

NORTHERN IRELAND COMMUNITY RELATIONS COUNCIL

Financial Statements for the Year Ended 31 March 2005

FINEGAN GIBSON

Chartered Accountants & Registered Auditors

Highbridge House

23/25 High Street

Belfast

BT1 2AA

NORTHERN IRELAND COMMUNITY RELATIONS COUNCIL

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for the Year Ended 31 March 2005

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General Information

Chairman	Eamonn McCartan
Secretary	Declan O'Loan
Registered Office	Glendinning House 6 Murray Street Belfast BT1 6DN
Auditors	Finegan Gibson Highbridge House 23/25 High Street Belfast BT1 2AA
Principal Bankers	Bank of Ireland Donegall Place Belfast
Charity Number	XR16701
Company Registration Number	NI24026

HISTORY

The Northern Ireland Community Relations Council was established in 1990 as an independent charity sponsored by the Community Relations Unit of the Office of the First Minister and Deputy First Minister (OFMDFM).

The main aim of the Northern Ireland Community Relations Council has been to assist the development of greater understanding and co-operation between political, cultural and religious communities in Northern Ireland.

STATUTORY BACKGROUND

The Northern Ireland Community Relations Council is a company limited by guarantee, with no share capital, and is recognised as a charity by the Inland Revenue.

These accounts have been prepared under the Companies (Northern Ireland) Order 1986 and in accordance with the Accounts Direction issued by the Department of Finance and Personnel. A copy of the Accounts Direction can be requested from the company's registered office.

REVIEW OF ACTIVITIES

The Balance Sheet on page 10 shows that the company had total funds of £255,163 at 31 March 2005, (2004 £250,425). This is comprised of the company's funds of £25,000 (2004 £133,340) and other funds of £230,163 (2004 £114,085).

The Statement of Financial Activities on page 9 indicates that the company had incoming resources of £6,355,655 in the year which fell short of outgoing resources of £6,350,917 by £4,738 and this reduced funds (note 12).

DIRECTORS

The directors of the company during the year were as follows:

J Cousins
E Deane
W Erwin
M Hetherington
K Johnston
E McCartan
N McCausland
D McIlroy
M Miskelly
M Muldoon
C Neilands
C O'Halloran
D O'Loan
D Stevens
M Wardlow
C Wilson
R Wilson

In the event of the Company having to be wound up each of the directors has agreed to contribute £1 to the assets of the Company.

RISK MANAGEMENT

The trustees have examined the major strategic, business and operational risks which the company faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

POST BALANCE SHEET EVENTS

There were no important events affecting the company which happened after the balance sheet date.

EMPLOYEE AND COUNCIL INVOLVEMENT

Northern Ireland Community Relations Council implements its business strategy through its staff. In achieving business objectives the involvement of staff and Council members in planning and decision making is crucial. Staff involvement includes monthly staff meetings and the use of project teams.

FIXED ASSETS

In the opinion of the directors, the value of fixed assets as shown in the balance sheet is not substantially different from the market value at the balance sheet date.

PROMPT PAYMENT POLICY

The Northern Ireland Community Relations Council is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

Regular reviews conducted during the year to measure how promptly Northern Ireland Community Relations Council paid its bills found that 100% of bills were paid within this standard.

AUDITORS

The auditors, Finegan Gibson, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors

Duncan Morrow -
Accounting Officer

Declan O'Loan -
Secretary

29th June 2005

Company law requires the Chief Executive and Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year. Additionally these accounts have to be in a form and on the basis determined by the Department of Finance and Personnel, including being on an accruals basis.

In preparing those financial statements, the Chief Executive and Directors are required to:

- observe the Accounts Direction issued by the Department of Finance and Personnel including the relevant accounting and disclosure requirements,
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Chief Executive and Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. The Chief Executive and Directors have a general responsibility taking steps as are reasonably available to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

In addition, in appointing the Chief Executive of the Northern Ireland Community Relations Council as Accounting Officer for the company, the Accounting Officer of the Department of Finance and Personnel for Northern Ireland has placed on the Chief Executive a responsibility for ensuring the regularity and propriety of the public finances, a requirement which is set out in the company's financial memorandum.

STATEMENT ON INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the company's policies, aims and objectives, as set out in the Financial Memorandum, whilst safeguarding the public funds and company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the company's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The procedures which the company has agreed should be established are continually reviewed to ensure the processes have been successfully embedded, to improve their robustness and to confirm compliance with DFP guidelines.

We have carried out appropriate procedures to ensure that we have identified the company's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the company has set out its attitude to risk to the achievement of the company's objectives.

The management board has ensured that procedures are in place for verifying risk management and internal controls are regularly reviewed and reported on. Risk management will be incorporated more fully into the corporate planning and decision-making processes of the company.

The board receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress reports on key projects.

Following the identification of the company's key objectives and risks, further work has been done to bring about more consistency in the way in which the company treats risks.

In addition to the actions mentioned above, as part of an ongoing process, the company:

- regularly reviews and updates the record of risks facing the organisation;
- operates a system of key performance and risk indicators;
- develops and maintains an organisation-wide risk register.

Internal audit is provided to OFMDFM by the internal audit branch of the Department of Finance and Personnel which includes the Northern Ireland Community Relations Council in its programme of audits. This internal audit unit operates to standards defined in the Government Internal Audit Manual.

STATEMENT ON INTERNAL CONTROL *(continued)*

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My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditor, the executive managers within the CRC who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

Duncan Morrow - *Accounting Officer*

29th June 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND COMMUNITY RELATIONS COUNCIL

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We have audited the financial statements of Northern Ireland Community Relations Council for the year ended 31 March 2005 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE CHIEF EXECUTIVE, DIRECTORS AND AUDITORS

As described on page 4, the Chief Executive and Directors are responsible for the preparation of the financial statements in accordance with applicable law and Accounting Standards and the regularity and propriety of the public finances.

It is our responsibility to form an independent opinion, based on our audit on those statements and, in accordance with our instructions, on the regularity of the financial transactions included in them and to report our opinion to you.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Directors' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions are in conformity with the authorities which govern them. In forming our opinion, we also evaluated the overall adequacy of the presentation of the information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND COMMUNITY RELATIONS COUNCIL

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OPINION

With respect to the Accounting Officers statement on internal financial control on page 5, in our opinion the Accounting Officer has provided the disclosures required by DAO/DFP 2/98 and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2005 and of the excess of its expenditure over income for the year then ended, and comply with the Companies (Northern Ireland) Order 1986 and in all material respects the income and expenditure have been applied to the purposes intended by Parliament and the financial statements conform to the authorities which govern them.

Highbridge House
23/25 High Street
Belfast
BT1 2AA

29th June 2005

Finegan Gibson
*Chartered Accountants
and Registered Auditors*

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2005

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INCOMING RESOURCES	NOTE	2005	2004
		£	£
Grants receivable	2	6,319,991	4,942,639
Deferred income		-	(33,333)
Bank interest		7,384	£4,914
Other income		28,280	-
TOTAL INCOMING RESOURCES		<u>6,355,655</u>	<u>4,914,220</u>
RESOURCES EXPENDED			
Direct charitable expenditure:			
Grants paid	6	4,596,189	3,536,218
Support costs	7	1,656,375	1,380,959
		<u>6,252,564</u>	<u>4,917,177</u>
Other expenditure:			
Administration and management	7	98,353	95,515
TOTAL RESOURCES EXPENDED		<u>6,350,917</u>	<u>5,012,692</u>
NET (OUTGOING)/INCOMING RESOURCES		<u>4,738</u>	<u>(£98,472)</u>
Fund balances brought forward at 1 April 2004	12	<u>250,425</u>	<u>348,897</u>
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2005	12	<u><u>255,163</u></u>	<u><u>250,425</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.
All activities of the company are classed as continuing.

The notes on pages 12 to 17 form part of these financial statements

BALANCE SHEET AS AT 31 MARCH 2005

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	NOTE	2005	2004
		£	£
FIXED ASSETS			
Tangible fixed assets	8	76,839	60,980
CURRENT ASSETS			
Debtors and prepayments	9	414,020	252,911
Cash at bank and in hand		114,204	148,957
		528,224	401,868
Creditors: amounts falling due within one year	10	(349,900)	(212,423)
NET CURRENT ASSETS		178,324	189,445
TOTAL ASSETS LESS CURRENT LIABILITIES		255,163	250,425
Funds	12	255,163	250,425

Approved by the Board of Directors on 29th June 2005
and signed on its behalf by:

Eamonn McCartan - *Chair*

Duncan Morrow - *Accounting Officer*

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2005

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	NOTE	2005	2004
		£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	11	<u>2,341</u>	<u>(47,058)</u>
RETURNS ON INVESTMENTS			
Bank interest		<u>7,384</u>	<u>4,914</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS		<u>7,384</u>	<u>4,914</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	8	<u>(44,478)</u>	<u>(27,611)</u>
Disposal of tangible fixed assets		<u>-</u>	<u>£1,819</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(44,478)</u>	<u>(25,792)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(34,753)</u>	<u>(67,936)</u>
Opening cash at bank and in hand		148,957	216,893
Decrease in cash and cash equivalents		<u>(34,753)</u>	<u>(67,936)</u>
Closing cash at bank and in hand		<u>114,204</u>	<u>148,957</u>

The notes on pages 12 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2005

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Pages 12-13

1. ACCOUNTING POLICIES

These financial statements are prepared in accordance with revised Statement of Recommended Practice 'Accounting by Charities' issued October 2000 and applicable Accounting Standards.

The principal accounting policies are as follows:

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention. The directors do not consider the current costs of any of the year's transactions or closing balances to be materially different from the historical cost.

BASIS OF ACCOUNTING

Income and expenditure are treated on the accruals basis of accounting.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and Accounting Standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel.

INCOME

Income comprises all funding provided to the company for its own purposes. Grants of a revenue nature are recognised as income in the year to which they relate.

Grants of a capital nature are capitalised in the year of receipt and amortised over the period of use of the assets to which they relate.

TAXATION

The Company is a registered charity and is therefore exempt from Income and Capital taxes, but not Value Added Tax.

FIXED ASSETS

Fixed assets are stated on the balance sheet at cost and depreciated in order to write off the original cost of the assets over their expected useful lives on a straight line basis over the following number of years:

building improvements -10 years fixtures and fittings - 5 years

GRANTS PAYABLE

Grants are treated as paid if they have been authorised for payment by the Executive Council or officers at the appropriate level.

PENSION SCHEME

The company operates a defined benefit pension scheme for its employees. Scheme funds are administered by independent trustees and are completely separate of the Company's finances.

RESOURCES EXPENDED

Support costs include all expenditure directly relating to the objects of the charity. Administration costs comprises the costs involved in complying with constitutional and statutory requirements and any other costs which cannot be treated as direct charitable expenditure.

OPERATING LEASES

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

FUNDS

All income received by the company must be used for specific purposes which are within the overall aims of the company.

Notes to the Financial Statements for Year Ended 31 March 2005

2. GRANTS RECEIVABLE	2005	2004
	£	£
COMMUNITY RELATIONS UNIT OF OFMDFM		
- Core funding	3,111,670	3,111,523
EU PROGRAMME		
- Peace II	198,393	240,743
OTHER PROGRAMMES		
- Northern Ireland Office VLU	2,671,866	1,427,810
- New Opportunities Fund	30,090	9,439
- Community Bridges Programme	150,054	123,497
- North Belfast Community Action Unit (CAU)	37,918	29,627
- One Small Step Campaign: OFMDFM CRU	90,000	-
Co-Operation Ireland	10,000	-
Independent News & Media	10,000	-
Anglo Irish Bank	10,000	-
	<u>6,319,991</u>	<u>4,942,639</u>

Notes to the Financial Statements for Year Ended 31 March 2005

3. RELATED PARTY TRANSACTIONS

During the year the Northern Ireland Community Relations Council has had various material transactions with the Community Relations Unit of OFMDFM which is regarded as a related party.

None of the board members, members of key management staff or other related parties has undertaken any material transactions with the Northern Ireland Community Relations Council during the year.

4. PARTICULARS OF EMPLOYEES

	2005	2004
The average number of employees during the year was:	No.	No.
Programme staff	25	22
Information centre	3	1
Administration	3	5
EU Peace Programme	7	5
North Belfast Community Action Unit	1	1
	<u>39</u>	<u>34</u>
Their total remuneration was:	£	£
Salaries and wages	876,562	719,046
Social security costs	72,912	58,194
Pension costs	97,362	78,604
	<u>1,046,836</u>	<u>855,844</u>

5. DIRECTORS

The remuneration, including pension contributions, of the Chairman and Chief Executive were £nil (2004 £7,500) and £57,629 (2004 £52,214) respectively.

Notes to the Financial Statements for Year Ended 31 March 2005

6. GRANTS PAYABLE	2005	2004
	£	£
Small Grants Scheme	583,428	626,764
Publications and Media	61,680	63,168
Core Funding	1,364,302	1,374,418
Victims Support and victims core funding	2,433,022	1,381,799
Pathfinder	153,757	90,069
Total grants payable	<u>4,596,189</u>	<u>3,536,218</u>

7. ANALYSIS OF RESOURCE EXPANDED	2005	2004
	£	£
Support costs:		
Salaries and wages	959,259	772,584
Programme costs	201,283	181,027
Staff travel and subsistence	51,886	46,398
Advertising and public relations	14,596	40,921
Postage and stationery	32,696	38,410
Light, heat and telephone	35,797	34,446
Rent, rates and insurance	155,189	141,367
Depreciation	28,619	31,332
Professional fees	32,644	39,031
Sundry expenses	29,821	55,443
Public Relations	114,585	-
	<u>1,656,375</u>	<u>1,380,959</u>
Administration and management:		
Salaries and wages	87,577	83,260
Audit and accountancy	6,716	6,378
Members travel and subsistence	4,060	5,877
	<u>98,353</u>	<u>£95,515</u>

Notes to the Financial Statements for Year Ended 31 March 2005

8. TANGIBLE FIXED ASSETS	LEASEHOLD IMPROVEMENTS	FIXTURES AND FITTINGS	TOTAL
Cost:	£	£	£
Balance at 31 March 2004	172,645	301,859	474,504
Additions	-	44,478	44,478
Disposals	-	-	-
Balance at 31 March 2005	<u>172,645</u>	<u>346,337</u>	<u>518,982</u>
Accumulated depreciation:			
Balance at 31 March 2004	140,473	273,051	413,524
Charge for year	10,460	18,159	28,618
Balance at 31 March 2005	<u>150,933</u>	<u>291,210</u>	<u>442,143</u>
Net book value:			
At 31 March 2004	<u>32,172</u>	<u>28,808</u>	<u>60,980</u>
At 31 March 2005	<u><u>21,712</u></u>	<u><u>55,127</u></u>	<u><u>76,839</u></u>

9. DEBTORS	2005	2004
	£	£
Prepayments	23,452	13,671
Other debtors	390,568	239,240
	<u>414,020</u>	<u>252,911</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005	2004
	£	£
Grants payable	106,495	51,379
Accruals & deferred income	5,375	38,708
Other creditors	238,030	122,336
	<u>349,900</u>	<u>212,423</u>

Notes to the Financial Statements for Year Ended 31 March 2005

11. NOTES TO THE CASH FLOW STATEMENT	2005	2004
	£	£
Reconciliation of net outgoing resources to net cash outflow from operating activities:		
Net (outgoing)/incoming resources	4,738	(98,472)
Depreciation charge	28,619	-
Increase in debtors	(161,109)	31,333
Increase in creditors	137,477	(21,789)
Investment income	(7,384)	46,784
	<u>2,341</u>	<u>(47,058)</u>
Net cash outflow from operating activities		
Net (outgoing)/incoming resources is stated after charging:		
Depreciation of tangible fixed assets	28,619	31,333
Auditors' remuneration	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

12. FUND BALANCES	2005	2004
	£	£
Council funds	25,000	133,340
EU Peace Programme	230,163	117,085
	<u>255,163</u>	<u>250,425</u>

The above funds must all be spent on direct charitable expenditure and associated administration and overhead costs. The company acts as an Intermediary Funding Body (IFB) for the EU Peace Programme.

13. CONTINGENCIES

The company has contingent liabilities in respect of the repayment, in certain circumstances, of the whole or part of the grants received from European and Government Agencies and Departments.

14. CARRY OVER

The Northern Ireland Community Relations Council confirms that an amount of £25,000 carried over from the financial year 2004/05 in respect of OFMDFM CRU funding is within agreed limits, as defined in paragraph 9.1 of the Financial Memorandum.