Maze Long Kesh Development Corporation

Annual Report and Accounts 2012-13

MazeLongKesh
from peace to prosperity

MAZE LONG KESH DEVELOPMENT CORPORATION

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

Laid before the Northern Ireland Assembly under Paragraphs 17(5) and 19(2) of Schedule 1 to the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 by the Office of the First Minister and deputy First Minister

On

13 January 2014

Contents

Accounts

Introduction

The Board presents the annual report and audited accounts of Maze Long Kesh Development Corporation (MLKDC) for the year ended 31 March 2013. Whilst the reporting period is 12 months to 31 March 2013, the transactions contained herein are for the 7 months from September 2012 to March 2013 that the Corporation was operational. These accounts have been prepared in accordance with applicable International Financial Reporting Standards. The accounts are also in compliance with paragraph 17 of Schedule 1 to the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 in a form directed by the Office of the First Minister and Deputy First Minister (OFMDFM) with the approval of the Department of Finance & Personnel (DFP) and in accordance with the Financial Reporting Manual (FReM). The accounting policies adopted in the preparation of these accounts are detailed in note 1 to the accounts, which includes the accounting treatment in relation to the pension scheme. Further information on the pension scheme is also included in note 3(iii) to the accounts and in the Remuneration report.

Background

The Reinvestment and Reform Initiative (RRI) was announced on 2 May 2002 by the Prime Minister, the Chancellor of the Exchequer and the then First Minister and deputy First Minister. One strand of the RRI deals with the transfer of some former military bases and security sites to the Northern Ireland administration. This transfer emphasised the Government's strong belief that sites that once symbolised the period of conflict could now become significant engines for economic and social regeneration and in 2004 the Maze Long Kesh Site was transferred to OFMDFM.

The Maze Long Kesh Development Corporation (MLKDC) is a Statutory Body established under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. Legislation establishing the Corporation was made on the 1 June 2011 and the Corporation became operational on the appointment of a Chairman and a Board on 10 September 2012.

MLKDC functions as an Arms Length Body (ALB) of the Office of the First Minister and deputy First Minister (OFMDFM). It is financed from OFMDFM's Departmental expenditure limit (DEL).

Aims and Objectives

The statutory object of the corporation as defined in the SIRS Order is to;

> "secure the regeneration of the site."

This is to be achieved -

> "in particular by the following means (or by such of them as seem to the corporation to be appropriate) –
>
> (a) by bringing land and buildings into effective use;
>
> (b) by encouraging public and private investment and the development of industry and commerce;
>
> (c) by creating an attractive environment;
>
> (d) by ensuring that social, recreational, cultural and community facilities are available"

In advance of the establishment of the MLKDC OFMDFM established the MLK Programme Delivery Unit (PDU) to move the development of the Maze Long Kesh site forward. The PDU produced a Corporate Plan for 2010-2013. The plan was approved by Ministers in November 2010. It sets out its strategic objectives as;

- to put in place an integrated spatial framework and implementation strategy to guide the regeneration of the site;
- to prepare the site for development through the provision of necessary infrastructure;
- to facilitate development that will maximise the site's economic development potential;
- to facilitate development and activities that will maximise the site's historic and reconciliation potential;
- to ensure that regeneration delivers opportunities for all and in particular addresses deprivation and long term unemployment;
- to encourage meaningful participation through genuine engagement with key stakeholders and effective communication with key audiences; and
- to adopt approaches that will set best practice in regeneration and sustainable development.

The Programme for Government for the period 2011-15 includes within the Executive's priorities a plan to "develop Maze Long Kesh as a regeneration site of regional significance". Priority 1 for the Executive is: Growing a Sustainable Economy and Investing in the Future, and outlined within this priority are the milestones / outputs for the Maze Long Kesh Regeneration Site to which the commitment is outlined as:

- The Launch of Development Plan for the Maze Long Kesh
- Balmoral Show at Maze Long Kesh;
- Commencement of site infrastructure works at Maze Long Kesh;
- Private Sector development partner appointed by MLKDC; and
- Building and Conflict Resolution Centre complete.

Chairman's Introduction

The basis for the regeneration at Maze Long Kesh is the joint Ministerial statement of April 2009:

"The 360 acre site, which remains in public ownership, is a site of regional significance. ***We fully recognise the economic development potential of this site and we are committed to exploiting this potential to the full****, particularly given the economic climate we now find ourselves in."*

"In order ***to do so, we will establish a Development Corporation which will take this project forward*** *and will build on the work previously undertaken by OFMDFM and the All-Party Maze/Long Kesh Consultation Panel and* ***which will have regard to all the elements of the site including any listed buildings."***

"As ***we seek to maximise the economic, historical and reconciliation potential of the site*** *we will continue to work with all those bodies interested in contributing to the development of the site.*"

The strategic importance of the Maze Long Kesh site cannot be overstated. At twice the size of Titanic Quarter and four-times the size of Canary Wharf, Maze Long Kesh is strategically positioned. Being adjacent to both the North-South (A1) and East-West (M1) corridors and thirty minutes from our two primary airports and the port of Belfast, its regional economic development potential is unequalled.

In order to support and facilitate the realisation of the potential inherent in a site of this positioning and scale, a Chairman and Board of ten non-Executive Directors were appointed by Ministers to lead the Maze Long Kesh Development Corporation (MLKDC) on 10 September 2012 and they convened for the first time on 28 September, 2012. The composition of the MLKDC Board reflects both the diversity of our community and the range of skills, knowledge and experience necessary to successfully deliver on the brief given by Ministers.

Importantly, the Board has been and continues to be well supported and advised by our Interim Chief Executive, Kyle Alexander, and his highly professional management team and by officials from the Office of the First Minister and deputy First Minister. It is testament to their skills and dedication that significant progress in preparing the site for development had already been made prior to the formal appointment of the MLKDC Board. This progress is exemplified by the historic decision taken by the membership of the Royal Ulster Agricultural Society (RUAS) to relocate to the Maze Long Kesh site.

In order to ensure that the Board operates in an efficient manner and that ***all*** aspects of their responsibilities and work receive the necessary focus, five committees have been formed from the membership of the Board covering Audit, Appointments and Remuneration, Physical and Economic Development, Social Regeneration, and the Peace Building and Conflict Resolution Centre. Each committee scrutinises the required detail within their particular remit, with appropriate recommendations then being made to the full Board for a decision.

Upon convening, the immediate priorities for the Board were to develop a Strategic Vision for the site and to construct a draft Corporate Plan, a Spatial Framework and an Annual Business Plan with which to underpin this Vision. These have all been delivered to Ministers for consideration and approval. Our overarching Strategic Vision – "from peace to prosperity" – is driven by our wish to "seek to maximise the economic, historical and reconciliation potential of the site" and is best summarised in this extract from our vision:
"If the MLKDC Board is to deliver tangible, measurable and sustainable value to all of our citizens we will need to be bold, courageous and ambitious. If our forebears could create the world's biggest and best in shipbuilding, engineering, tobacco, rope making and linen, then surely it is not beyond us to create our own world-leading businesses for the 21^{st} century and beyond. We must build upon the goodwill that created our peace, in order to embed sustainable prosperity. The Maze Long Kesh site provides a unique opportunity to develop a model that will not only serve our own citizens and help complete our journey, but can serve to clearly demonstrate to others that there is a way out of conflict and a proven route "from peace to prosperity".

In order to deliver on the "economic, historical and reconciliation" imperative the Board focused upon the delivery of the proposed Peace building and Conflict Resolution Centre (PbCRC) and upon the development of hubs for transformational technologies such as Agri-Foods & Renewables and Health & Life-Sciences.

With regard to the overall economic development of the site and, in particular, the need to engage on an international scale, we have been heartened by the interest shown by the Organisation for Economic Co-operation and Development (OECD) and their willingness to become directly involved with us. Early engagement would indicate that our Vision around Peace, Food and Health – the three greatest global challenges to be faced – has the potential to make our site a unique proposition for prospective development partners.

From its inception, the Board recognised that the Maze Long Kesh site needed to be seen within a 1,000 acre perspective and should not be viewed in isolation. This perspective is created by the additional development potential inherent in the area immediately adjacent to the site and, to this end, the Board are energetically pursuing the creation of partnerships with Lisburn City Council, RUAS, the Local Community and the Private Sector. Through the building of such partnerships, we firmly believe that we can successfully deliver a world-class development that is a global beacon for the creation of "peace and prosperity" and a local catalyst for real and sustained social and economic change.

As a result of statements made by the First Minister and the deputy First Minister since our year-end, we are seeking clarification on the next steps to be taken in relation to securing the regeneration of the site.

Terence Brannigan
Chairman

20 December 2013

Board and Executives 2012-13

Board Members		Committees
Terence Brannigan	Chairman	Appointments & Remuneration; PbCRC; Physical & Economic Development
Ciaran Mackel		Audit; PbCRC; Physical & Economic Development
Kenneth Cleland		PbCRC; Physical & Economic Development;
Conor Patterson		Physical & Economic Development; Social Regeneration
Joe O'Donnell		PbCRC; Social Regeneration
John Gallagher		Appointments & Remuneration; Social Regeneration
Maurice Kinkead		Appointments & Remuneration; Social Regeneration
Terri Scott		Appointments & Remuneration; Physical & Economic Development
Paul Stewart		Physical & Economic Development; Social Regeneration
Duncan McCausland		Audit; PbCRC
Anthony Gallagher		Audit; PbCRC

The Chairman and Board were appointed on 10 September 2012

Chief Executive and Senior Management

Kyle Alexander	Chief Executive *
Mary McKee	Director of Social Regeneration **
Neil McIvor	Director of Development **
Alison Stafford	Director of Finance and Corporate Services **

* Kyle Alexander was Programme Director of Maze Long Kesh Programme Delivery Unit (MLK PDU), prior to the establishment of MLKDC. He was appointed as Interim Chief Executive of MLKDC from 10 September 2012.

** Directors took up positions with MLKDC at its establishment on 10 September 2012.

Chief Executive's Overview

I am pleased to report that significant momentum was created during the reporting period up to March 2013. Preparatory work by the Programme Delivery Unit, previously established by OFMDFM, enabled the Corporation to 'hit the ground running'. Encouraged by the vision and commitment of the Chairman and Board who had quickly grasped the opportunity the site offered for a transformation that would be of global significance the team adopted a proactive and pragmatic approach to achieve early delivery. Whilst operating across a wide range of activities, at all times there is a single minded focus on achieving our statutory objective of 'securing the regeneration of the site' and to do so effectively and efficiently.

Thus by March 2013 significant outcomes had already been achieved. The draft Corporate Plan approved by the Board and submitted to Ministers set out our vision, mission and objectives going forward and identified the resources required. The physical expression of this vision was set out in the spatial framework plan that was presented to Ministers in November 2012. This plan, which had been the subject of consultation with a wide range of stakeholders, creates the framework for investment in infrastructure and promotes a range of development opportunities to the private sector.

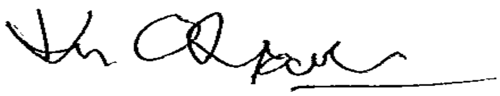
The period also saw a significant change in the appearance and condition of the site. A site which had been closed to public access since World War II was made ready to welcome the public for a range of activities and events. The staging of motor sport events and aviation open days trailed the way for the much anticipated Balmoral Show in May 2013. We supported the RUAS and engaged positively with DOE Planning to deliver the necessary planning permission for the preparation of the site for the Show.

Major remediation works were undertaken during the year. As with previous demolition works a best practice sustainable approach was adopted that involved the recycling of material and the treatment of contaminated soils on site. This was both cost effective and minimised disruption to the local community by reducing vehicular movement on and off site. A new entrance was created off the Halftown Rd at the southern end of the site to ensure traffic accessing the site for events would not unduly disrupt the local community. We commenced the provision of utilities such as electricity, telecoms and water and I would commend the support of organisations such as NIE, NI Water, DOE Planning and DRD Roads Service for their commitment to secure early delivery. As owners of the site we have responsibility for health and safety, security and maintenance and appropriate policies and practice have been put in place. A Health and Safety Management Plan has been adopted and a forum of interested parties meets regularly to review.

During autumn 2012 the Corporation, with the support of SIB staff, further developed design proposals for the Peace Building and Conflict Resolution Centre (PbCRC). The engagement of one of the world's leading architects Daniel Libeskind by local architects McAdam Design brought a fresh impetus to the design process and resulted in the submission of a planning application for the new centre in November 2012.

As expected of a public sector organisation we are committed to achieving the highest standards of good governance, financial management and accountability. A full range of policies and practices are now in place and as a result we welcomed a significant increase of our delegated authority from OFMDFM in December 2012.

Finally I would acknowledge that such progress has been made possible by the commitment and proactive approach of the whole team and the support of the OFMDFM sponsor team, the Strategic Investment Board and CPD.



Kyle M Alexander OBE
Chief Executive

Date: 20 December 2013

Management Commentary

Statutory Background

The Maze Long Kesh Development Corporation was established under the Strategic Investment and Regeneration of Sites (Maze Long Kesh Development Corporation) Order (Northern Ireland) 2011 in exercise of the powers conferred on it by Article 15(1) and 15(3) of, and paragraph 2(1)(b) of Schedule 1 to, the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003(a). It is a 'Non Departmental Public Body' (NDPB) which operates under a Board which is the body corporate. The sponsor department is OFMDFM.

The principal function of MLKDC is to develop Maze Long Kesh as a regeneration site of regional significance. The organisation's objectives are described on pages 1 and 2.

Financial Highlights for the Period

This period saw the establishment and agreement of the following:

- Management Statement and Financial Memorandum (MSFM) with OFMDFM and DFP. Our MSFM sets out the broad framework within which we operate as an executive non departmental public body. The document was drawn up by the Office of the First Minister and Deputy First Minister in consultation with the Development Corporation and sets out this relationship with respect to:
    - Our overall aims, objectives and targets;
    - The rules and guidelines governing our functions, duties and powers;
    - The conditions of our funding, and,
    - How we are to be held to account.
- In accordance with the Strategic Investment and Regeneration of Sites (NI) Order 2003, Part III 20 (1) the land and buildings at Maze Long Kesh were transferred to the Development Corporation via an Administrative Order. This transaction amounted to £4.53m.

- Establishment of sound financial and governance arrangements in line with the authorities delegated within our MSFM and the enhanced delegations granted to the Development Corporation in December 2012.

- Internal Auditors were appointed and they completed two internal reviews:
    - Corporate Governance and Risk Management
    - High level finance review.

The Internal Auditors overall assurance rating for 2012/13 was satisfactory.

Employee Development and Communication

MLKDC is committed to the development of its staff and to policies that enable them to best contribute to the performance and long term effectiveness of the organisation. In particular, active involvement and communication with employees is conducted on an ongoing basis. The organisation is also committed to the continuing development of its staff and to maximising their contribution to the continuous improvement of service delivery.
Staff attendance is actively managed, and the organisation's absence rate for the 2012-13 year, was 2.3 per cent, which equates to an average number of working days lost of 5.13.

Equality policy in respect of employment practices is described in the Governance Statement.

Other Policies

Specific Acts and policies governing MLKDC are described in the Governance Statement.

Political donations and expenditure

MLKDC did not make any political donations in this financial year.

Charitable donations

MLKDC did not make any charitable donations in this financial year.

Asset values

There is no significant difference in the value of land transferred from OFMDFM under the machinery of government transfer and the value held at the year end.

Prompt Payment Policy

MLKDC is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice 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. During 2012-13 MLKDC paid approximately 97 per cent of its invoices within this standard. As a result of the late payment of bills in 2012-13 MLKDC incurred interest charges of £175.

DAO (DFP) 04/13 states that public sector organisations should pay suppliers wherever possible, within 10 working days. During 2012-13 MLKDC paid approximately 68% of its invoices within the 10 working day target.

Environmental, Social and Community Responsibility

MLKDC is committed to the promotion of environmental, social and community responsibility. A number of successful programmes and initiatives were undertaken in the year which effectively promoted awareness of these areas.

Post Balance Sheet Events

During the financial year, MLKDC received £540k of an £18M capital grant from SEUPB to part fund the Peace Building and Conflict Resolution Centre (PbCRC). Following Ministerial Statements in August 2013, SEUPB rescinded their letter of offer on 7 October 2013 in the absence of assurances from OFMDFM that the conditions of the offer could be met and the project could be delivered within funding timescales. As a result SEUPB have requested repayment of the grant. On 21 November 2013, MLKDC repaid £540k to SEUPB.

Auditors

The Comptroller and Auditor General is the external auditor of MLKDC. There were no payments made to the Northern Ireland Audit Office in the year in respect of non audit work.

As Accounting Officer, I can confirm that there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are informed of it.

Kyle M Alexander OBE
Accounting Officer

Date: 20 December 2013

Remuneration Report

Chairman and Board members

The Chairman and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. The final decision on the appointments rested with the Ministers. All appointments are made on merit and as directed in the Strategic Investment and Regeneration of Sites (NI) Order 2003 Schedule 1, 2 (c) are, as far as practicable, representative of the community in Northern Ireland. The terms of appointment are up to five years for the Chairman and three to five years for Board members. The terms of appointment are for differing lengths to facilitate the retention of a sufficient level of experience.

The remuneration of the Chairman and Board is set by OFMDFM. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

Neither the Chairman nor any Board members receive pension contributions from MLKDC or OFMDFM. MLKDC reimburses the Chairman and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of the Chairman and Board members is as follows (the information in the table below has been subject to audit):

	Salary 2012-13 £'000	**Benefits in kind 2012-13 £'000**
Terence Brannigan	19	-
Ciaran Mackel	3	-
Kenneth Cleland	3	-
Conor Patterson	3	-
Joe O'Donnell	3	-
John Gallagher	3	-
Maurice Kinkead	3	-
Terri Scott	3	-
Paul Stewart	3	-
Duncan McCausland	3	-
Anthony Gallagher	3	-

The Chairman and 10 Board members were appointed on 10 September 2012 with the establishment of MLKDC.

The salary payments disclosed are for the seven months of the year which MLKDC was operational. The full year equivalent salary for the Chairman is £30,000 and for Board Members is £6,000.

Chief Executive and the Senior Management Team

The Interim Chief Executive and the Senior Management Team appointments are made in accordance with MLKDC's recruitment policy and the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. This requires appointments to be made on merit on the basis of fair and open competition.

The Interim Chief Executive was appointed by Ministers at OFMDFM in line with Schedule 1(5) to the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. The appointment was facilitated by use of an operational partnership agreement with the Strategic Investment Board (SIB) and all ongoing costs associated with the appointment are reimbursed to SIB.

The Director of Development was appointed through open competition. However, given that MLKDC did not have access to a pension provider at the date of appointment, the post was filled by use of an operational partnership agreement with SIB. All ongoing costs associated with the appointment are reimbursed to SIB until such times as pension provision is established.

The Director of Social Regeneration is a full time Associate Advisor with SIB acting into the position of Director of Social Regeneration at MLKDC on an interim basis until an open competition is completed. All ongoing costs associated with the appointment are reimbursed to SIB.

The Director of Finance and Corporate Services was appointed through open competition. The appointment was facilitated through a secondment agreement with the Northern Ireland Civil Service. All ongoing costs associated with the appointment are reimbursed to the Civil Service Department – OFMDFM.

The remuneration of the Interim Chief Executive and Senior Management Team is as follows (the information in the table below has been subject to audit):

	Salary year ended 31 March 2013 £'000	**Salary Full Year Equivalent £'000**	**Bonus Payments**	**Benefits in kind Year ended 31 March 2013 £'000**
Chief Executive:				
Kyle Alexander*	55-60	95-100	-	-
Directors:				
Mary McKee*	35-40	60-65	-	-
Neil McIvor*	40-45	70-75	-	-
Alison Stafford	25-30	45-50	-	-

	For the year ended 2012-13
Band of Highest Paid Director’s Total Remuneration	£55k - £60k
Median Total Remuneration	£10,459
Ratio	5.5

The salary payments disclosed are for the seven months of the year which MLKDC was operational. The full year equivalent salary for the highest paid Director was in the Band of £95k-£100k.

* Denotes Operational Partnership Agreement with the Strategic Investment Board

Salary

‘Salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by MLKDC during the year and thus reflected in these accounts.

The 2012-13 salary disclosures represent 7 months of full year salary, following the establishment of MLKDC in September 2012.

Benefits in kind

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

Bonuses

MLKDC does not participate in a bonus scheme. Consequently no bonuses were paid in the year.

Pension Entitlements

Pension details of the Senior Management Team as at 31 March 2013 are as follows (the information in the table below has been subject to audit):

	Accrued pension at age 60 at 31 March 2013 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2013	CETV at 31 March 2012	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Kyle Alexander*	-	-	-	-	-
Mary McKee*	-	-	-	-	-
Neil McIvor*	-	-	-	-	-
Alison Stafford	5-10 plus Nil lump sum	0-2.5 plus Nil lump sum	83	86	(11)

* not a member of Northern Ireland Civil Service Pension arrangements – member of defined contribution pension scheme operated by SIB

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits for Senior Management Team members 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 a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership.

The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	2.70%
£21,001-£30,000	3.88%
£30,001-£50,000	4.67%
£50,001-£60,000	5.46%
Over £60,000	6.25%

Members of **premium**, **nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	4.70%
£21,001-£30,000	5.88%
£30,001-£50,000	6.67%
£50,001-£60,000	7.46%
Over £60,000	8.25%

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No member of the Senior Management Team received compensation for loss of office in the current year.

Kyle M Alexander OBE
Accounting Officer

Date: 20 December 2013

MLKDC Governance Statement for the period ended 31 March 2013

This is the second Governance Statement for the Maze Long Kesh Development Corporation (MLKDC). It sets out the governance structures, risk management and internal control procedures that have operated within the Development Corporation during the financial year 2012-13 and up to the date of approval of the Annual Report and Accounts, and accords to DFP guidance.

The MLKDC functions as an Arms Length Body (ALB) of the Office of the First Minister and deputy First Minister (OFMDFM). It is financed from OFMDFM's Departmental expenditure limit (DEL).

In advance of the establishment of the Development Corporation, on 10 September 2012, the Maze Long Kesh Programme Delivery Unit (MLKPDU) operated as a Shadow Development Corporation in preparation for its delivery. The MLKPDU was a cost centre within OFMDFM, and was included within its accounting boundary. The governance arrangements that existed during the operation of the MLKPDU are set out in the Governance statement of the OFMDFM Annual Report and accounts for the year ended 31 March 2013.

The Purpose of the Governance Framework

The purpose of the Governance Statement is to report publicly on the extent to which MLKDC complies with its code of governance, including how it has monitored and evaluated the effectiveness of governance arrangements in the period. The process of preparing the governance statement itself adds value to the effectiveness of the corporate governance and internal control framework.

The Governance Framework

Overview of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which MLKDC is directed and controlled. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve MLKDC's aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework described below has been in place in MLKDC from 10 September 2012 to 31 March 2013. It comprises:

- the Board;
- the Accounting Officer;
- the Audit Committee;
- the Internal Audit function; and
- the External Audit function.

These organisational structures, together with an overview of their responsibilities and performance in the period, are explained in the relevant sections below.

The framework also includes a number of additional elements that contribute to the effective governance of the organisation. These comprise:

- The Appointments & Remuneration Committee;
- The Management Statement and Financial Memorandum;
- OFMDFM Oversight Arrangements;
- The Corporate and Business Plans;
- The Risk Management Framework;
- Financial Policies and Procedures;
- Performance Reports;
- Whistle Blowing Arrangements; and
- The Fraud Prevention Strategy and Response Plan.

These elements, together with an assessment of their effectiveness in the period, are described in the relevant sections below.

The Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of MLKDC's aims and objectives. I also have responsibility for the propriety and regularity of the public finances allocated to MLKDC and for safeguarding public funds and assets, in accordance with the responsibilities assigned to me in the Corporate Governance Code and Managing Public Money Northern Ireland.

In my role as Accounting Officer, I function with the support of the MLKDC Board ('the Board'). This includes highlighting to the Board specific business risks and, where appropriate, measures that could be employed to manage these risks.

The Board

The Board is chaired by a non-executive Member. It supports the delivery of effective Corporate Governance and operates within best practice guidelines set out in HM Treasury's "*Corporate Governance: Code of Good Practice (2005)*". The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and assisting the Chief Executive in meeting their corporate governance responsibilities.

The Standing Orders of the Board make clear its responsibility to establish and oversee the organisation's Corporate Governance arrangements. Notwithstanding this, all tiers of management have commensurate responsibilities for ensuring that good governance practices are followed within the organisation.

Under the general guidance and direction of OFMDFM Ministers, the key aspects of the Board's role include;

- setting the strategic direction for the organisation, including its vision, values and strategic objectives; overseeing the implementation of its corporate and business plans, monitoring performance against objectives and supervising the budget;
- leading and overseeing the process of change and encouraging innovation, to enhance the organisation's capability to deliver;
- overseeing the strategic management of staff, finance, information and physical resources, including setting training and health and safety priorities;
- establishing and overseeing the implementation of MLKDC's corporate governance arrangements, including risk management; and
- overseeing and monitoring the Corporation's progress against all of its equality of opportunity and good relations obligations.

The Board is required to act in accordance with the responsibilities assigned to it in the Corporate Governance Code and Managing Public Money Northern Ireland.

The Board operates as a collegiate forum under the leadership of the Chair. It ensures that the appropriate strategic planning processes are in place and that there is effective operational management of their implementation. The Board operates in an advisory and consultative capacity, offering guidance when sought. It does not usually direct the Chief Executive on how MLKDC's business should be run. Operational matters are the responsibility of the Chief Executive and senior staff.

Each Non-Executive Board Member participates in the high-level corporate decision-making process as a member of the Board contributes to corporate governance arrangements within the organisation and supports the Chief Executive.
The Chief Executive is responsible for organising the agenda for monthly Board meetings and ensuring the Chair and Board members are provided with timely information to support full discussion at each meeting.

The Board receives monthly written reports from the Interim Chief Executive, it also receives a monthly financial and budget monitoring report from the Director of Finance & Corporate Services.

The Interim Chief Executive provides monthly reports on the status of supported projects; and delivery of business plan objectives. The Director of Finance and Corporate Services provides monthly reports on; expenditure against plan; resource inputs by project; absence management and recruitment.

Board Committees

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board and OFMDFM, as sponsor, that the corporation's financial and other control systems are operating effectively;
- The Appointments & Remuneration Committee, which approves senior appointments and salaries and scrutinises recruitment;
- The Physical & Economic Development Committee;
- The Social Regeneration Committee; and
- The Peace building and Conflict Resolution Centre Committee.

The Audit Committee

The Audit Committee's terms of reference set out its purpose as being to support the Accounting Officer in monitoring risk, control and governance systems (including financial reporting). Additionally the Committee will advise the Board and the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control. The Audit Committee does not have executive powers.

The Audit Committee and its Chair are appointed by the Board from amongst its non-executive members with a quorum comprising not less than two non-executive members. An external independent member has also been asked to be a member of the Audit Committee. The Audit Committee Chair is a non-executive member of the Board other than its Board Chair.
In addition to its members, the following normally attend meetings of the Committee:

- The Accounting Officer;
- The Director of Finance and Corporate Services
- The Internal Auditor;
- The External Auditor; and
- A representative of OFMDFM.

In line with best practice set out in the HMT Audit Committee Handbook, the Chair of the Audit Committee approves an agreed agenda of work for its meetings, which will include;

- the review of the corporate risk register;
- scrutiny of the annual accounts;
- consideration of internal and external audit strategy;
- review of internal and external audit findings;
- consideration of fraud;
- consideration of any Directly Awarded Contracts;
- consideration of DAO letters; and
- monitoring of residual audit recommendations.

The committee reviews its own effectiveness annually. The committee Chairman reviews the effectiveness of its members and reports on this to the Board Chairman annually.

The Committee Chairman reports after each meeting to the Board on any significant issues that have arisen. They, on behalf of the committee, report in writing once a year to the Accounting Officer and the Board on the findings and conclusions of the committee for the past year.

Internal Audit

The Committee obtains Independent Assurance from the Internal Auditors.
The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's agreed objectives.

Internal Audit provides independent assurance by giving an independent opinion on the adequacy and effectiveness of MLKDC's system of internal control to the Accounting Officer and Audit Committee.

MLKDC's internal audit services are provided by ASM, a representative of which attended all MLKDC Audit Committee meetings.

The Accounting Officer is independently advised by the Head of Internal Audit who operates in accordance with Government Internal Audit Standards.

External Audit

MLKDC is also subject to independent scrutiny from the Northern Ireland Audit Office. The Audit Office is independent of Government and is tasked by the Assembly to hold Northern Ireland Departments and their Agencies to account for their use of public money. The Comptroller and Auditor General works closely with the Assembly's Public Accounts Committee which can require Accounting Officers and senior officials to account for their actions in relation to the management of public funds.

A representative from the Northern Ireland Audit Office attends all MLKDC Audit Committee meetings.

The Management Statement and Financial Memorandum (MSFM)

The MSFM is a key control document. The management statement sets out the broad framework within which the MLKDC operates, in particular it defines;

- the MLKDC's overall aim, objectives and targets in support of OFMDFM's wider strategic aims and current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the MLKDC's functions, duties and powers;
- the conditions under which any public funds are paid to the MLKDC; and
- how the MLKDC is to be held to account for its performance.

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the MLKDC is required to observe, including delegated financial authorities.

OFMDFM Oversight Arrangements

Within OFMDFM, the Strategic Investment and Regeneration Division (SIRD) is the sponsoring Division for MLKDC. SIRD, in consultation as necessary with OFMDFM's Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the MLKDC, and the primary point of contact for the MLKDC in dealing with the Department. SIRD carries out their duties under a senior officer with primary responsibility of overseeing the activities of the MLKDC.

In order to discharge its duties on behalf of the sponsor Department, SIRD administers the following oversight controls:

- Quarterly Stewardship Statements; (see below)
- Quarterly Performance Reports; (to a format set out in the MSFM)
- Financial Monitoring Reports; (in a standard format)
- Monthly Liaison Meetings; (attended by the Director of Finance and Corporate Services) and
- Quarterly Accountability and Oversight Meetings; (attended by myself as the Interim Chief Executive and senior MLKDC staff).

The Quarterly Stewardship statement, prepared under the direction of, and signed by, the Interim Chief Executive, provides information and assurance in the following areas:

- Business Planning;
- Business cases (including Economic Appraisal, and Post Project Evaluation);
- Consultancy;
- Forecasting & Monitoring of Expenditure;
- Procurement;
- Information Assurance;
- Business Continuity Plans;
- Staff (including attendance, gifts and hospitality);
- Third Party Organisations;
- Internal & External Audit Reports; and
- Other significant issues.

The Corporate and Business Plan

The Corporate and Business Plans are the main planning documents for MLKDC. The purpose of the Corporate Plan is to set out the medium term objectives MLKDC and describe the corporate strategy it will follow to achieve them. The annual Business Plan develops the Corporate Plan by defining in detail MLKDC's targets for the year ahead, the resources it will employ and the activities it will undertake.

The format of the three-year Corporate Plan is defined in the organisation's Management Statement and Financial Memorandum (MSFM) and comprises two elements:

- It documents those factors that MLKDC takes into account when determining how it can best reach its own goals and objectives and contribute to the Programme for Government targets. It also sets out the Mission, Vision and Values of the Corporation. These requirements define the strategic direction of the corporation and provide the context within which MLKDC's Board determines the corporation's operating strategy.

- It defines how the corporation plans to maximise economic development, social benefit, historic and reconciliation potential and prepare for the capital build of the Peace building and Conflict Resolution Centre (PbCRC), its strategic priorities, objectives and desired outcomes. It concludes by enumerating the resources the corporation expects to use to achieve its objectives.

The annual Business Plan defines MLKDC's business targets for the year ahead. The Business Plan is derived from the three-year Corporate Plan. Taken together, these documents describe the outcomes and the outputs it will deliver using the resources MLKDC have been allocated.

The Corporate and Business Plans are drafted by the Interim Chief Executive with input from the Board, senior staff and key stakeholders. The plan is considered in draft by the MLKDC Board and OFMDFM. Once approved by both the Board and OFMDFM it is presented to Ministers for approval and then passed to the Department of Finance and Personnel.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Accounting Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

MLKDC has established Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness. These documents act as a reference point detailing all Financial Policies and Procedures.

MLKDC has developed, in consultation with its sponsor Department, a suite of other polices, processes and procedures that cover the full range of its activities. These are available to staff through the MLKDC document management system. Staff are required to review the key policies and procedures annually.

All staff are briefed on these policies during their induction. Senior managers and line managers identify additional training needs as part of the performance appraisal system. These needs are addressed throughout the year by MLKDC.

Risk Management

MLKDC's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness.

Relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of MLKDC's aims and objectives, and where necessary, are brought to the attention of OFMDFM.

The system of internal control is based on an on-going process designed to;

- identify and prioritise the risks to the achievement of MLKDC's aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.

MLKDC's policy is to pursue a structured approach to the management of risk in pursuit of business objectives. This continuous process of integrated activities ensures the potential impact of risks to the achievement of MLKDC's objectives is managed. MLKDC's policy is to adopt good practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated, reduced to an acceptable level or managed and contained; and to embed risk management practices within management and planning activities.

MLKDC's risk management policy sets out the process whereby MLKDC methodically identifies, assesses and responds to the risks attaching to its activities. It assigns responsibility and accountability for risk management; defines the processes for risk review and reporting; describes a format for the organisation's corporate risk register and explains the organisation's approach to training in risk management.

To assist in the Risk Management Process, MLKDC has developed and maintained a Risk Register which is scrutinised through reports to Audit Committee and the Board. The Risk Register:

- Identifies MLKDC's high level risks;
- Analyses the risks related to the current Business Plan.

The Risk Register identifies the Risk Owner for each risk and reinforces the link between risk management and the business planning and execution processes. Senior Staff are required to review the risks attaching to their work on a monthly basis as part of the Performance Reports, report to the Corporation Board on any amendments, and review and revise their programme and project Risk Registers as necessary. All new business activities are assessed for key risks and controls put in place.

The Risk Assessment has the following sections:

- Risk Summary;
- Risk Movement Chart;
- Risk Register;
- Harm (Impact) reference Table; and
- Likelihood Reference Table.
- Root Cause
- Potential Business Implications
- How the risk is currently being managed
- Action since last review

Fraud and Counter-Fraud

MLKDC's Policy and Procedures on Fraud, (Including the MLKDC Whistle-blowing Policy and Guidance on Conflicts of Interest) sets out the responsibilities of staff with regard to fraud prevention, what staff should do if they suspect fraud and the action that will be taken by management in such circumstances (the MLKDC Fraud Response Plan).

Whistle Blowing

The MLKDC Whistle Blowing Policy provides staff with a procedure for reporting concerns about unlawful conduct, fraud, dangers to the public or the environment, or other malpractice. The aim of this policy is to reassure them that they can feel confident in exposing wrongdoing without any risk to themselves.

Review of Effectiveness

The Board

From 10 September 2012 to 31 March 2013, the Board comprised the following members:

Terence Brannigan	Chairman
Kenneth Cleland	Member
Duncan McCausland	Member
Conor Patterson	Member
Ciaran Mackel	Member
Anthony Gallagher	Member
Joe O'Donnell	Member
Terri Scott	Member
John Gallagher	Member
Maurice Kinkead	Member
Paul Stewart	Member

The Board held 6 meetings, a training day and an away-day during 10 September 2012 to 31 March 2013. Attendance was as follows:

Members	Meetings Attended	Possible Attendance
Terence Brannigan	8	8
Kenneth Cleland	8	8
Duncan McCausland	8	8
Conor Patterson	6	8
Ciaran Mackel	8	8
Anthony Gallagher	6	8
Joe O'Donnell	7	8
Terri Scott	6	8
John Gallagher	8	8
Maurice Kinkead	6	8
Paul Stewart	4	8

There was no formal review of effectiveness of the Board in 2012-13 however this is currently underway and will be available for inspection for 2013-14.

Review of Executive Reporting

The following paragraphs set out the scope of the Board's work during the reporting period.

From 10 September 2012 to 31 March 2013 the MLKDC Board considered the following standing agenda items:

- Minutes of the Previous Meeting;
- Matters Arising;
- Chief Executive's Report;
- Finance & Corporate Services Report;
- Chairman's Business;
- Health & Safety Report;
- Director of Development Report;
- PbCRC Report and
- Communications Report.

The Board received monthly reports on Development, Social Regeneration and Communications.

The Board considered the following papers;

- Standing Orders;
- Management Statement & Financial Memorandum;
- Peace building & Conflict Resolution Centre;
- Internal Delegations;
- Peace to Prosperity;

- Royal Ulster Agricultural Society (RUAS);
- Conservation of Listed & Retained Buildings;
- Corporate Plan;
- Development Partner Procurement;
- Risk and Management;
- Draft Communications Strategy & Plan.

The Board reviewed and where appropriate approved the following projects:

- Site Entrance;
- H&S Works;
- World War II Hangars (to proceed to business case);
- Roads Infrastructure;
- Provision of Further Electricity Supply;
- Provision of Surveys for Roads Infrastructure Delivery, and
- Potable Water Supply (By Correspondence),

The Board received the update reports from the following committees in February 2013:

- Audit Committee;
- Physical & Ecomonic Development Committee and
- Social Regeneration Committee.

In addition the Board considered the following matters:

- MLK Vision;
- Spatial Framework, and
- Motorway Slip Roads.

The Board held an Away-Day in January 2013 where it considered its mission, vision and values and the preparation of the Corporate and Business Plans.

Based on the foregoing, I believe that the MLKDC Board has conformed to its Standing Orders in the reporting period.

The Audit Committee

The membership of the MLKDC Audit Committee from 10 September 2012 to 31 March 2013 comprised:

Duncan McCausland (Chair)
Anthony Gallagher
Ciaran Mackel (From 15 March 2013)

The Audit Committee met once between 10 September 2012 to 31 March 2013. The meeting was quorate.

Members	Meetings Attended	Possible Attendance
Duncan McCausland	1	1
Anthony Gallagher	1	1

The Audit Committee considered the following:

- Draft Terms of Reference;
- Fraud and Whistle Blowing Policies;
- Draft Internal Audit Plan for 2012/2013;
- External Audit Update;
- Risk Management;
- Financial Policies & Procedures Manual;
- Direct Award Contracts;
- Business Cases and
- Management Statement & Financial Memorandum.

The committee took two reports from its internal auditors covering the period of this governance statement. Each gained a ‘satisfactory’ assurance rating. The subjects of the reports were:

- Corporate Governance and risk management;
- High level finance review.

All recommendations from the audit reports were accepted.

The internal auditor’s overall assurance rating for 2012/13 was ‘satisfactory’.

The committee reviewed risk and the risk register at its meeting. It made recommendations regarding the matrix used and risk ratings.

The committee reviewed all instances of Directly Awarded Contracts (DACs) made during the period and was content that all were managed appropriately.

No instances of fraud or suspected fraud were identified during the reporting period.

The committee did not instigate any investigations during the reporting period.

The committee reviewed its terms of reference in January 2013 and made a number of minor changes.

In the reporting period the committee chair met the internal auditors once in the absence of the executive.

Board Committees

The Appointments & Remuneration Committee met on 15 March 2013.
The PbCRC Committee met on 27 February 2013.
The Social Regeneration Committee met on 21 January 2013.
The Physical & Economic Development Committee met on 15 January 2013.

OFMDFM Oversight

The Accounting Officer has submitted Quarterly Stewardship Statements to OFMDFM as requested by the Department.

The Accounting Officer and the Chairman presented the strategy for MLKDC to the First Minister and deputy First Minister on 21 November 2013.

The Accounting Officer has attended, with senior staff, Quarterly Accountability Meetings with the OFMDFM Accounting Officer or his deputy and senior staff from the Department.

The Accounting Officer has been represented at monthly liaison Meetings with senior officials from OFMDFM.

Senior MLKDC staff and the Interim Chief Executive have operated a ‘no surprises’ policy in respect of ensuring that officials in the Department are aware of all material events, transactions and other issues that could be considered contentious or attract public comment, whether positive or negative.

During 10 September 2012 to 31 March 2013 the MSFM was reviewed and a new version agreed by OFMDFM, the Board and DFP to reflect an increase in MLKDC Delegated limits.

Performance Management

The Interim Chief Executive has monitored MLKDC’s performance against the targets set out in its business plan and has reported quarterly on these to OFMDFM. In conjunction with the senior management team he has provided the Board and OFMDFM with reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; absence management; recruitment; and communications.

The Interim Chief Executive has satisfied himself as to the quality of data reported to the Board through personal inspection, by reports provided to him from electronic data sources and by assurances provided by senior staff. The Board are satisfied with the quality of information provided to them.

Training

This period, particular attention was paid to ensuring relevant staff were qualified to evaluate tenders and to participate as members of recruitment panels.

Risk Management

The 2012-13 Corporate Risk Register was drafted by the Accounting Officer and was subject to regular revision, through scrutiny by the Audit Committee. Board members have the opportunity to identify and consider any emerging external risks/threats that could affect the MLKDC's capacity to deliver on its Business Plan commitments. The key risks to MLKDC that were managed during the reporting period are:

Risk	Residual Impact	Residual Likelihood
The Corporation has insufficient authority or autonomy to advance regeneration of the site.	Medium	Low
Lack of propriety in the management of finances and assets.	High	Low
Insufficient staff resource to match capacity requirements with failure to secure or retain key staff.	High	Medium
PbCRC is not delivered due to lack of political agreement on detailed proposals.	High	Medium
Failure to deliver PbCRC within funders' timescales and budgets.	High	Medium
Failure to facilitate RUAS in delivering successful Balmoral Show	Medium	Low
Failure to secure early development of Centre of Rural Excellence by RUAS.	Medium	Medium
Negative public perception of site.	Medium	Medium
Death or injury arising from activities on site.	High	Low
Economic climate limits private sector capability to invest in development on site.	High	Medium
Failure to deliver external roads infrastructure required for future development.	High	Medium

As of 31 March 2013 there were no corporate risks to MLKDC that have both a residual 'HIGH' impact and 'HIGH' likelihood.

The Accounting Officer provided the Audit Committee with a report setting out the sources of risk assurance. For each risk this identified the likely root causes, described current controls and, for each of the latter, set out the sources of assurance.

No 'Ministerial Directions' have been issued to MLKDC.

There have been no significant lapses of protective security.

MLKDC's risk appetite is defined as the amount of risk that the organisation is prepared to accept, tolerate or be exposed to at any point in time. At present, MLKDC assesses its risk appetite on the basis of an assessment of individual risks in the context of all other risks. The audit committee considers the risk register put forward by the executive, reviews the assessment and determines whether the level of residual risk remaining after control measures have been implemented is acceptable (i.e. is within the level of risk the organisation is prepared to tolerate) at an individual and collective level. Should the committee determine that the level of residual risk is unacceptable, then it would refer the matter to the Board for a decision on whether the activity or situation giving rise to the risk(s) can be allowed to continue.

In the period 10 September 2012 to 31 March 2013 there were no instances where the committee determined that risk(s) lay outside the organisation's risk appetite and was thus unacceptable.

Financial Management

The implementation of MLKDC financial management process in 2012/13 included:

- The implementation of Sage Financials, Payroll and Project Accounting;
- The setting of annual Resource and Capital budgets;
- Monitoring of actual income and expenditure against the annual budget;
- Three in-year monitoring reviews of the budget, reported to OFMDFM;
- Setting and management of expenditure profiles
- Monthly reporting of MLKDC's financial position to the Board;
- A clearly defined system of expenditure authority delegations;
- Clear processes for the authorisation of expenditure and the payment of invoices; and
- Managing risk in key financial service areas.

Business Case Process and Approvals

During the reporting period the Corporation operated within two different levels of delegated authority. In this time period the Development Corporation, in conjunction with the Board where appropriate, approved 35 business cases to a value of £1,830,098. During this time period 2 businesses cases were also approved by DFP to a value of £79,701 and 1 business case was approved by OFMDFM to a value of £285,720.

Significant Governance Issues

There were no instances of 'whistle blowing' within MLKDC during 2012-13.

There were no significant issues arising during 2012/13 in respect of Corporate Governance.

Events After the Balance Sheet Date

During the financial year, MLKDC received £540k of an £18M capital grant from SEUPB to part fund the Peace Building and Conflict Resolution Centre (PbCRC). Following Ministerial Statements in August 2013, SEUPB rescinded their letter of offer on 7 October 2013 in the absence of assurances from OFMDFM that the conditions of the offer could be met and the project could be delivered within funding timescales. As a result SEUPB have requested repayment of the grant. On 21 November 2013, MLKDC repaid £540k to SEUPB.

Conformance with Corporate Governance Code of Good Practice

MLKDC, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the standards in public life set out by the Nolan Committee and HM Treasury's "Corporate Governance in Central Government Departments: Code of Good Practice (2005)". Where appropriate, the organisation has taken account of additional good practice documented in the 2011 edition of the Code.

MLKDC is not a Central Government Department and cannot, therefore, comply with those parts of the code that are only applicable to such Departments. However, MLKDC's corporate governance arrangements have been established in such a way as to conform broadly to these standards in accordance with the Code's recommendation that for bodies such as MLKDC "the code should be applied with adjustments to suit their scale, responsibilities and accountability chains". Throughout the period ended 31 March 2013, MLKDC has complied with all relevant 2005 Code provisions.

Certification

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal governance is informed by the work of the Internal Auditors and senior staff within the organisation, who have responsibility for the development and maintenance of the internal control framework. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control, by the MLKDC Board and by the Audit Committee.

MLKDC has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

Having considered the operation of its governance framework, I am content that MLKDC has operated a sound system of internal governance during the period 10 September 2012 to 31 March 2013.

KYLE M ALEXANDER OBE
INTERIM CHIEF EXECUTIVE & ACCOUNTING OFFICER
MAZE LONG KESH DEVELOPMENT CORPORATION

Date: 20 December 2013

Statement of Accounting Officer's Responsibilities

Under Section 13(1) of the Government Resources and Accounts Act (Northern Ireland) 2001 and the Strategic Investment and Regeneration of Sites (NI) Order 2003, OFMDFM (with approval from DFP) has directed MLKDC to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of MLKDC and of its income and expenditure, recognised gains and losses, balance sheet 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 OFMDFM with the approval of DFP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of OFMDFM has designated the Chief Executive as the Accounting Officer of MLKDC. The responsibilities as an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding assets, are set out in the 'Non Departmental Public Body' Accounting Officer's Memorandum issued by DFP and published in Managing Public Money Northern Ireland.

Kyle M Alexander OBE
Accounting Officer

Date: 20 December 2013

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 Maze Long Kesh Development Corporation for the year ended 31 March 2013 under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the 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 examine, certify and report on the financial statements in accordance with the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. 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 Financial Reporting Council'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 Maze Long Kesh Development Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Maze Long Kesh Development Corporation; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 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 Maze Long Kesh Development Corporation's affairs as at 31 March 2013 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Strategic Investment and Regeneration Sites (Northern Ireland) Order 2003 and Office of the First Minister and deputy First Minister directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Office of the First Minister and deputy First Minister directions made under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003; and
- the information given in the Chairman's Introductions, the Chief Executive's Overview and the Management Commentary 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.

K J Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

23 December 2013

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Note	year ended 31 March 2013 £'000
Expenditure		
Programme related costs		
Staff costs	3	(578)
other	4	(779)
Asset depreciation and amortisation	5	(38)
Asset impairment	5	(1,321)
Total expenditure		(2,716)
Income		
Income from operating activities		
Non surrenderable income	6	7
HLF income	6	131
Consolidated fund income	6	-
Total income		138
Net expenditure before interest		(2,578)
Interest payable		-
Net expenditure after interest		(2,578)
Net expenditure for the financial year		(2,578)
Other comprehensive expenditure		
Machinery of Government transfer under absorption accounting	1(v)	4,530
Net gain/(loss) on revaluation of Property, plant and equipment	7	2
Total comprehensive net (expenditure)/income for the financial year		1,954

All activities derive from continuing operations. Notes 1 to 20 form part of these accounts.

Statement of Financial Position as at 31 March 2013

	Note	2013 £'000
Non-current assets		
Property, plant and equipment	7	5,632
Intangible assets	8	34
		5,666
Current Assets		
Trade and other receivables	10	339
Assets classified as held for sale	11	550
Cash and cash equivalents	12	508
Total current assets		1,397
Total assets		7,063
Current liabilities		
Trade and other payables	13	(1,490)
Accruals and deferred income	13	(546)
Total current liabilities		(2,036)
Non-current assets less net current liabilities		5,027
Total assets less liabilities		5,027
Taxpayers' equity		
Revaluation reserve		2
General reserve		5,025
		5,027

The financial statements on pages 40 to 61 were approved by the Board on 20 December 2013 and signed on its behalf by:

Kyle M Alexander OBE
Accounting Officer

Date: 20 December 2013

Notes 1 to 20 form part of these Accounts

Statement of Cash Flows for the year ended 31 March 2013

	Note	£'000	year ended 31 March 2013 £'000
Cash flows from operating activities			
Net deficit after interest			(2,578)
Adjustments for other non-cash transactions	5	1,359	
Decrease/(Increase) in trade and other receivables		(889)	
Movement in trade and other receivables not passing through SOCNE		168	
(Decrease)/increase in trade and other payables	13	1,490	
Less movement in payables not passing through SOCNE		(835)	
			1,293
Net cash (outflow) from operating activities			(1,285)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,626)	
Purchase of intangible assets		(36)	
Opening reserves transfer		4,531	
Opening SOFP asset b/f transfer		(4,612)	
EOY asset adjustment	7	51	
Net cash (outflow) from investing activities			(1,692)
Cash flows from financing activities			
Financing from OFMDFM		3,108	
Capital financing from SEUPB		377	
Net financing			3,485
Net (decrease)/increase in cash and cash equivalents in the year			508
Cash and cash equivalents at the beginning of the year			-
Cash and cash equivalents at the end of the year	12		508

Notes 1 to 20 form part of these Accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	SOCNE reserve £'000	Revaluation reserve £'000	Total Reserves £'000
Balance at 9 September 2012	-	-	-
Changes in Taxpayers' Equity for 2012-13			
Grant in Aid from OFMDFM:			
Resource	1,500	-	1,500
Capital	1,608	-	1,608
	3,108	-	3,108
Comprehensive expenditure for the financial year	(2,578)	-	(2,578)
Movement in Reserves			
Transfers from OFMDFM under MoG	4,495	35	4,530
Revaluations	-	(33)	(33)
	4,495	2	4,497
Balance at 31 March 2013	5,025	2	5,027

Notes 1 to 20 form part of these Accounts.

Notes to the Accounts
Year ended 31 March 2013

1 ACCOUNTING POLICIES

1(a) Statement of accounting policies

The accounts of MLKDC have been prepared in a form directed by OFMDFM, and in accordance with the *Government Financial Reporting Manual (FReM)* issued by DFP. The accounting policies contained in the *FReM* follow UK generally accepted accounting practice for companies (UK GAAP)to the extent that it is meaningful and appropriate to the public sector.

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 organisation, for the purpose of giving a true and fair view, has been selected.

The particular accounting policies adopted by MLKDC are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are presented in Sterling (£) with all values rounded to the nearest £1,000 except where otherwise stated.

1(b) Accounting conventions

These accounts are prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, and assets classified as available for sale which are held at their fair value.

1(c) Adoption of new and revised standards

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

1(d) Machinery of Government changes

FReM ED (12)01 –"Interpretation of merger accounting for the public sector" has been applied in the preparation of these Accounts. In accordance with this guidance the transfer of function from OFMDFM of the MLK PDU (MLKDC from 10 September 2012) has been accounted for using the absorption accounting method. The performance of MLKDC is recognised from the date of transfer with assets and liabilities recognised at carrying value through reserves, with no impact on net operating expenditure.

1(e) Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 or more is capitalised. On initial recognition, assets are measured at cost including any costs directly attributable to bringing them into working condition. All property, plant and equipment is reviewed annually for impairment and is carried at fair value. Land and buildings are stated at their fair value based on annual professional valuation as at the end of the financial year.

Other non-property assets are deemed to be short-life or low value assets and are therefore valued on the basis of depreciated replacement cost, using appropriate indices to account for the effects of inflation, as an approximation of fair value. Additions and subsequent expenditure are capitalised only when it is probable that the future economic benefits associated with the asset will flow to MLKDC and the cost of the asset can be measured reliably.

1(f) Depreciation

Freehold land and assets in the course of construction are not depreciated. Depreciation is provided on a straight line basis in order to write-off the valuation of other assets, less estimated residual value, of each asset over its expected useful life, or lease period if shorter. The following useful economic lives should, where necessary, be used as approximations to the levels estimated annually. The base useful lives of assets, which are reviewed regularly, are as follows:

Freehold buildings	25 years
Furniture, fixtures and fittings	10 years
Office equipment	5 years
Computer equipment (including software and website development)	4 years
Plant and machinery	10 years
Motor vehicles	4 years

Leasehold alterations are depreciated on remaining period of lease or 10 years, whichever is shorter.

1(g) Assets in the course of construction

Assets in the course of construction are valued at cost less any impairment loss. Cost includes professional fees and other directly attributable costs necessary to bring the asset into use. Completed projects are capitalised but not depreciated until brought into use.

1(h) Revaluation of land and buildings

Land and buildings are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve. The only exception is where a deficit in excess of any previously recognised surplus over depreciated cost relating to the same property, is charged to Net Expenditure. On disposal of an asset which has been previously revalued, the gain or loss recorded in the Income and Expenditure account is based on the net carrying amount rather than the historical cost. Any previously revalued amounts are realised and transferred to the General Reserve account as a reserve movement.

1(i) Non-current assets held for resale

Non-current assets classified as held for sale are measured at expected net selling price.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1(j) Intangible assets

Acquired intangible assets such as software and software licences for internal recording and reporting systems, are measured initially at cost, using appropriate indices to account for the effect of inflation, as an approximation of fair value. These assets are amortised on a straight line basis over their estimated useful lives of 3 to 5 years. The minimum level of capitalisation is £1,000.

1(k) Impairment of tangible and intangible assets

At each year end, MLKDC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of the fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately

1(l) Financial instruments

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

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

MLKDC has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement trade receivables, cash and other receivables are classified as “loans and receivables”. Loans and receivables are initially measures at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

MLKDC assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past “due beyond 361 days” are generally not recoverable.

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

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making the collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics. Impairment losses are recognised on the SOCNE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed irrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the SOCNE to the extent that a provision was not previously recognised.

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

1(m) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made where there is objective evidence that MLKDC will not be able to recover balances in full. Balances can only be written off when non-recovery is considered certain and after the appropriate approvals have been granted

1(n) Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with commercial banks. As at each year-end, the carrying value of cash and cash equivalents approximates their fair value due to their short term nature.

1(o) Taxation (including Value Added Tax)

As MLKDC does not have Crown exemption it is liable to corporation tax on certain sources of income earned in any year.

Value Added Tax (VAT) is accounted for in accordance with Statement of Standard Accounting Practice 5. MLKDC cannot recover input VAT so all expenditure, assets and liabilities are shown inclusive of VAT. Any income subject to VAT is shown net.

1(p) Trade and other payables

Trade and other payables, are initially measured at fair value, net of transaction costs, and subsequently measured at cost.

1(q) Provisions

MLKDC makes provisions for liabilities and charges where, at the balance sheet 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, MLKDC discounts the provision to its present value using a standard Government discount rate, which currently stands at 2.2%.

1(r) Financing from OFMDFM

Financing represents net funding received from OFMDFM and is credited to the general reserve.

1(s) Revenue

In accordance with the Financial Memorandum Agreement income from operating activities represents:

- funding receivable from other organisations, including funding from the European Union (EU) for core programme expenditure. Such income is matched against programme expenditure wherever possible;
- fines and taxes as receipts;
- receipts from sale of goods or services;
- interest earned;
- proceeds from disposal of assets;
- gifts and bequests receiced.

Income from operating activities is further classified into the following categories:

<u>i) EU Income</u>

EU receipts relating to tangible assets are credited to deferred income to be released to SOCNE over the course of the life of the asset.

<u>iii) Heritage Lottery Fund (HLF)</u>

HLF receipts relating to resource expenditure are included within income from operating activities with the corresponding expenditure shown in the SOCNE.

HLF receipts relating to capital expenditure are included within income from operating activities and capitalising the corresponding expenditure.

1(t) Programme expenditure

Programme expenditure comprises general running costs, salary costs, internal project support costs, external consultancy, professional services, maintenance project costs and advertising and publicity costs. These components are defined under the programme budgetary framework, as agreed with OFMDFM and accounted for on an accruals basis.

1(u) Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded and non contributory. MLKDC recognises the expected cost of providing pensions 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 accrual basis.

All pension contributions are charged to the Income and Expenditure account when incurred.

1(v) Transfer of Assets

During the 2012-13 financial reporting period, responsibility for development of the Maze Long Kesh site transferred from OFMDFM to MLKDC. The effective date of transfer was 10th September 2012, when the Board was appointed. In accordance with FReM, 'absorption' accounting is applied to the transfer of function from OFMDFM to MLKDC. This treatment does not require retrospective restatement. Assets are transferred at net book value and this represents a change in equity. Although not recognised specifically in IFRS, it is permissible within the scope of IAS 8 as interpreted by FReM to reflect the substance of business combinations under common control. As the transfer to MLKDC occurred during the financial reporting period, the performance of MLKDC until 9th September 2012 is recorded in the accounts of OFMDFM. This is set out below:

Programme

	£'000
Staff costs	83
Other programme costs	570
Income(treated as CFERs)	(13)
Net Operating Cost	640

Net assets transferred to MLKDC on 10th September 2012 at carrying value with the corresponding impact on taxpayer's equity were as follows:

Assets and liabilities

	£'000
Property, plant and equipment	4,612
Assets held for sale	550
Trade and other payables	(632)
Assets and liabilities	4,530

Taxpayer's equity

	£'000
General fund	4,495
Revaluation reserve	35
Total taxpayer's equity	4,530

2 STATEMENT OF OPERATING COSTS BY SEGMENT

The operating segments are based on the 4 Directorates within MLKDC

Segment 1 - Chief Executive - Organisation strategy and direction
Segment 2 - Finance and Corporate Services
Segment 3 - Development – MLKDC site development
Segment 4 - Social Regeneration – Peace Building and Conflict Resolution Centre and related issues.

2013	Chief Executive £'000	Finance & Corporate Services £'000	Development £'000	Social Regeneration £'000	Total £'000
Gross Expenditure	153	2,248	92	223	2,716
Income	-	-	(7)	(131)	(138)
Net expenditure	153	2,248	85	92	2,578

3 STAFF COSTS AND EMPLOYEE INFORMATION

(i) The total staff costs, including senior management team but excluding board members was:

			2012-13
	Permanently employed staff £'000	Seconded Staff £'000	Total £'000
Wages and salaries	-	477	477
Social security costs	-	47	47
Other pension costs	-	54	54
Sub Total	**-**	**578**	**578**
Less recoveries for outward secondments	-	-	-
Total net costs	**-**	**578**	**578**

			2012-13
Number	**Permanent staff**	**Others**	**Total**
Directly employed	-	10	10
Other	-	4	4
Total	**-**	**14**	**14**

(ii) Pension Costs

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme but (MLKDC) 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 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2012-13, employers' contributions of £16k were payable to the PCSPS(NI) at one of four rates in the range 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. However HM Treasury has instructed the scheme to cease further work on the March 2010 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 2013-14, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 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 £0 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% pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0, 0.8% of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £0. There were no contributions prepaid at the year end.

Staff employed in the Development Corporation through an Operational Partnership Agreement with the Strategic Investment Board (SIB) are not members of Northern Ireland Civil Service Pension arrangements, they are members of defined contribution pension scheme operated by SIB.

For 2012-13 the employers' pension contributions reimbursed to SIB was £19k.

No persons retired early on ill-health grounds; and there were no additional accrued pension liabilities in the year.

4 OTHER EXPENDITURE

	year ended 31 March 2013 £'000
Office accommodation costs	23
Site security costs	126
Telephone and postage	5
Printing and stationary	9
Recruitment costs	4
Travel, accommodation and subsistence	29
IT costs	11
Training and conferences	8
Subscriptions	6
Hospitality	5
Miscellaneous operational costs	5
Maintenance	197
Events and marketing	38
Audit and accountancy	25
Consultancy costs	108
Other professional costs	120
Board salaries	56
Vehicle costs	4
Total	779

5 ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	year ended 31 March 2013 £'000
(i) Depreciation and amortisation	
Fixed asset depreciation (note 7)	36
Intangible asset amortisation (note 8)	2
	38
(ii) Impairment	
Fixed asset cost / valuation impairment (note 7)	1,391
Fixed asset depreciation impairment (note 7)	(35)
Movement on Revaluation Reserve	(35)
	1,321

6(i) INCOME

This comprises:

	year ended 31 March 2013 £'000
Heritage Lottery Fund Income	131
Miscellaneous income	7
Total Income	138

6(ii) FEES AND CHARGES

	year ended 31 March 2013 £'000
Site rental, licence fees and recharge of electricity	2

The information is provided for fees and charges purposes, not for IFRS 8 purposes.

MLKDC has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

7 TANGIBLE FIXED ASSETS

(i) Total Tangible Fixed Assets

	Land	Buildings	Plant & machinery	Fixtures & Fittings	Motor Vehicles	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / Valuation:							
At 10 Sept 2012	-	-	-	-	-	-	-
Transfers*	3,800	779	2	38	31	-	4,650
Additions	481	1,002	16	-	-	962	2,461
Revaluation gain			-	1	1	-	2
Impairment	(760)	(616)	-	-	-	(15)	(1,391)
Transfer adjustment	(41)	(10)	-	-	-	-	(51)
At 31 March 2013	3,480	1,155	18	39	32	947	5,671
Depreciation:							
At 10 Sept 2012	-	-	-	-	-	-	-
Transfers*	-	14	-	15	9	-	38
Charge for year	-	27	1	4	4	-	36
Impairment	-	(35)	-	-	-	-	(35)
At 31 March 2013	-	6	1	19	13	-	39
Net Book Value:							
At 10 Sept 2012	-	-	-	-	-	-	-
At 31 March 2013	3,480	1,149	17	20	19	947	5,632

* Transfer of assets from OFMDFM to MLKDC on 10 September 2012

(ii) Analysis of land and property balance (net book value):

Land and property was re-valued by Land and Property Services on 31 March 2013 on the basis of open market value for existing use. Management considers this basis as the best available estimation of fair value.

In accordance with the organisation's accounting policy, land and buildings which are identified for disposal within the next year are classified as 'Current Assets' (note 11).

8 INTANGIBLE FIXED ASSETS

	Software licences £'000
Cost / Valuation:	
At 10 Sept 2012	-
Additions	36
At 31 March 2013	36
Amortisation:	
At 10 Sept 2012	-
Charge for year	2
At 31 March 2013	2
Net book value:	
At 10 Sept 2012	-
At 31 March 2013	34

9 FINANCIAL INSTRUMENTS

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

10(i) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2013 £'000
Amounts due within one year:	
Other receivables	164
EU debtors	169
Prepayments and accrued income	6
	339

10(ii) INTRA- GOVERNMENT BALANCES

	2013 £'000
Amounts due within one year:	
Balances with other central government bodies	-
Balances with local authorities	-
Public Corporations	-
Balances with NHS bodies	-
Intra-government balances	-
Balances with bodies external to government	339
Total receivables at 31 March 2013	339

11 ASSETS HELD FOR RESALE

	2013 £'000
Property, plant and equipment	550

Assets held for resale consists of land approved for sale to the Royal Ulster Agricultural Society (RUAS) through the development agreement that has been signed with RUAS on 7 November 2013.

12 CASH AND CASH EQUIVALENTS

	2013 £'000
Balance at 10 September 2012	-
Net change in cash and cash equivalent balances	508
Balance at 31 March 2013	508
The following balances at 31 March were held at:	
Commercial banks and cash in hand	508
Balance at 31 March 2013	508

13(i) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2013 £'000
Amounts due within one year:	
Trade payables	1,443
Other payables	47
Accruals and deferred income	546
	2,036

13(ii) INTRA- GOVERNMENT BALANCES

	2013 £'000
Amounts due within one year:	
Balances with other central government bodies	134
Balances with local authorities	-
Public Corporations	78
Balances with NHS bodies	-
Intra-government balances	212
Balances with bodies external to government	1,824
Total receivables at 31 March 2013	2,036

14 CAPITAL COMMITMENTS

	2013 Total £'000
Contracted capital commitments at 31 March 2013 not otherwise included in these financial statements	
Property, plant and equipment	25
Intangible assets	-
At 31 March 2013	25

15 COMMITMENTS UNDER LEASES

15(i) Operating Leases

MLKDC has no operating leases requiring disclosure.

16 OTHER FINANCIAL COMMITMENTS

The NDPB has not entered into non-cancellable contracts (which are not leases or PFI and other service concession arrangements). MLKDC is not committed to any future payments.

17 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

MLKDC has no contingent liabilities requiring disclosure under IAS 37.

18 LOSSES AND RELATED INFORMATION REQUIRED BY MANAGING PUBLIC MONEY NORTHERN IRELAND (MPMNI)

MLKDC is required by MPMNI to disclose losses and related information, which were either incurred within the responsibility of MLKDC or through external parties such as its managing agents, including any waiver of entitlement to fees, income and write off. MLKDC has no losses, constructive losses or related information to report.

(1) Special payments

There were no special payments made during the year.

19 RELATED PARTY TRANSACTIONS

Transactions with the Parent and other Government Departments

MLKDC is a NDPB of OFMDFM. OFMDFM is regarded as a related party. During the year, MLKDC has had various material transactions with OFMDFM as shown below. At the year end, MLKDC also had the following material outstanding balances with OFMDFM:

	2013 **£'000**
Grant in Aid from OFMDFM	(3,108)
Secondment fees to OFMDFM	74
Creditors (due to OFMDFM)	8

Strategic Investment Board (SIB) is also an NDPB of OFMDFM. MLKDC and SIB are regarded as related parties. During the year, MLKDC had various material transactions with SIB as shown below. At the year end, MLKDC also had the following material outstanding balances with SIB:

	2013 **£'000**
Secondment fees paid to SIB	407
Creditors (due to SIB)	55

In addition, MLKDC has had various transactions with other public bodies regarded as related parties. The following transaction and balances related to 2012-13:

	2013
	£'000
Secondment fees paid to other public bodies	54
Creditors(due to other public bodies)	23

Register of interests

The Chairman, Board members, Chief Executive and Senior Management Team are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgment. The register of interests is available for public inspection by contacting MLKDC, 94 Halftown Road, Lisburn, BT27 5RF.

Transactions involving Chief Executive and Senior Management Team

There were no material related party transactions involving the Interim Chief Executive and Senior Management Team during the year.

Transactions involving Board Members

Transactions with related companies are conducted on an arms length basis. The purchase of goods and services are subject to normal tendering processes, and the organisation's procurement policy which complies with DFP guidelines. All proposals and transactions are approved in line with the delegation policies approved by OFMDFM.

During the year, the following payments (inclusive of VAT where applicable and aggregate value in excess of £1k) were made to companies/organisations related to Board members:

- Duncan McCausland is an Associate with G4S. G4S received £126k from MLKDC for services supplied during the financial year.

- Paul Stewart is an elected member of Lisburn City Council. Lisburn City Council received £3k from MLKDC for services supplied during the financial year.

The following balances were owed to companies/organisations related to Board members:

- MLKDC owed G4S £18k at 31 March 2013.

20 Events after the reporting period - Capital Grant from Special EU Programmes Body (SEUPB)

During the financial year, MLKDC received £540k of an £18M capital grant from SEUPB to part fund the Peace Building and Conflict Resolution Centre (PbCRC). Following Ministerial Statements in August 2013, SEUPB rescinded their letter of offer on 7 October 2013 in the absence of assurances from OFMDFM that the conditions of the offer could be met and the project could be delivered within funding timescales. As a result SEUPB have requested repayment of the grant. On 21 November 2013, MLKDC repaid £540k to SEUPB.

Under IAS 10, this transaction can be classified as an event after the reporting period. This is defined as an event that occurs between the end of the reporting period, and the date the Financial Statements are authorised for issue. Also, since this event is indicative of conditions that arose after the reporting period, it is defined as a non adjusting event which requires disclosure in the Financial Statements.

Appendix A – Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER IN ACCORDANCE ITH SECTION 13(1) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT (NORTHERN IRELAND) 2001 AND THE STRATEGIC INVESTMENT AND REGENERATION OF SITES (NI) ORDER 2003

1. This direction applies to the Maze/Long Kesh Development Corporation (MLK DC).

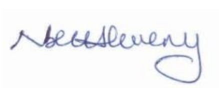
2. MLK DC shall prepare accounts for the period ended 31 March 2013, and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the extant edition of the *Government Financial Reporting Manual* ("the FReM").

3. The accounts for MLK DC shall be prepared so as to:

   (a) give a true and fair view of the state of affairs as at 31 March 2013, and subsequent financial years, and of the income and expenditure, (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the Company for the financial year then ended; and

   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with OFMDFM.



NOEL LAVERY
DEPARTMENTAL ACCOUNTING OFFICER
29 JANUARY 2013

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CDS
4D Weavers Court
Linfield Road
Belfast
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Telephone: 028 9034 7500
Email: cds-ni@cds.co.uk

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