advance of each meeting and a record of meetings is circulated to Board members and posted on the Department's web site after the following board meeting. New members are provided with an induction pack and programme.

<u>*Board Performance and Effectiveness*</u>

13. During the 2013-14 year, the Departmental Board met a total of 10 times. Details of the attendance of board members during the year was as follows:

Board Member	Number of Meetings Attended	Out of a Possible
David Sterling	10	10
David Beck	10	10
Colin Lewis	1	1
David Thomson	10	10
Eugene Rooney	4	5
Trevor Cooper	6	10
Wendy Johnston	10	10

14. During the 2013-14 year, issues considered by the board included:

   (i) the Department's annual Budget submission and issues arising therefrom;

   (ii) management accounting information relating to the actual use of financial resources as well as periodic in-year forecasts of the expected outturn against financial budgets of resource and capital expenditure and of income;

   (iii) human resource issues, including managing attendance;

   (iv) human resource management systems and processes (insofar as those are not prescribed at NICS level);

   (v) legislative priorities (subject to ministerial determination);

   (vi) progress in relation to outputs and outcomes (performance targets);

   (vii) six monthly Assurance Statements;

(viii) the identification and management of risk;

(ix) feedback from Departmental Audit Committee meetings;

(x) feedback from Oversight and Liaison meetings;

(xi) Freedom of Information;

(xii) the Governance Statement 2012-13; and

(xiii) Direct Award Contracts.

15. The Departmental Board undertook a self assessment of its effectiveness using a questionnaire based on Cabinet Office guidance produced for departments in Great Britain. The Board was broadly content with its performance and the role it plays in the effective governance of the Department including monitoring progress of the actions set out in Corporate and Operating Plans.

The Departmental Audit Committee

16. The Departmental Board is supported in its role by the Departmental Audit Committee. The Committee is chaired by David Beck, an Independent Board Member who attended the five meetings held in 2013-14. The other members of the Committee are Bill McGinnis and Anthony Harbinson, both of whom are independent of the executive structure of the Department. Bill McGinnis attended all of the five meetings held in 2013-14 while Anthony Harbinson attended four of the five meetings.

17. The role of the Departmental Audit Committee is to support the Departmental Board and the Accounting Officer by advising on:

(i) The strategic processes for risk, control and governance and the Governance Statement;

(ii) The accounting policies, the accounts, and the annual report of the organisation, including the processes for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;

(iii) The planned activity and results of both internal and external audit;

(iv) Adequacy of management response to issues identified by audit activity, including external audit's Report to those Charged with Governance;

(v) Assurances relating to the corporate governance requirements for the organisation; and

(vi) Anti fraud policies, whistle blowing processes, and arrangements for special investigations.

18. Each NDPB and cross border body provides the Departmental Audit Committee with a paper in advance of each meeting setting out corporate governance and accountability issues in their organisations.

19. The Departmental Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the Board.

Departmental Audit Committee Reports

20. Following each meeting of the Departmental Audit Committee, the Departmental Board is provided with the draft minutes of the meeting supplemented by a verbal report and a written synopsis from the Departmental Audit Committee Chairman.

21. The Chairman of the Departmental Audit Committee also provides an annual report to the Departmental Board which summarises the Committee's work for the year. The 2013-14 report included:

(i) Details of meetings and provision of minutes and reports to the Departmental Board;

(ii) Details of membership and attendance;

(iii) An update on issues arising from the Committee's review of effectiveness in an earlier financial year;

(iv) A summary of work undertaken during the 2013-14 year;

(v) The Committee's views on the quality of assurances it considered during the year;

(vi) The Committee's views on risk management;

(vii) The Committee's opinion on the quality of internal and external audit arrangements;

(viii) The Committee's views on the issues which merit inclusion in the Governance Statement; and

(ix) The Committee's overall conclusion.

22. The Committee was content with the quality of assurances it received, the management of risk and the quality of internal and external audit.

Other Organisational Structures

23. Other organisational structures that contribute to sound corporate governance in the Department are the Casework Committee, the Fortnightly Senior Management Team Meeting and the Quarterly Oversight and Liaison Meetings with Arms Length Bodies. None of these is a sub-committee of the Departmental Board.

Casework Committee

24. The DETI Casework Committee meets as required to consider and approve DETI projects involving expenditure above £500,000. All members of the Departmental Board and DETI Senior Management Team are eligible to participate on the Casework Committee. However, the Head of a Division from which an expenditure proposal emanates is debarred from sitting on the Casework Committee which considers the proposed expenditure.

25. The Casework Committee is chaired by an officer of at least Deputy Secretary level, and requires a minimum of three members to be quorate.

26. Casework Committees are also in place to consider significant expenditure proposals emanating from Invest NI and NITB; the NITB Casework Committee being established during the 2013-14 year. The Departmental Board receives regular updates on the progress of Casework across the Department.

Fortnightly Senior Management Team Meeting

27. The Fortnightly Senior Management Team Meeting is the regular meeting of senior management to discuss ongoing operational issues, including forthcoming Executive and Assembly business. It is chaired by the Permanent Secretary and membership comprises the Deputy Secretaries responsible for Policy Group and Management Services Group, and Heads of Divisions. The Head of Assembly Liaison Unit, the Principal Information Officer and the Minister's Private Secretary are also in attendance.

Quarterly Oversight and Liaison Meetings with Arms Length Bodies

28. The Department sponsors four Non Departmental Public Bodies: Invest Northern Ireland; the Northern Ireland Tourist Board; the General Consumer Council for Northern Ireland and the Health and Safety Executive for Northern Ireland. Oversight and Liaison meetings with Non Departmental Public Bodies are held on a quarterly basis. The agendas for these meetings contain standing items which include performance monitoring, budgetary and finance matters, risk management and corporate governance. The minutes of Oversight and Liaison meetings are brought to the Departmental Board as "take note" items unless specific issues arise which require Board intervention. If such issues arise they are tabled as a separate agenda item.

29. The Department sponsors two cross border bodies: InterTradeIreland and Tourism Ireland Limited. Quarterly meetings also take place with these bodies. The issues covered by the agendas for these meetings are similar to the issues covered in the NDPB Oversight and Liaison meeting agendas.

30. In addition, Departmental representatives attend the audit committees of NDPBs and cross border bodies.

Risk Management

31. The Department's approach is to assign risks to those best placed to manage them, whilst maintaining clear accountability. The Department manages risk at Corporate and Divisional levels.

32. Corporate Risks are managed collectively by the Departmental Board. The Corporate Risk Register is reviewed by the Departmental Board at each meeting along with significant Corporate Risks emanating from NPDBs. On a quarterly basis, the Departmental Board receives a report detailing Divisional Risks which are assessed as having a high or medium impact and a high likelihood of occurrence. The Departmental Board considers the degree of risk it is prepared to accept for the Department's Corporate Risks (its risk appetite).

33. Corporate risks being managed at 31 March 2014 related to:

    - The delivery of commitments contained in the Programme for Government, the Corporate Plan and the Operating Plan;
    - The formulation of appropriate strategies and policies for economic development in Northern Ireland;
    - Corporate Governance;
    - Financial Management;
    - The management of financial assistance provided in connection with the administration of the Presbyterian Mutual Society;
    - Information Management;
    - Implementation of legislation, including EU Directives; and
    - The disqualification of company directors.

34. Action is being taken to mitigate the above risks. During the year a new risk was identified relating to the ability of the Insolvency Service to meet a two year deadline to complete all cases involving the potential disqualification of company directors. The issue arose because of a significant increase in the numbers of new insolvency cases during the period from 2007-08 to 2013-14 due to the economic downturn. The level of staff resources within the Insolvency Service did not allow all potential cases of disqualification to be pursued and resulted in the adoption of a number of measures to manage the caseload and mitigate the risks.

Six Monthly Assurance Statements

35. Each Deputy Secretary and NDPB Chief Executive is required to provide six monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.

Data Security

36. The Department is in the final stages of compiling the annual Security Risk Management Overview (SRMO). This is an exercise which reports to the Head of the NICS and includes a single return for DETI and all its NDPBs. The report will contain an independent assurance statement from the Head of Internal Audit and will be endorsed by the Permanent Secretary as Accounting Officer. The DETI Information Security Policy compendium is updated and disseminated during the year. During 2013-14, one new policy was added, namely A Guide to Physical, Document and IT Security, whilst one policy was updated namely the Northern Ireland Civil Service Internet and Email Usage Policy. The Department also carried out its annual Information Security Review which gives assurance that formal documented policies and procedures are in place, supported by well designed practices. Heads of Branches are required to review information security compliance in their six monthly internal assurance statement checklists.

Business Continuity Management (BCM)

37. The Netherleigh BCP has been updated recently following a detailed review. After the BCP was updated, awareness sessions were held for staff named with a role in the BCP. A desk top exercise of a simulated incident was held on 27 March 2014 to which the Incident Management Team, Incident Management Action Team, deputies and some Admin Support Team were invited. A Lessons Learnt report was presented to the Departmental Board on 20 May 2014.The Department has in place a Business Continuity Management (BCM) process, whereby each Branch and Departmental building has its own dedicated and managed Business Continuity Plan (BCP). Plans are updated, reviewed and tested on a regular basis and co-ordinated by a cross-divisional Plan Holder Committee. A similar committee operates covering the DETI buildings outside of Netherleigh, as well as the Department's Arms Length Bodies. The BCM process is subject to annual review by Internal Audit Service.

Internal Audit

38. The Department has an Internal Audit Service, which operates to HM Treasury's Public Sector Internal Audit Standards. Internal Audit Service constructs its annual audit plan on the basis of the Internal Audit Strategy covering the period 2011-12 to 2014-15 and also takes into account the objectives and risks faced by DETI including emerging risks.

39. The Internal Audit plan for 2013-14 was endorsed by the Departmental Audit Committee. A mid-year review of the 2013-14 plan resulted in it being revised to reflect changing priorities of management, changing circumstances and emerging issues. The revised plan was endorsed by the Departmental Audit Committee in December 2013. The Internal Audit Plan for 2014-15 was endorsed by the Departmental Audit Committee at its meeting on 28 May 2014.

40. Internal Audit Service submits regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2013-14 year.

41. Internal Audit Service previously issued an overall 'limited' opinion for NITB for 2012-13. A detailed Governance Action Plan was developed to address issues identified in relation to procurement and grants to tourism projects. Implementation of the plan was monitored by both the NITB Audit Committee and the Departmental Audit Committee and progress made resulted in a satisfactory opinion for the 2013-14 year.

Compliance with the Corporate Governance Code

42. The Departmental Board has carried out an assessment of its compliance with the April 2013 DFP publication "Corporate governance in Central Government Departments: Code of Good Practice NI 2013". The Departmental Board is content that it is compliant with both the spirit and the principles of the Code and has agreed that the framework within which it operates should be reviewed when the second Independent Board Member is appointed later this year

Quality of Data Used by the Departmental Board

43. The Departmental Board uses information based on a number of data sources. In relation to performance targets, the Board draws assurance from the fact that a number of the data sources used are also utilised for the publication of Official Statistics or National Statistics. Data relating to financial information and absenteeism is derived from NICS wide systems such as

Account NI and HR Connect. The Departmental Board takes assurance on the quality of this data from the internal controls in place in the Department and the scrutiny of the Account NI and HR Connect systems by DFP's Internal Audit Service and the supply of information on absenteeism to departments by the Northern Ireland Statistics and Research Agency (NISRA).

44. During 2013-14, Internal Audit Service undertook a review of Corporate and Business Planning within DETI. The review included the validation of information relating to performance against a number of targets to confirm the accuracy of data. An overall satisfactory opinion was provided.

45. DETI is currently engaging with Invest NI on the approach to validating performance data for a subset of targets in Invest NI's Operating Plan.

Ministerial Directions

46. One Ministerial Direction was issued during the 2013-14 financial year which related to the provision of a grant to a company by Invest NI.

Public Accounts Committee Issues

47. On 13 February 2013, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Invest NI: A Performance Review". The Public Accounts Committee published its report on 22 May 2013. The Department's response to the report, which contained nine recommendations, was contained in a Memorandum of Reply which was laid before the Assembly by the Department of Finance and Personnel on 11 September 2013. The Department and Invest NI are implementing those Public Accounts Committee recommendations that were accepted.

Other Governance Issues

48. The Department continues to seek clawback of £198,747 from Craigavon Borough Council as a result of a suspected fraud connected with the tendering process for the installation of renewable energy boilers. The Council is pursuing the matter through its insurers but, as yet, no repayment has been made.

49. A review of a project funded under the Intereg IIIA programme has determined that expenditure is not deemed eligible from an EU perspective. Clawback of grant funding is being sought.

50. DFP has confirmed that the legislation in respect of payments of grants to North/South Bodies requires that DFP approval for the amount and terms and conditions of the grant should be in place prior to the payment of grant. During 2013/14, the Department incurred expenditure in respect of grants to a North/South Body, InterTradeIreland, prior to the expenditure being approved by DFP. Details are disclosed in the Notes to the Statement of Assembly Supply.

Conclusion

51. DETI has a rigorous system of accountability on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.

52. Having considered the accountability framework within the Department and between the Department and its arms length bodies, and in conjunction with assurances given to me by the Departmental Audit Committee, I am content that the Department has operated a sound system of internal governance during the period 2013-14.

DAVID STERLING
Accounting Officer
25 June 2014

DEPARTMENT OF ENTERPRISE TRADE AND INVESTMENT

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 Department of Enterprise Trade and Investment for the year ended 31 March 2014 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2014 and of its 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.

Emphasis of matter - Material Uncertainty on Provisions

Without qualifying my opinion, I draw attention to Note 16.2 of the financial statements which indicates the existence of a considerable number of uncertainties over the adequacy or excessiveness of the provisions at 31 March 2014 of £67.96 million of which £67.93 million is largely in relation to anticipated asbestosis related illness claims. The ultimate outcome of the matter cannot be accurately determined at present. My opinion is not modified in this respect.

Emphasis of matter – Carrying Value of Financial Asset Investment

Without qualifying my opinion, I draw attention to Note 11 of the financial statements which discloses that financial projections support the retention of the full carrying value of the loan. The note advises the Department retains flexibility to manage the loan payment profile to ensure full repayment taking into consideration potential movements in the property market including the option to extend the repayment terms of the loan beyond the original ten year period. My opinion is not modified in this respect.

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 Management Commentary, Director's Report and Strategic 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 Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

Kieran J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
01 July 2014

3

Accounting Schedules

Department of Enterprise, Trade and Investment

Statement of Assembly Supply for the year ended 31 March 2014

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department of Enterprise, Trade and Investment to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn

								2013-14	2012-13
				Estimate				Outturn	
Request for Resources	Note	Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
		£000	£000	£000	£000	£000	£000	£000	£000
RfR A: To grow a dynamic, innovative economy									
Total Resources	**SoAS2**	242,734	(13,624)	229,110	235,416	(13,578)	221,838	7,272	221,655
Non-operating Accruing Resources				(6,512)			(6,512)	-	(10,000)

Net cash requirement 2013-14

				2013-14	2012-13
	Note	Estimate	Outturn	Net total outturn compared with estimate	Outturn
		£000	£000	£000	£000
Net cash requirement	**SoAS4**	248,519	230,995	17,524	194,790

Summary of income payable to the Consolidated Fund

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

		Forecast 2013-14		Outturn 2013-14	
	Note	Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	**SoAS5**	874	*1,033*	789	953

Explanation of variances between Estimates and Outturn are given in Note SOAS2 and in the Management Commentary.

Notes 1 to 26 form part of these accounts

Notes to the Departmental Resource Accounts (Statement of Assembly Supply)

SoAS1. Statement of Accounting Policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The Statement of Assembly Supply accounting policies contained in the FReM are consistent with those set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates in Northern Ireland Guidance Manual.

SoAS1.1. Accounting Convention

“The Statement of Assembly Supply and related notes are presented consistently with Treasury budget control and Supply Estimates in Northern Ireland. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework ‘European System of Accounts’ (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Assembly Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Assembly authority, in support of the Government’s fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government’s objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

Notes 1 to 26 form part of these accounts

SoAS2. Analysis of net resource outturn by function

									2013-14	2012-13
	Outturn						Estimate			
	Admin £000	Other current £000	Grants £000	Gross resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Net total outturn compared with estimate, adjusted for virements £000	Prior-year outturn £000
RfR A: To grow a dynamic, innovative economy **SoAS2**										
Departmental Expenditure in DEL										
1. Economic Development, Policy & Research	9,923	1,203	136	**11,262**	(91)	**11,171**	11,516	345	345	14,535
2. Economic Infrastructure/Minerals	2,443	2,687	2,814	**7,944**	(1,333)	**6,611**	12,578	5,967	6,038	4,972
3. Invest Northern Ireland	105	-	-	**105**	-	**105**	105	-	-	107
4. Development of Tourism	746	-	-	**746**	(2)	**744**	757	13	13	446
5. Tourism Ireland Ltd	373	-	-	**373**	-	**373**	374	1	1	181
6. InterTradeIreland	105	-	-	**105**	-	**105**	105	-	-	221
7. ERDF Support for Economic Development	-	-	3,144	**3,144**	(2,904)	**240**	263	23	28	118
8. EU Community Initiatives	-	-	4,406	**4,406**	(3,305)	**1,101**	1,145	44	176	1,106
9. Business Regulatory Services	479	7,858	12	**8,349**	(2,932)	**5,417**	5,984	567	359	5,519
10. Business Regulatory Services – Assistance to the Presbyterian Mutual Society	-	-	-	**-**	(3,011)	**(3,011)**	(3,011)	-	-	(3,206)
11. Health and Safety	-	5,446	-	**5,446**	-	**5,446**	5,491	45	45	5,379

Notes 1 to 26 form part of these accounts

2. Analysis of net resource outturn by function (continued)

									2013-14	2012-13
	Outturn						Estimate			
	Admin £000	Other current £000	Grants £000	Gross resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Net total outturn compared with estimate, adjusted for virements £000	Prior-year outturn £000
Annually Managed Expenditure (AME)										
12. Provisions – Economic Development, Policy & Research	-	(14,350)	-	**(14,350)**	-	**(14,350)**	(14,347)	3	3	9,138
13. NI Renewable Heat Incentive	-	-	1,650	**1,650**	-	**1,650**	1,650	-	-	470
14. Revaluation of Assets	-	(160)	-	**(160)**	-	**(160)**	(160)	-	-	-
Non-Budget										
15. Invest NI	-	-	160,387	**160,387**	-	**160,387**	160,387	-	-	137,322
16. NI Tourist Board	-	-	21,982	**21,982**	-	**21,982**	21,982	-	-	20,320
17. Consumer Council for NI	-	-	1,454	**1,454**	-	**1,454**	1,455	1	1	1,639
18. Health and Safety Executive NI	-	-	977	**977**	-	**977**	977	-	-	1,085
19. Tourism Ireland Ltd	-	-	14,664	**14,664**	-	**14,664**	14,664	-	-	15,224
20. InterTradeIreland	-	-	3,234	**3,234**	-	**3,234**	3,235	1	1	3,274
21. Notional Charges	3,698	-	-	**3,698**	-	**3,698**	3,960	262	262	3,805
Total	**17,872**	**2,684**	**214,860**	**235,416**	**(13,578)**	**221,838**	**229,110**	**7,272**	**7,272**	**221,655**

Notes 1 to 26 form part of these accounts

SoAS2 Analysis of net resource outturn by section (continued)

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

(i) **Economic Development, Policy & Research - £0.335m**
Variance is due to cumulative minor underspending across Economic Development, Policy & Research.

(ii) **Economic Infrastructure/Minerals - £5.967m**
Transfer to DETI by Department of Culture, Media and Sport of £5.683m budget for the Superconnected Cities Telecoms project, for which Full End Year Flexibility arrangements are in place.

(iv) **Business Regulatory Services - £0.567m**
Underspending in Consumer Affairs and Insolvency Service administration budgets of circa £0.18m combined with additional Insolvency Service fees and charges income of £0.248m.

(v) **Notional Charges - £0.262m**
Due to reductions across all notional costs.

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

SoAS3 Reconciliation of Outturn to net operating cost and against Administration Budget

SoAS3.1 Reconciliation of net resource outturn to net operating cost

				2013-14	2012-13
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	**SoAS2**	221,838	229,110	7,272	221,655
Non supply income (CFERs)	**SoAS5**	(789)	(874)	(85)	(268)
Non Supply Expenditure	**5**	(412)	-	412	186
Net operating cost		**220,637**	**228,236**	**7,599**	**221,573**

SoAS3.2 Outturn against final Administration Budget

			2013-14	2012-13
	Note	Budget £000	Outturn £000	Outturn £000
Gross Administration Budget	**SoAS2**	18,570	17,872	17,589
Income allowable against the Administration Budget		-	-	-
Net outturn against final Administration Budget		**18,570**	**17,872**	**17,589**

Notes 1 to 26 form part of these accounts

SoAS4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)
		£000	£000	£000
Resource Outturn	**SoAS2**	229,110	221,838	7,272
Capital:				
- Acquisition of non-current assets	**7, 8**	36	42	(6)
Non-operating Accruing Resources:				
- Loan repayment	**11**	(6,500)	(6,500)	-
- Proceeds of asset disposals	**5,7**	(12)	(6)	(6)
Accruals adjustments:				
- Depreciation	**4,5**	(446)	(440)	(6)
- New provisions, and adjustments to previous provisions	**5**	14,347	10,788	3,559
- Non-cash items	**3,4,5**	(3,806)	(3,544)	(262)
- Changes in working capital other than cash		7,661	688	6,973
- Change in payables falling due after more than one year	**9**	15	15	-
- Use of Provisions	**16**	8,114	8,114	-
Net cash requirement		**248,519**	**230,995**	**17,524**

Notes 1 to 26 form part of these accounts

SoAS5 Income payable to the Consolidated Fund

SoAS5.1 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2013-14		Outturn 2013-14	
		Income £000	*Receipts £000*	Income £000	*Receipts £000*
Operating income and receipts - excess Accruing Resources		–	–	–	–
Other operating income and receipts not classified as Accruing Resource	SoAS6	874	*1,033*	789	*953*
Subtotal		**874**	***1,033***	**789**	***953***
Non-operating income and receipts - excess Accruing Resources	SoAS7	–	–	–	–
Other non-operating income and receipts not classified as Accruing Resources	SoAS7	–	–	–	–
Other amounts collectable on behalf of the Consolidated Fund		–	–	–	–
Excess cash surrendable to the Consolidated Fund		–	–	–	–
Total income payable to the Consolidated Fund		**874**	***1,033***	**789**	***953***

SoAS6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2013-14 £000	2012-13 £000
Operating income	6	14,367	12,578
Gross income		14,367	12,578
Income authorised as Accruing Resources	SoAS2	(13,578)	(12,310)
Operating income payable to the Consolidated Fund	SoAS5	**789**	**268**

SoAS7 Non-operating income - Excess accruing resources

	2013-14 £000	2012-13 £000
Proceeds on disposal of fixed assets	–	–
Non-operating income - excess accruing resources	–	–

Notes 1 to 26 form part of these accounts

SoAS8 Intertrade Ireland Expenditure

The table below outlines the dates of approval of spend incurred by the Department in respect of its 2013/14 payments of grant-in-aid to Intertrade Ireland before the relevant approvals of business plans were in place. These amounts are deemed to be irregular spend. The amounts are not considered to be material.

			Relevant Approval Date	
Payment Date	**Amount**	**N/S Body**	**DFP**	**NSMC**
24 April 2013	£45,805	Intertrade Ireland	3 June 2013	26 June 2013
21 May 2013	£80,222	Intertrade Ireland	3 June 2013	26 June 2013

Notes 1 to 26 form part of these accounts

Statement of Comprehensive Net Expenditure for the year to 31 March 2014

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note			2013-14	2012-13
		Staff Costs	Other Costs	Income	Total
		£000	£000	£000	£000
Administration costs:					
Staff costs	3	11,640	-	-	11,212
Other administration costs	4	-	6,232	-	6,377
Operating income	6	-	-	-	-
Programme costs					
Staff costs	3	10,641	-	-	10,315
Programme costs	5	-	206,491	-	206,247
Income	6	-	-	(14,367)	(12,578)
Totals		**22,281**	**212,723**	**(14,367)**	**221,573**
Net operating cost	SoAS3			**220,637**	**221,573**

Other Comprehensive Expenditure for the year to 31 March 2014

	Note	2013-14	2012-13
		£000	£000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	7	(1)	125
Net (gain)/loss on revaluation of intangible assets	8	(158)	(186)
		(159)	(61)
Net operating cost		220,637	221,573
Total Comprehensive Expenditure		**220,478**	**221,512**

Notes 1 to 26 form part of these accounts

Statement of Financial Position for the year to 31 March 2014

This statement presents the financial position of the Department of Enterprise, Trade and Investment. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2013-14	2012-13
		£000	£000
Non-current assets			
Property, plant and equipment	7	1,969	2,095
Intangible assets	8	6,077	6,209
Financial assets	11	150,671	157,156
Investment in associates	12	-	-
Total non-current assets		**158,717**	**165,460**
Current assets			
Trade and other receivables	14	6,999	5,643
Cash and cash equivalents	13	267	2,348
Total current assets		7,266	7,991
Total assets		**165,983**	**173,451**
Current liabilities			
Trade and other payables	15	(30,469)	(32,446)
Provisions	16	(9,610)	(9,042)
Total current liabilities		(40,079)	(41,488)
Non-current assets plus/less net current assets/liabilities		**125,904**	**131,963**
Non-current liabilities			
Trade and other payables	15	(8)	(23)
Provisions	16	(58,351)	(77,821)
Total non-current liabilities		(58,359)	(77,844)
Assets less liabilities		**67,545**	**54,119**
Taxpayers' equity			
General fund		65,352	52,009
Revaluation reserve		2,193	2,110
Total Taxpayers' equity		**67,545**	**54,119**

DAVID STERLING
Accounting Officer
25 June 2014

Notes 1 to 26 form part of these accounts

Statement of Cash Flows for the year to 31 March 2014

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2013-14	2012-13
		£000	£000
Cash flows from operating activities			
Net operating cost	SoAS3	(220,637)	(221,573)
Adjustments for non-cash transactions	3,4,5	(7,216)	13,617
(Increase)/decrease in trade and other receivables	14	(1,356)	13,785
Non-cash movement in trade receivables and other current liabilities	5	412	(186)
Less movements in receivables relating to items not passing through the SCNE			
Consolidated Fund Supply	14	37	(1,486)
Capital Receivables - accrued interest	11	145	152
Increase/(decrease) in trade payables	15	(2,029)	(3,646)
Less movements in payables relating to items not passing through the SCNE			
Consolidated Fund Extra Receipts	15	348	2,951
Consolidated Fund Supply	15	1,957	(1,957)
Finance Lease Creditor	15	15	(30)
Use of Provisions	16	(8,114)	(4,592)
Net cash outflow from operating activities		**(236,438)**	**(202,965)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(26)	(65)
Purchase of intangible assets	8	(16)	(16)
Proceeds on disposal of property, plant and equipment	4,5	6	-
Repayment of loans - principal	11	6,500	10,000
Net cash from investing activities		**6,464**	**9,919**
Cash flows from financing activities			
From the Consolidated Fund - current year		229,001	196,747
From the Consolidated Fund - prior year		-	1,486
Capital element of payments in respect of finance lease	15	(7)	(6)
Net financing		**228,994**	**198,227**

Statement of Cash Flows for the year to 31 March 2014 (continued)

	Note	2013-14	2012-13
		£000	£000
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(980)	**5,181**
Payments of amounts due to the Consolidated Fund		(1,138)	(3,219)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	(2,118)	1,962
Cash and cash equivalents at the beginning of the period	13	2,348	386
Cash and cash equivalents at the end of the period	13	**230**	**2,348**

Notes 1 to 26 form part of these accounts

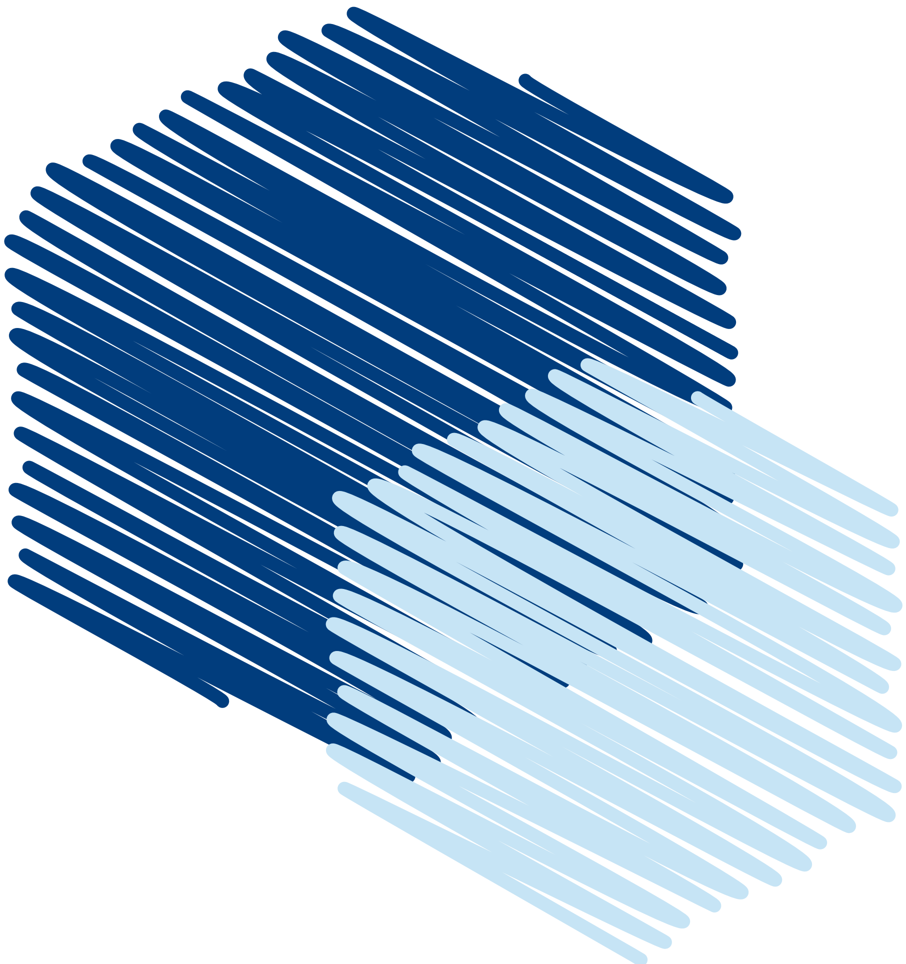
Statement of Changes in Taxpayers' Equity for the year to 31 March 2014

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2012		**75,180**	**2,124**	**77,304**
Changes in taxpayers equity for 2012-13				
Net Assembly Funding - drawn down		196,747	-	196,747
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable adjustment	**14,15**	(1,957)	-	(1,957)
Amounts repayable to the Consolidated Fund	**SoAS5**	(268)	-	(268)
Comprehensive Expenditure for the year		(221,512)	-	(221,512)
Non-cash charges - auditor's remuneration	**4**	60	-	60
Non-cash charges - other notional costs	**3a,4**	3,745	-	3,745
Recognised in Statement of Comprehensive Expenditure		(61)	61	-
Transfers between reserves		75	(75)	-
Balance at 31 March 2013		**52,009**	**2,110**	**54,119**
Changes in taxpayers equity for 2013-14				
Net Assembly Funding - drawn down		229,001	-	229,001
Net Assembly Funding - deemed		1,957	-	1,957
Supply (payable)/receivable adjustment	**14,15**	37	-	37
Amounts repayable to the Consolidated Fund	**SoAS5**	(789)	-	(789)
Comprehensive Expenditure for the year		(220,478)	-	(220,478)
Non-cash charges - auditor's remuneration	**4**	52	-	52
Non-cash charges - other notional costs	**3a,4**	3,646	-	3,646
Recognised in Statement of Comprehensive Expenditure	**7,8**	(159)	159	-
Transfers between reserves		76	(76)	-
Balance at 31 March 2014		**65,352**	**2,193**	**67,545**

Notes 1 to 26 form part of these accounts

4



Notes

Notes to the Departmental Resource Accounts

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 *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.

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 are effective from January 2013, with EU adoption from 1 January 2014.

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."

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

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting Convention

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

1.2 Basis of Consolidation

These accounts comprise the activities of the core department.

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

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

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

1.3 Property, Plant and Equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised. On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

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

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. They are revalued annually, between professional valuations, using indices provided by Land

and Property Service, an executive agency within DFP. Properties are valued on the basis of open market value, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. The Department does not currently have any specialised land or buildings.

1.4 Intangible Assets

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

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

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

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

1.5 Depreciation

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

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

Depreciable assets normally have useful lives in the following ranges:

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

1.6 Financial Instruments

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

A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument.

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

In accordance with IAS 39 Financial Instruments: Recognition and Measurement loans, trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Unquoted equity instruments whose value can be reliability measured are designated as available-for-sale and measured at fair value.

The Department assesses at each reporting year end date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For Loans and Receivables, the Department 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.

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.

Based on historical experience, trade receivables that are past due beyond 361 days are generally not recoverable.

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

1.7 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.8 Investments in associates

An associate is an entity over which the Department is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried at the Departments share of the net assets of the associate.

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

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

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

1.10 Administration and Programme Expenditure

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

1.11 Grants

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

1.12 Notional Charges

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

1.13 Value Added Tax

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

1.14 Foreign Exchange

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

1.15 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit schemes are unfunded. The Department 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 PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.16 Early Retirement Costs

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

1.17 Provisions

The Department provides for liabilities and charges where, at the reporting year date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, the Department discounts the provision to its present value using an appropriate rate. Any change in these rates is considered a change in Accounting Estimate and as such does not require comparative figures to be changed. Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to amortise one year's discount.

During 2013-14 an Actuarial Review of the Department's liability to Harland and Wolff plc was completed. The review provided updated expected future cash flows as at 31 March 2014, discounted to allow for the time value of money. The cash flows are quoted in nominal amounts reflecting assumptions for claim inflation and, consequently, in this situation HM Treasury does not mandate the discount rate to be used. The report therefore applies the rates attaching to the UK Government Liability Yield Curves as published by the Bank of England to approximate a conservative return for hypothetical investments with duration matching the expected pay out of liabilities.

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department 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.

1.19 Third Party Assets

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

1.20 Employee Benefits

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

1.21 Cash and Cash Equivalents

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

2 Statement of Operating Costs by Operating Segment

The following operating segments have been identified under IFRS 8 Operating Segments as this reflects the structure reviewed by the entity's chief operating decision maker on a regular basis to inform resource allocation and review performance. The activities undertaken by each of the operating segments has also been summarised below:

1. **Economic Development, Policy & Research** - economic development, innovation and R&D policy, policy evaluation and research.
2. **Health & Safety Executive (NI)** - responsible for the promotion and enforcement of health and safety at work, endeavouring to reduce the incidents of, and costs associated with, work-related injuries and ill-health."
3. **Economic Infrastructure/Minerals** - economic infrastructure in support of economic development including energy and minerals, sustainable energy; renewable heat incentive scheme; telecommunications.
4. **Business Regulator Services** - business regulation; including company law, Insolvency Service, trading standards and consumer affairs services, Registry of Credit Unions and Industrial and Provident Societies, the provision of a debt advice service; social economy.
5. **Consumer Council** - promotes and safeguards the interests of consumers in Northern Ireland and delivers consumer education, skills and information. In doing so, it strives to ensure that consumer issues are taken into account in the development and implementation of policy.
6. **Invest Northern Ireland** - is responsible for the delivery of the Department's policies and strategies in relation to business support in Northern Ireland. These include encouraging investment (foreign and indigenous); stimulating entrepreneurial activity; increasing exports and trade; promoting R&D/innovation; and providing development support.
7. **Development of Tourism** - driving the development of Northern Ireland tourism.
8. **EU Community Initiatives** - payments under European Union Structural Funds Programmes.
9. **Tourism Ireland Ltd** - Tourism Ireland's role is to grow overseas tourism revenue and visitor numbers to Northern Ireland and Ireland, and to help Northern Ireland to realise its tourism potential.
10. **Intertrade Ireland** - to support SMEs across Northern Ireland and Ireland and to develop North/South trade and business development opportunities for the mutual benefit of both economies.

Reconciliation between Operating Segments and Note 2

	Resource				
	Gross Expenditure £000	Accruing Resources £000	Net Resource Outturn as per Note 2* £000	Estimate £000	2012-13 £000
Operating Segment					
Economic Development, Policy & Research	610	(91)	519	**1,129**	27,477
Health and Safety Executive NI	6,423	-	6,423	**6,468**	6,465
Economic Infrastructure/Minerals	9,594	(1,333)	8,261	**14,228**	5,442
Business Regulator Services	8,189	(5,943)	2,246	**2,813**	2,313
Consumer Council NI	1,454	-	1,454	**1,455**	1,639
Invest NI	160,492	-	160,492	**160,492**	137,429
Development of Tourism	22,728	(2)	22,726	**22,739**	20,766
ERDF & EU Community Initiatives	7,550	(6,209)	1,341	**1,408**	1,224
Tourism Ireland Ltd	15,037	-	15,037	**15,038**	15,405
Intertrade Ireland	3,339	-	3,339	**3,340**	3,495
Total	**235,416**	**(13,578)**	**221,838**	**229,110**	**221,655**

*reconciles to Net Total Outturn in Note SoAS2 combining DEL, AME and Non Budget within relevant operating segment headings.

2.1 Reconciliation between Operating Segments and SoCNE

	Net Resource Outturn	Non Supply Income (CFERs) £000	Non Supply Expenditure £000	Net expenditure per SoCNE £000	2012-13 £000
Operating Segment					
Economic Development, Policy & Research	519	6	(412)	113	27,663
Health and Safety Executive NI	6,423			6,423	6,465
Economic Infrastructure/Minerals	8,261	(158)		8,103	5,410
Business Regulator Services	2,246			2,246	2,133
Consumer Council NI	1,454			1,454	1,639
Invest NI	160,492	(89)		160,403	137,373
Development of Tourism	22,726			22,726	20,766
ERDF & EU Community Initiatives	1,341	(548)		793	1,224
Tourism Ireland Ltd	15,037			15,037	15,405
Intertrade Ireland	3,339			3,339	3,495
Total	**221,838**	**(789)**	**(412)**	**220,637**	**221,573**

3a. Staff numbers and related costs

Staff costs

Staff costs consist of:

				2013-14	2012-13
	Permanently employed staff* £000	Others £000	Minister** £000	Total £000	Total £000
Wages and salaries	17,342	-	38	17,380	16,855
Social security costs	1,312	-	5	1,317	1,294
Other pension costs	3,393	-	8	3,401	3,287
Agency staff	-	36	-	36	12
Movement in employee benefits accrual	14	-	-	14	(8)
Sub total	**22,061**	**36**	**51**	**22,148**	**21,440**
Staff Seconded from NISRA	133	-	-	133	87
Total gross costs	22,194	36	51	22,281	21,527
Less recoveries in respect of outward secondments	**(89)**	**-**	**-**	**(89)**	**(123)**
Total net costs	**22,105**	**36**	**51**	**22,192**	**21,404**
Analysed as:					
Administration	11,578	11	51	11,640	11,212
Programme	10,616	25	-	10,641	10,315
Income	(89)	-	-	(89)	(123)
	22,105	**36**	**51**	**22,192**	**21,404**

*Permanently employed staff includes the cost of the Department's Special Advisor. The Special Advisor was paid in the pay band (£58,452-£91,809).

**Notional (non-cash) charge for Minister's salary in 2013-14 was £50,706 (2012-13: £50,448).

The Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI) is an unfunded multi-employer defined benefit scheme, but the Department for Enterprise, Trade and Investment is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For 2013-14, employers' contributions of £3.4m were payable to the PCSPS (NI) (2012-13:£3.3m) at one of four rates in the range of 18% to 25% (2012-13: 18% to 25%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the costs of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2012-13: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2012-13 £nil), 0.8% of pensionable pay, were payable to the PSCPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

1 person (2012-13: 1 person) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £1,630 (2012-13: £1,720)

3b. Staff numbers and related costs

Staff numbers

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

			2013-14	2012-13
	Permanent staff	Minister	Total	Total
Core Department	438	1	439	436
HSENI	114	-	114	115
Staff Seconded from NISRA	3	-	3	2
Less staff on secondments	(4)	-	(4)	(4)
Total	**551**	**1**	**552**	**549**

3.1. Reporting of compensation and exit packages for all staff 2013-14

Comparative shown (in brackets) for previous year

1	Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2	<£10,000	0 (0)	0 (0)	0 (0)
3	£10,000 - £25,000	0 (0)	1 (0)	1 (0)
4	£25,000 - £50,000	0 (0)	0 (1)	0 (1)
5	£50,000 - £100,000	0 (0)	0 (0)	0 (0)
6	£100,000- £150,000	0 (0)	0 (0)	0 (0)
7	£150,000- £200,000	0 (0)	0 (0)	0 (0)
8	Total number of exit packages	0 (0)	1 (1)	1 (1)
9	Total resource cost /£	0 (0)	£20,771 (£30,749)	£20,771 (£30,749)

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

4. Other Administration Costs

		2013-14 £000		2012-13 £000
General administration expenditure		2,572		2,616
Interest Charges on Finance lease		2		2
Non-cash items :				
(Profit) / Loss on disposal of PP&E	6		-	
Depreciation	5		4	
Auditors' remuneration and expenses	52		60	
Notional accommodation costs	1,802		1,832	
Other notional costs	1,793	3,658	1,863	3,759
Total		**6,232**		**6,377**

5. Programme Costs

		2013-14		2012-13
		£000		£000
Grants		208,651		181,295
EU Grants		6,209		3,975
Other programme costs		6,131		7,778
Refund of Provision*		(3,562)		-
Foreign exchange (gain)/loss - realised		-		1,649
Bad debts		(13)		1,742
Non-cash items :				
Depreciation and amortisation	435		482	
(Profit) / Loss on disposal of PP&E	-		2	
Investment revaluation	(160)		-	
Additions to provisions	24		7,747	
Provisions written back	(11,320)		-	
Borrowing Costs (unwinding of discount) on provisions	508		1,391	
Foreign exchange (gain)/loss - unrealised	(412)	(10,925)	186	9,808
Total		**206,491**		**206,247**

*Refund relates to a surplus position in respect of the LEDU pension scheme, which the Department had previously funded by way of provision.

6. Income

	2013-14 £000	2012-13 £000
EU Income	6,757	3,975
Interest Receivable	3,012	3,206
Project funding	1,296	2,245
Fees and charges to external bodies	2,318	2,146
Advisory Services funding	783	783
Other	110	166
Invest NI CFER	89	55
Rents	2	2
Total Income	**14,367**	**12,578**

7. Property, plant and equipment

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings,	Motor Vehicle	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2013	798	1,046	412	196	25	359	2,836
Additions	-	-	(1)	-	-	20	19
Disposals	-	-	-	(21)	-	(19)	(40)
Impairment	-	-	-	-	-	-	-
Revaluations to reserves	-	-	3	-	-	-	3
At 31 March 2014	**798**	**1,046**	**414**	**175**	**25**	**360**	**2,818**
Depreciation							
At 1 April 2013	-	71	285	163	24	198	741
Charged in year	-	35	33	15	1	50	134
Disposals	-	-	-	(21)	-	(7)	(28)
Impairment	-	-	-	-	-	-	-
Revaluations to reserves	-	-	2	-	-	-	2
At 31 March 2014	**-**	**106**	**320**	**157**	**25**	**241**	**849**
Carrying amount At 1 April 2013	**798**	**975**	**127**	**33**	**1**	**161**	**2,095**
At 31 March 2014	**798**	**940**	**94**	**18**	**-**	**119**	**1,969**
Asset Financing:							
Owned	798	940	79	18	-	119	1,954
Finance Leased	-	-	15	-	-	-	15
Carrying amount At 31 March 2014	**798**	**940**	**94**	**18**	**-**	**119**	**1,969**

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

Land – Ulster American Folk Park, Omagh	31 March 2010
Buildings – Consumer Affairs Building, Newtownbreda, Belfast	31 March 2011

In intervening years, Land and Buildings were revalued using indices provided by Land and Property Services.

Other PP&E were revalued at 31 March 2014 using the latest available indices published in “Price Index Numbers for Current Cost Accounting” prepared by the Office for National Statistics.

Included in the above are fully depreciated assets with an original cost of £346,830 which are still in use.

7.1 Property, plant and equipment (comparative)

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2012	857	1,125	376	195	25	343	2,921
Additions	-	-	38	20	-	43	101
Transfers	-	-	-	-	-	(34)	(34)
Disposals	-	-	(3)	(29)	-	-	(32)
Revaluations to reserves	(59)	(79)	1	10	-	7	(120)
At 31 March 2013	**798**	**1,046**	**412**	**196**	**25**	**359**	**2,836**
Depreciation							
At 1 April 2012	-	38	256	169	23	180	666
Charged in year	-	38	32	15	1	49	135
Transfers	-	-	-	-	-	(34)	(34)
Disposals	-	-	(3)	(28)	-	-	(31)
Revaluations to reserves	-	(5)	-	7	-	3	5
At 31 March 2013	**-**	**71**	**285**	**163**	**24**	**198**	**741**
Carrying amount At 1 April 2012	**857**	**1,087**	**120**	**26**	**2**	**163**	**2,255**
At 31 March 2013	**798**	**975**	**127**	**33**	**1**	**161**	**2,095**
Asset Financing:							
Owned	798	975	97	33	1	161	2,065
Finance Leased	-	-	30	-	-	-	30
Carrying amount At 31 March 2013	**798**	**975**	**127**	**33**	**1**	**161**	**2,095**

8. Intangible assets

	Software	Databases	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2013	881	7,522	8,403
Additions	16	-	16
Revaluations	6	201	207
At 31 March 2014	**903**	**7,723**	**8,626**
Amortisation			
At 1 April 2013	783	1,411	2,194
Charged in year	52	254	306
Revaluations	4	45	49
At 31 March 2014	**839**	**1,710**	**2,549**
Carrying amount At 1 April 2013	**98**	**6,111**	**6,209**
At 31 March 2014	**64**	**6,013**	**6,077**

All intangible assets have been separately acquired.

8.1 Intangible assets (comparative)

	Software	Databases	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2012	859	7,297	8,156
Additions	16	-	16
Revaluations	6	225	231
At 31 March 2013	**881**	**7,522**	**8,403**
Amortisation			
At 1 April 2012	675	1,122	1,797
Charged in year	105	247	352
Revaluations	3	42	45
At 31 March 2013	**783**	**1,411**	**2,194**
Carrying amount At 1 April 2012	**184**	**6,175**	**6,359**
At 31 March 2013	**98**	**6,111**	**6,209**

9. Capital and other commitments

9.1 Capital Commitments

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

	2013-14	2012-13
	£000	£000
	-	-
Total	**-**	**-**

9.2. Commitments under leases

9.2.1 Finance Leases

Total future minimum lease payments under finance leases are given on the table below for each of the following periods.

	2013-14	2012-13
	£000	£000
Obligations under finance leases for the following periods comprise:		
Plant, Machinery and Office Equipment:		
Not later than one year	9	9
Later than one year and not later than five years	9	27
Later than five years	-	-
	18	36
Less interest element	(3)	(6)
Present Value of obligations	15	30
Present Value of obligations under finance leases for the following periods comprise:		
Plant, Machinery and Office Equipment:		
Not later than one year	7	7
Later than one year and not later than five years	8	23
Later than five years	-	-
Total Present Value of obligations	15	30

9.3 Other financial commitments

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

	2013-14	2012-13
	£000	£000
Not later than one year	17,915	2,566
Later than one year and not later than five years	8,800	989
Later than five years	-	-
Total	**26,715**	**3,555**

10. Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size.

The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk. The Department does not face any significant medium to long-term financial risks.

11. Financial Asset Investments

	Loan to Presbyterian Mutual Society Limited*	Share Capital H&W plc	Total
	£000	£000	£000
Gross amount:			
Balance at 1 April 2013	182,156	4,600	186,756
Additions	-	-	-
Interest charged	3,011	-	3,011
Revaluation	160	-	160
Loan Repayment - Principal	(6,500)	-	(6,500)
Loan Repayment - Interest	(3,156)	-	(3,156)
At 31 March 2014	**175,671**	**4,600**	**180,271**
Provision:			
Opening provision at 1 April 2013	(25,000)	(4,600)	(29,600)
Charged in year	-	-	-
At 31 March 2014	**(25,000)**	**(4,600)**	**(29,600)**
At 31 March 2014	**150,671**	**-**	**150,671**

**In November 2013 The Joint Supervisors of the Presbyterian Mutual Society Limited (in Administration) produced financial projections on the timing and quantum of cash flows in respect of repayment of the 10 year fixed term loan.*

The report confirms that DETI retains flexibility, as required, to manage the loan repayment profile to ensure full repayment of the fixed term loan taking into consideration potential movements pertaining to the property market. This flexibility includes the option to extend the repayments beyond the original 10 year time horizon, if required, to ensure repayment of the fixed term loan in full. DETI and its professional financial advisors have assessed the projections and DETI is content to retain the full carrying value of the fixed term loan in its accounts. While anticipating full repayment of the fixed term loan, DETI has agreed with the Joint Supervisors an amendment to the timing and quantum of cash flows in certain years. This has resulted in an adjustment to the fair value of the fixed term loan of £160k.

11.1 Financial Asset Investments (comparative)

	Loan to Presbyterian Mutual Society Limited*	Share Capital H&W plc	Total
	£000	£000	£000
Gross amount:			
Balance at 1 April 2011	192,308	4,600	196,908
Additions	-	-	-
Interest charged	3,206	-	3,206
Loan Repayment - Principal	(10,000)	-	(10,000)
Loan Repayment - Interest	(3,358)	-	(3,358)
At 31 March 2013	**182,156**	**4,600**	**186,756**
Provision:			
Opening provision at 1 April 2012	(25,000)	(4,600)	(29,600)
Charged in year	-	-	-
At 31 March 2013	**(25,000)**	**(4,600)**	**(29,600)**
At 31 March 2013	**157,156**	**-**	**157,156**

*On 1 August 2011, a 10 year fixed rate loan of £175m at a rate of 2.02% and an interest free loan of £25m were issued to the Presbyterian Mutual Society Limited (in Administration).

The interest free loan of £25m has been provided against based on advice regarding current property market values. This loan may be recoverable, in full or in part, depending on property market valuations in future years.

As per IAS 39, the £175m loan has been recorded at amortised cost at an effective interest rate of 1.918%.

12. Investment in associates

	Viridian Growth Fund
	£000
Gross amount:	
Balance at 1 April 2013	3,340
Additions	-
Disposals	-
At 31 March 2014	**3,340**
Provision:	
Opening provision at 1 April 2013	(3,340)
Charged in year	-
Reversal	-
At 31 March 2014	**(3,340)**
Net balance:	
At 31 March 2013	-
At 31 March 2014	**-**

12.1 Investment in associates (comparative)

	Viridian Growth Fund
	£000
Gross amount:	
Balance at 1 April 2012	3,340
Additions	-
Disposals	-
At 31 March 2013	**3,340**
Provision:	
Opening provision at 1 April 2012	(3,340)
Charged in year	-
Reversal	-
At 31 March 2013	**(3,340)**
Net balance:	
At 31 March 2012	-
At 31 March 2013	**-**

13. Cash and Cash equivalents

	Notes	2013-14 £000	2012-13 £000
Balance at 1 April		2,348	386
Net change in cash and cash equivalent balances		(2,118)	1,962
At 31 March 2014		**230**	**2,348**
The following balances at 31 March were held at:			
Commercial banks and cash in hand		230	2,348
At 31 March 2014		**230**	**2,348**
The balance comprises			
Cash		267	2,348
Overdraft		(37)	-
		230	**2,348**

14. Trade receivables and other current assets

	2013-14	2012-13
	£000	£000
Amounts falling due within one year:		
Trade receivables	29	63
Deposits and advances	-	-
VAT	104	158
Other receivables	54	22
Prepayments and accrued income	674	1,147
Amounts due from the Consolidated Fund in respect of supply	37	-
Amounts due from EU	4,033	2,028
	4,931	3,418
CFER amounts due from EU	-	134
Other CFER due	2,068	2,091
	2,068	2,225
Total at 31 March 2014	**6,999**	**5,643**

Included within trade receivables is £4,910 (2012-13: £11,228) that will be due to the Consolidated Fund once the debts are collected.

14.1 Intra-Government Balances

	2013-14	2012-13
	£000	£000
Balances with other central government bodies	2,232	2,306
Balances with local government	-	-
Balances with bodies external to government	4,767	3,337
Total at 31 March 2014	**6,999**	**5,643**

15. Trade payables and other current liabilities

	Notes	2013-14	2012-13
		£000	£000
Amounts falling due within one year:			
Trade payables		49	49
Other payables		308	203
Accruals and deferred income		8,351	4,347
Current year element of finance lease		7	7
EU Programmes advances		19,644	23,462
Amounts issued from the Consolidated Fund for supply but not spent at period end		-	1,957
		28,359	**30,025**
Consolidated fund extra receipts due to be paid to the Consolidated Fund			
Received		-	185
Receivable - EU		-	134
Receivable - Other		2,073	2,102
		2,073	**2,421**
Amount falling due after more than one year:			
Finance lease		8	23
Total Payables before bank overdraft		**30,440**	**32,469**
Bank overdraft		37	-
Total at 31 March 2014		**30,477**	**32,469**

15.1 Intra-Government Balances

	2013-14	2012-13
	£000	£000
Balances with other central government bodies	3,217	5,810
Balances with local government	101	10
Balances with bodies external to government	27,159	26,649
Total at 31 March 2014	**30,477**	**32,469**

16. Provisions for liabilities and charges

	H&W	Early departure costs	Total
	£000	£000	£000
Balance at 1 April 2013	86,794	69	86,863
Provided in the year	-	24	24
Provisions not required written back	(11,320)	-	(11,320)
Provisions utilised in the year	(8,050)	(64)	(8,114)
Borrowing costs	508	-	508
At 31 March 2014	**67,932**	**29**	**67,961**

Analysis of expected timing of discounted flows

	H&W	Early departure costs	Total
	£000	£000	£000
Not later than one year	9,581	29	9,610
Later than one year and not later than five years	29,769	-	29,769
Later than five years	28,582	-	28,582
At 31 March 2014	**67,932**	**29**	**67,961**

16.1 Provisions for liabilities and charges (comparative)

	H&W	Early departure costs	Total
	£000	£000	£000
Balance at 1 April 2012	82,192	125	82,317
Provided in the year	7,709	38	7,747
Provisions not required written back	-	-	-
Provisions utilised in the year	(4,498)	(94)	(4,592)
Borrowing costs	1,391	-	1,391
At 31 March 2013	**86,794**	**69**	**86,863**

Analysis of expected timing of discounted flows

	H&W	Early departure costs	Total
	£000	£000	£000
Not later than one year	9,000	42	9,042
Later than one year and not later than five years	38,154	27	38,181
Later than five years	39,640	-	39,640
At 31 March 2013	**86,794**	**69**	**86,863**

Provisions for liabilities and charges

16.2 Harland and Wolff plc

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

The provision reflects the Department's potential liability to meet claims against Harland and Wolff Plc in respect of employer's and public liability arising from the collapse of the group's insurer, Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestosis related illnesses of former employees of Harland and Wolff plc, together with estimated amounts in relation to unreported claims which may be expected to crystallise over a significant number of years. The amount, £68m (2012-13 £86.8m), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments, and the outcome of future legal cases. An updated actuarial review outlining projected cash flows as at 31 March 2014 was completed during 2013-14 which resulted in a reduction in the overall discounted liability as at March 2014. This was primarily due to a change in the rates used to discount future cash flows the basis of which is disclosed in note 1.17.

The overall undiscounted liability in relation to the employer's and public liability claims referred to above, based on actuarial advice, amounts to £77.4m (2012-13 £88.2m).

16.3 Early departure costs

The Department meets the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the year between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments. The effect of discounting early departure costs is considered to be immaterial.

17 Contingent liabilities disclosed under IAS 37

The Department does not have any contingent liabilities at the balance sheet date.

18 Financial Guarantees, Indemnities and Letter of Comfort

The Department has given a guarantee to meet claims in respect of employer's and public liability arising from the collapse of the Harland and Wolff insurer. This has been fully provided for under IAS 37 and detailed in Note 16.

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

19 Losses and special payments

Losses Statement

	2013-14	2012-13
	£000	£000
Insolvency Claims Abandoned 708 cases (2012-13 - 816)	489	598
Total	**489**	**598**

20 Related-party transactions

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

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

In addition, the Department of Enterprise, Trade and Investment, its NDPBs and Cross Border Bodies have undertaken a number of transactions with other Government Departments and other Central Government bodies. Most of these have been with the Department of Finance and Personnel.

Transactions that the Department, its NDPBs or Cross Border Bodies have undertaken with Members of the Departmental Board and Departmental Audit Committee or companies / bodies in which they have an interest were as follows:

Bill McGinnis

Chairman and Director of the McAvoy Group which received £643,372 of financial assistance payments from Invest NI.

Harland and Wolff plc

A company wholly owned by the Department received £8.05m to enable it to meet its liabilities. The directors of Harland and Wolff plc are appointed ex-officio. During 2013/14 the directors were Trevor Cooper (DETI employee), Iain McFarlane (DETI employee) and Terry Coyne (DETI employee).

21 Third-party assets

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

	31 March 2013	Gross inflows	Gross outflows	31 March 2014
	£000	£000	£000	£000
Insolvency Account	14,004	11,746	9,944	15,806

These are not Departmental assets and are not included in the accounts. The assets held at the reporting period date comprised monetary assets, such as bank balances and monies on deposit.

Further information is contained in the published Insolvency Account.

22 Entities within the departmental boundary

The core Department is the only entity within the boundary during 2013-14.

23 Events after the Reporting Period

There are no events after the reporting period to note.

24 Harland and Wolff plc

Harland and Wolff Plc is wholly owned by the Department.

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

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

Key figures extracted from these accounts are:

Profit and loss account for the year ended 31 March 2014

	2013-14	2012-13
	£000	£000
Turnover	-	-
Administration expenses	(1)	(1)
Operating loss	**(1)**	**(1)**
Interest receivable and similar income	1	1
Profit on ordinary activities before taxation	**-**	**-**
Tax on ordinary activities	-	-
Profit for the financial year	**-**	**-**

Balance sheet as at 31 March 2014

	2013-14	2012-13
	£000	£000
Current assets		
Debtors	64,460	84,645
Cash at bank and in hand	3,495	1,649
	67,955	**86,294**
Creditors: amounts falling due within one year	(23)	(22)
Net current assets	**67,932**	**86,272**
Total assets less current liabilities	67,932	86,272
Provisions for liabilities	(67,932)	(86,272)
Net assets	**-**	**-**
Capital and reserves		
Called up share capital	10,996	10,996
Profit and loss account	(10,996)	(10,996)
Total shareholders' funds	**-**	**-**

25 Business activities attracting fees and charges

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

			2013-14	2012-13
	Income	Full cost	(Surplus) / deficit	Total
	£000	£000	£000	
Insolvency Account	(2,048)	4,005	1,957	2,290
	(2,048)	**4,005**	**1,957**	**2,290**

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

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

26 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 1st July 2014.

Published by Corporate Document Services and available from:
CDS Belfast
4D Weavers Court
Linfield Road
Belfast
BT12 5GH

Telephone: 028 9034 7500
Email: cds-ni@cds.co.uk
Web: cds.co.uk

CDS 116348

ISBN 978-1-910219-43-0

9 781910 219430