

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003

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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 X01108

Company registration number NI24026

FOREWORD

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 9 shows that the company had total funds of £348,897 at 31 March 2003, (2002 £457,291). This is comprised of the company's funds of £200,602 (2002 £109,384) and other funds of £148,295 (2002 £347,907).

The Statement of Financial Activities on page 8 indicates that the company had incoming resources of £3,651,609 in the year which exceeded outgoing resources of £3,547,710 by £103,899 and this amount is added to funds (note 12).

Directors

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

J Bell
(Resigned November 2002)
M. Bryson (Term ended June 2002)
J Cousins
(Appointed June 2002)
E Deane
W Erwin
(Appointed June 2002)
T. Gallagher (Term ended April 2002)
M Hetherington
(Appointed February 2003)
K Johnston
(Appointed February 2003)
T. Kinahan (Term ended April 2002)

E McCartan
N McCausland
G McCoy
(Resigned June 2002)
D McIlroy
(Appointed February 2003)
M Miskelly
(Appointed February 2003)
M Muldoon
(Appointed February 2003)
C Neilands
(Appointed June 2002)
C O'Halloran
(Appointed June 2002)
D O'Loan
G Patterson (Term ended April 2002)
M Pollock
(Renewed January 2003)
B. Robinson (Term ended April 2002)
D Stevens
M Wardlow
(Appointed June 2002)
C Wilson
(Appointed February 2003)
R Wilson
(Renewed January 2003)

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

26th June 2003

STATEMENT OF CHIEF EXECUTIVE'S AND DIRECTORS' RESPONSIBILITIES

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. I expect to have the procedures in place during the year ended 31st March 2004 necessary to

implement DFP guidance. This takes account of the time needed to fully embed the processes which the company has agreed should be established and improve their robustness.

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 control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31st March 2004. 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, in the coming year the company plans to:

regularly review and update the record of risks facing the organisation;
set up a system of key performance and risk indicators;
develop and maintain 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.

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
Date: 26th June 2003

REPORT OF THE AUDITORS

We have audited the financial statements on pages 97 to 107 which have been prepared under the historical cost convention, and the accounting policies set out on page 100.

Respective responsibilities of the Chief Executive, Directors and Auditors

As described on page 93, the Chief Executive and Directors are responsible for the preparation of the financial statements 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.

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 materials 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.

Opinion

With respect to the Accounting Officers statement on internal financial control on page 94, 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 2003 and of the excess of its income over expenditure 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.

FINEGAN GIBSON
Chartered Accountants
and Registered Auditors

Highbridge House
23/25 High Street
Belfast
BT1 2AA

26th June 2003

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Incoming resources			
Grants receivable	2	3,646,843	4,085,962
Deferred income		-	9,077
Bank interest		4,766	19,745
Total incoming resources		<u>3,651,609</u>	<u>4,114,784</u>
Resources expended			
Direct charitable expenditure:			
Grants paid	6	2,345,827	3,212,862
Support costs	7	1,091,941	1,169,862
		<u>3,437,768</u>	<u>4,382,724</u>
Other expenditure:			
Administration and management	7	109,942	101,582
Total resources expended		<u>3,547,710</u>	<u>4,484,306</u>
Net incoming/(outgoing) resources		<u>103,899</u>	<u>(369,522)</u>
Fund balances brought forward at 1 April 2002	12	244,998	826,813
Fund balances carried forward at 31 March 2003	12	<u><u>348,897</u></u>	<u><u>457,291</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 100 to 107 form part of these financial statements

BALANCE SHEET AS AT 31 MARCH 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible fixed assets	8	66,521	91,267
		<hr/>	<hr/>
Current assets			
Debtors and prepayments	9	231,122	93,921
Cash at bank and in hand		216,893	392,346
		<hr/>	<hr/>
		448,015	486,267
Creditors: amounts falling due within one year	10	(165,639)	(120,243)
		<hr/>	<hr/>
Net current assets		282,376	366,024
		<hr/>	<hr/>
Total assets less current liabilities		348,897	457,291
		<hr/> <hr/>	<hr/> <hr/>
Funds	12	348,897	457,291
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Directors on 26th June 2003
and signed on its behalf by:

Eamonn McCartan – Chair

Duncan Morrow – Accounting Officer

The notes on pages 100 to 107 form part of these financial statements

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Net cash outflow from operating activities	11	(170,914)	(532,454)
Returns on investments			
Bank interest		4,766	19,745
Net cash inflow from returns on investments		4,766	19,745
Investing activities			
Purchase of tangible fixed assets	8	(9,305)	(31,895)
Net cash outflow from investing activities		(9,305)	(31,895)
Decrease in cash and cash equivalents		(175,453)	(544,604)
Opening cash at bank and in hand		392,346	936,950
Decrease in cash and cash equivalents		(175,453)	(544,604)
Closing cash at bank and in hand		216,893	392,346

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 includes 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 2003

2. Grants receivable	2003	2002
	£	£
Community Relations Unit of OFMDFM		
- Core funding	2,708,587	2,822,004
EU Programme		
- Peace and Reconciliation	181,173	773,015
Other Programmes		
- Belfast Interface Project	44,000	44,560
- NI Fund for Reconciliation	-	80,000
- Atlantic Philanthropies	-	225,000
- International Fund for Ireland	9,003	-
- Northern Ireland Office VLU	572,575	-
- New Opportunities Fund	51,922	46,749
- Community Bridges Programme	79,583	94,634
	<hr/>	<hr/>
	3,646,843	4,085,962
	<hr/> <hr/>	<hr/> <hr/>

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

4. Particulars of employees

	2003	2002
The average number of employees during the year was:	No.	No.
Programme staff	14	14
Information centre	2	2
Administration	3	3
Belfast Interface Project	1	2
EU Peace Programme	3	3
	<u>23</u>	<u>24</u>
	<u><u>23</u></u>	<u><u>24</u></u>
Their total remuneration was:	£	£
Salaries and wages	566,506	575,905
Social security costs	43,578	40,730
Pension costs	64,546	59,269
	<u>674,630</u>	<u>675,904</u>
	<u><u>674,630</u></u>	<u><u>675,904</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

5. Directors

The remuneration, including pension contributions, of the Chairman and Chief Executive were £10,000 (2002, £10,208) and £41,909 (2002 £47,581) respectively.

6. Grants payable	2003	2002
	£	£
Funding and development:		
Inter Community	438,284	246,542
Development	-	(2,051)
Cultural Diversity	8,098	106,343
Research Awards	39,999	42,177
	<u>486,381</u>	<u>393,011</u>
Publications	13,440	22,935
Media	(4,000)	30,950
	<u>9,440</u>	<u>53,885</u>
Other grants:		
Core Funding	1,328,903	1,360,929
Development Support	-	12,500
EU Grant Scheme	26,423	1,300,936
Victims Support and victims core funding	385,727	-
Consultancy Support	23,470	33,000
NI Fund for Reconciliation	85,483	58,601
	<u>1,850,006</u>	<u>2,765,966</u>
	<u><u>2,345,827</u></u>	<u><u>3,212,862</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

7. Analysis of resources expended

	2003	2002
	£	£
Support costs:		
Salaries and wages	576,736	587,517
Programme costs	195,576	232,354
Staff travel and subsistence	25,306	21,003
Advertising and public relations	23,825	29,386
Postage and stationery	42,139	50,299
Light, heat and telephone	27,319	27,108
Rent, rates and insurance	108,526	116,082
Depreciation	34,051	37,138
Professional fees	10,919	20,751
Sundry expenses	47,544	48,224
	<u>1,091,941</u>	<u>1,169,862</u>
	<u><u>1,091,941</u></u>	<u><u>1,169,862</u></u>
Administration and management:		
Salaries and wages	97,894	88,387
Audit and accountancy	5,963	5,287
Members travel and subsistence	6,085	7,908
	<u>109,942</u>	<u>101,582</u>
	<u><u>109,942</u></u>	<u><u>101,582</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

8. Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Total
Cost:	£	£	£
Balance at 31 March 2002	172,645	266,762	439,407
Additions		9,305	9,305
	<u>172,645</u>	<u>276,067</u>	<u>448,712</u>
Accumulated depreciation:			
Balance at 31 March 2002	119,553	228,587	348,140
Charge for year	10,460	23,591	34,051
	<u>130,013</u>	<u>252,178</u>	<u>382,191</u>
Net book value:			
At 31 March 2002	<u>53,092</u>	<u>38,175</u>	<u>91,267</u>
At 31 March 2003	<u>42,632</u>	<u>23,889</u>	<u>66,521</u>

9. Debtors

	2003	2002
	£	£
Prepayments	11,600	5,252
Other debtors	219,522	88,669
	<u>231,122</u>	<u>93,921</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

10. Creditors: amounts falling due within one year	2003	2002
	£	£
Grants payable	52,280	105,543
Accruals	5,375	14,700
Other creditors	107,984	-
	<u>165,639</u>	<u>120,243</u>

11. Notes to the cash flow statement

Reconciliation of net incoming/(outgoing) resources to net cash outflow from operating activities:

Net incoming/(outgoing) resources	103,899	(369,522)
Decrease in reserves (note 12)	(212,293)	-
Depreciation charge	34,051	37,138
Increase in debtors	(137,201)	(75,864)
Increase/(decrease) in creditors	45,396	(95,384)
Decrease in deferred income	-	(9,077)
Investment income	(4,766)	(19,745)
	<u>(170,914)</u>	<u>(532,454)</u>

Net incoming/(outgoing) resources is stated after charging:

Depreciation of tangible fixed assets	34,051	37,138
Auditors' remuneration	4,000	3,500
	<u>38,051</u>	<u>40,638</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2003

12. Fund balances	2003	2002
	£	£
As previously stated;		
Council funds	200,602	109,384
Belfast Interface Project	31,405	12,568
EU Peace Programme	116,890	123,046
Diversity Challenges	-	212,293
	<hr/>	<hr/>
	348,897	457,291
Transferred to Diversity Challenges Limited	-	(212,293)
	<hr/>	<hr/>
	348,897	244,998
	<hr/> <hr/>	<hr/> <hr/>

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.

Community Relations Council

