

Maze Long Kesh Development Corporation

Annual Report and Accounts 2013-14



MazeLongKesh
from peace to prosperity

MAZE LONG KESH DEVELOPMENT CORPORATION

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2014

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

23 December 2014

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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 climate we now find ourselves in.**"*

Given that public finances continue to be problematic the relevance of the Ministerial statement, as outlined above, remains significant.

Therefore, the Board of the Development Corporation has sought, where possible, to ensure that the Maze Long Kesh site remains fit for purpose and, insofar as we are able, the potential inherent in the site remains ready to be fully exploited to achieve the Ministerial objective of "maximising the site's economic, historic and reconciliation potential."

In order to do so the Board approved and submitted our draft Business Plan to OFMDFM in February 2013 containing the following priorities:

- To widely and effectively communicate our vision for the site
- To fully support the RUAS in ensuring a successful delivery of their first Balmoral Show at Maze Long Kesh
- To progress infrastructural design
- To commence private sector partner procurement
- To engage positively with Lisburn City Council in helping to jointly develop the "1,000 acre perspective"
- To secure planning permission for the proposed Peace building and Conflict Resolution Centre ('PbCRC')
- To seek widespread endorsement of our Spatial Framework
- To progress plans for our Community Zone

Following the completion of site works by our management team and with their broad professional support, the first Balmoral Show at MLK was successfully delivered in May 2013, with record attendance.

In tandem with this, a comprehensive programme of site remediation was substantially completed, together with the securing of planning permission and tenders for the PbCRC and the completion and Board approval of the business case for the refurbishment of the WW11 hangers.

As part of our strategy to comprehensively engage with a range of stakeholders and influencers, we met with senior international advisors from the OECD in Spring 2013 in order to test the robustness of our Vision, our Strategy and our Business Plan and, in addition, we made a significant contribution to the joint initiative by DHSSPS and DETI to create and develop a Health and Prosperity Strategy.

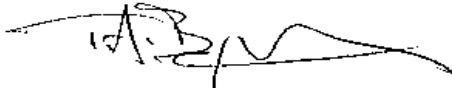
Following the August 2013 statement from the First Minister regarding the PbCRC I, on behalf of the Board, met in September with the First Minister and deputy First Minister in order to seek clarification of their position in relation to future development of the site and subsequently met with Meghan O'Sullivan and Richard Haas as part of their programme of consultations. Ministers met with the Board in February 2014 to review the position.

In line with our ongoing programme of ensuring sound management practice, effective administration and good governance, we completed the following:

- The implementation of a SAGE accounting system
- The approval and implementation of a comprehensive and appropriate Equality Scheme
- The constitution of a Communications Committee and approval of a wide-ranging Communications Strategy
- The approval of a revised Business Plan in November 2013
- Consideration of a revised Management Statement and Financial Memorandum
- The approval and implementation of an appropriate Risk Management Strategy
- The creation and approval of a draft 2014-15 Business Plan
- The approval of an integrated regeneration model
- The implementation and completion of a Board Effectiveness Review mechanism

In the absence of an approved Business Plan we have operated within the direction provided by the OFMDFM Accounting Officer as to the definition of activities for which we have authority. The Board approved the Roads Infrastructure business case and the Community Zone business case and the completion of essential health and safety works in advance of the second Balmoral Show.

Importantly, as in the previous year, the Board continues to be well supported and advised by our Interim Chief Executive, Kyle Alexander, and his highly professional management team and, in spite of some of the difficulties and uncertainties surrounding the site, it is testament to their skills and dedication that progress in managing the site in preparation for its future development continues. We also wish to place on record our thanks for the guidance and support given by officials from the Office of the First Minister and Deputy First Minister.

A handwritten signature in black ink, appearing to read 'T. Brannigan', with a long horizontal flourish extending to the right.

Terence Brannigan
Chairman

12 December 2014

CHIEF EXECUTIVE'S OVERVIEW

I am pleased to report that the Corporation has continued to fulfil its responsibilities as site owner and regeneration agency within the parameters that were set by the sponsoring department OFMDFM to take account of the current lack of agreement on the future development of the site.

Our focus since the statement by the First Minister in August 2013 has been on managing and maintaining the existing site whilst ensuring we fulfil our health and safety responsibilities. Early in the year we completed the comprehensive remediation of the whole site and were delighted when the quality of our approach was recognised at the UK wide Brownfield Briefing Awards. The completion of remediation together with other site works created the setting for us to successfully host the first relocated Balmoral Show in May 2013. The Show together with a range of other events attracted some 130,000 members of the public to the site during the reporting period, reflecting the remarkable transformation that has already been achieved on a site that has been closed to the public since before World War 2.

The year provided the opportunity for consolidation across a range of activities. Following the launch in April of our vision 'From Peace to Prosperity' we finalised our spatial framework plan for the site. We also considered further what 'prosperity' would entail and developed an integrated regeneration model that reflected our commitment to deliver both economic and social value. The legal development agreement with the RUAS was completed in November 2013 and establishes the working relationship between the Society and the Corporation. Business cases were completed and submitted to OFMDFM for major projects including external roads infrastructure, the community zone and hangars refurbishment.

Planning permission for the proposed Peace building and Conflict Resolution Centre had been secured and procurement commenced in the early part of the year. However following the statement by the First Minister in August 2013 the SEUPB withdrew their offer of funding in October 2013 and as a consequence procurement of the capital works was terminated.

As both Chief Executive and Accounting Officer I am committed to achieving the highest standards of good governance, financial management and accountability. We consolidated our governance framework and financial systems, the effectiveness of which was reflected in 'substantial' assurance being received in relation to audits of our procurement and contract management and our payroll, pensions and expenses policies. A SAGE accounting system was brought into operation. Our Equality Scheme was approved by the Equality Commission in 13 December 2013. Our risk register is a live management tool and is reviewed monthly by the Senior Management Team and Board. I would especially commend the contribution of Director of Finance Alison Stafford on these governance and finance matters.

At the time of writing the continuing lack of Ministerial approval of our Business Plan is a cause for concern. I have taken the appropriate steps to manage our activity in this context and to mitigate any risk. I have sought to ensure that all expenditure is regular and within the authority granted by the OFMDFM Accounting Officer.

Finally I would acknowledge the commitment of the Senior Management Team and staff during a difficult year and the continuing support of the OFMDFM sponsor team, SIB and CPD.

A handwritten signature in black ink, appearing to read 'K. M. Alexander', with a horizontal line underneath.

Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

STRATEGIC REPORT

Introduction

The Board presents the annual report and audited accounts of Maze Long Kesh Development Corporation (MLKDC) for the year ended 31 March 2014. 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 (SIRS) (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 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 (SIRS) (Northern Ireland) Order 2003. Legislation establishing the Corporation was made on 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”

Review of MLKDC Business

Programme for Government 2011-15

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
- Peace building and Conflict Resolution Centre complete.

Performance on Key Priorities 2013-14

Key priorities for the Corporation are identified in the annual Business Plan. The chronology of the submission of the draft 2013-14 Business Plan and revised draft 2013-14 Business Plan is outlined in the Governance Statement. Due to the lack of political agreement over the future development of the Maze Long Kesh site, neither Business Plan has been approved by the Department. However, as noted in the Governance Statement, the Department has indicated that it is content for MLKDC to incur expenditure to fulfil:

“its responsibilities to maintain and secure the site taking account of health and safety requirements; to prepare for the Balmoral Show from a health and safety perspective; and to fulfil its statutory obligations in respect of equality issues and the segregation of financial duties in line with Internal Audit requirements.”

Of the 33 Business Plan targets identified in the initial draft 2013-14 Business Plan, 18 were completed at year end, with one on track for delivery and 14 where progress had been less than planned with significant doubt around the achievement of the targeted outcome.

Of the 23 Business Plan targets identified in the revised draft 2013-14 Business Plan, (October 2013 to March 2014) 8 were completed at year end, with four on track for delivery and 11 where progress had been less than planned with significant doubt around the achievement of the targeted outcome.

The lack of progress in some areas results from the restricted remit of the Corporation due to the lack of political agreement around the future development of the Maze Long Kesh site.

Financial Performance

Consolidated Statement of Comprehensive Net Expenditure

Total consolidated expenditure for the year excluding asset impairment, depreciation and amortisation has increased by £0.65m from £1.36m to £2.01m. This increase is because expenditure in the prior year was for 7 months to 31 March 2013 compared with a full 12 months expenditure in the current financial year.

Asset impairment, depreciation and amortisation reduced by £1.15m from £1.36m to £0.21m. This was primarily due to asset impairment charged in the prior year when assets transferring from OFMDFM to MLKDC were revalued by Land and Property Services (LPS).

Consolidated Statement of Financial Position

Non-current assets at the year-end were £6.51m, an increase of £0.85m on 2012-13. This increase was due to the re-classification of Assets held for sale as land, a small increase in the Land and Property site valuation by LPS and some routine asset additions.

Total current assets were £0.40m at year end, compared with £1.4m last year. Also, total current liabilities were £0.36m compared to £2.0m last year. These reductions arose from a lower level of site activity due to the absence of political agreement on future development.

Financial Highlights for the Period

This period saw the establishment and agreement of the following:

- Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness;
- A suite of other policies, processes and procedures covering the full range of Corporation activities in consultation with OFMDFM;
- Implementation of Sage Financials, Payroll and Project Accounting;
- A clearly defined system of expenditure authority delegations;
- Clear process for the authorisation of expenditure and the payment of invoices;
- Risk Management in key financial service areas;
- Substantial or satisfactory assurance in all internal audit areas examined; and
- Certification of 2012-13 MLKDC Financial Statements by NIAO.

Principal Risks and Uncertainties

The Governance Statement sets out our approach to the management of the significant risks and uncertainties facing the Corporation.

Going Concern

OFMDFM has confirmed that there are no plans to dissolve the Maze Long Kesh Development Corporation (MLKDC). OFMDFM officials are currently engaging with MLKDC to develop an indicative budget for the 2015-16 financial year. It is therefore appropriate to prepare the 2013-14 accounts on a going concern basis.

Equality

Section 75 and Schedule 9 of the Northern Ireland Act 1998 place two statutory duties on all designated public authorities, including MLKDC, to promote equality of opportunity (on nine grounds) and good relations (on three grounds). The Board carries executive responsibility for ensuring compliance in this area.

We have developed an Equality Scheme which sets out how MLKDC proposes to fulfil the Section 75 statutory duties. This was approved by the Board in July 2013, prior to public consultation, and by the Equality Commission in December 2013.

The following work is ongoing:

- Screening of policies and procedures for equality impact assessment;
- Notification to consultees of screening decisions;
- Equality Training;
- Implementation of Equality Action Plan contained within the Equality Scheme.

In accordance with commitments outlined in the Corporation's Equality Scheme, all staff have received training on their duties in relation to Equality. This consists of an overview of the legislation, the complaints mechanism attaching to Section 75, and the practical steps that have already been taken to meet the two statutory duties. Similar training was also provided to Board Members in May 2014.

An Equality Steering Group has been set up to ensure ongoing compliance in this area. This group reports to the Senior Management Team (SMT) and to the Board.

Freedom of Information

As a Public Authority, MLKDC is committed to openness and transparency through compliance with the Freedom of Information Act 2000.

We have developed a procedure for dealing with Freedom of Information requests to ensure that they are handled in accordance with the legislation. This procedure has been distributed to all staff. In addition, a freedom of Information log has been set up to monitor the progress of requests, thereby ensuring compliance. No Freedom of Information requests have been received in 2013-14.

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.

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.

MLKDC Staffing Statistics

The table below shows MLKDC staff broken down by gender:

	Male	Female	Total
Board Members	9	1	10
Senior Managers	4	2	6
Other	6	3	9
	19	6	25

Note the above is based on total numbers employed, whereas average number employed in note 3 is based on full time equivalent (FTE).

Sustainability Report

MLKDC is committed to ensuring that sustainable development becomes an integral part of our business. Sustainability measures include:

- Waste management – reduction, recycling and re-use;
- Sustainable drainage systems;
- Reducing our contribution to climate change in terms of energy consumption and related CO2 emissions.

The 2013-16 MLKDC Corporate Plan, as yet unapproved, contains a commitment to act:

“in keeping with best practice guidelines on sustainable development”

An integrated regeneration model has been developed which seeks to deliver environmental, economic and social value through an integrated approach to economic competitiveness, social inclusion and community cohesion.

Accordingly, we have drafted a business case for the creation of a sustainable development strategy. However, this is on hold pending political agreement on future development at the Maze Long Kesh site.



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

DIRECTORS' REPORT

Board and Executives 2013-14

Board Members

Terence Brannigan (Chairman)

Ciaran Mackel

Kenneth Cleland

Conor Patterson

Joe O'Donnell

John Gallagher

Maurice Kinkead

Terri Scott

Paul Stewart (*until 15 June 2013*)

Duncan McCausland

Anthony Gallagher

Committees

Appointments & Remuneration; Peace building and Conflict Resolution Centre (PbCRC); Physical & Economic Development

Audit; PbCRC; Physical & Economic Development

PbCRC; Physical & Economic Development;

Physical & Economic Development; Social Regeneration

PbCRC; Social Regeneration

Appointments & Remuneration; Social Regeneration

Appointments & Remuneration; Social Regeneration

Appointments & Remuneration; Physical & Economic Development

Physical & Economic Development; Social Regeneration

Audit; PbCRC

Audit; PbCRC

Chief Executive and Senior Management

Kyle Alexander	Interim Chief Executive
Mary McKee (<i>until 31 August 2013</i>)	Director of Social Regeneration
Julie Harrison (<i>from 3 December 2013</i>)	Director of Social Regeneration
Neil McIvor	Director of Development
Alison Stafford	Director of Finance and Corporate Services
Paul Hughes (<i>from 10 February 2014</i>)	<i>Acting</i> Director of Finance and Corporate Services
David McCavery (<i>from 2 September 2013</i>)	Director of Communications

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 page 7.

Other Policies

Specific Acts and policies governing MLKDC are described in the Governance Statement – pages 23 to 38.

Political donations and expenditure

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

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 2013-14 MLKDC paid 99% (2012-13: 97%) of its invoices within this standard. DAO (DFP) 04/13 states that public sector organisations should pay suppliers wherever possible, within 10 working days. During 2013-14 MLKDC paid 79% (2012-13: 68%) of its invoices within the 10 working day target.

Absence Management

Staff attendance is actively managed, and the organisation's absence rate for the 2013-14 year was 9.8 days including long term absence of 9.7 days (7 months to 31/3/13: 6.4 days). The increase was due to two staff members on long term absence. The average within the NI Civil Service is 10.1 days (2012-13: 10.6 days).

Information Assurance and Management

MLKDC completed the 2013-14 Arms Length Body (ALB) Security Risk Management Overview (SRMO) to confirm compliance with the Department's protective security policies. This is the first year that ALBs have been asked to complete this review; previously the quarterly assurance statements submitted to OFMDFM were deemed to provide sufficient comfort in this area. No areas of significant security or information risks to MLKDC were identified in the annual review. In addition, Internal Audit conducted a review of IT and Information Security during the year and provided a "satisfactory" assurance opinion.

Reporting of Personal Data Reporting Incidents

There were no personal data related incidents reported during the year.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 3 of the Accounts.

Register of Interests

No member of the Board or Senior Management Team held any position outside MLKDC which may have conflicted with their management responsibilities.

Events after the Reporting Period

There were no material events after the reporting period to disclose as defined by IAS 10.

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 (2012-13: NIL).

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
Interim Chief Executive and Accounting Officer

12 December 2014

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 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	Benefits in	Salary	Benefits in
	2013-14	Kind	2012-13	Kind
	£'000	2013-14	£'000	2012-13
		£'000		£'000
Terence Brannigan	30	-	19 (30 FYE)	-
Ciaran Mackel	6	-	3 (6 FYE)	-
Kenneth Cleland	6	-	3 (6 FYE)	-
Conor Patterson	6	-	3 (6 FYE)	-
Joe O'Donnell	6	-	3 (6 FYE)	-
John Gallagher	6	-	3 (6 FYE)	-
Maurice Kinkead	6	-	3 (6 FYE)	-
Terri Scott	6	-	3 (6 FYE)	-
Paul Stewart* (<i>until 15 June 2013</i>)	1	-	3 (6 FYE)	-
Duncan McCausland	6	-	3 (6 FYE)	-
Anthony Gallagher	6	-	3 (6 FYE)	-

**Paul Stewart resigned from the Board on 15 June 2013, he has not been replaced.*

The 2012-13 figures are for 7 months.

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 is a full time permanent employee of the Corporation and was appointed through open competition.

The Directors of Social Regeneration are full time Associate Advisors with SIB acting into the position of Director of Social Regeneration at MLKDC on an interim basis during the year. All ongoing costs associated with the appointments 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 Director of Communication is a part time temporary member of the team secured through an open tender exercise.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Salary and pension entitlements (audited information)

The following sections provide details of the remuneration and pension interests of the Senior Management Team:

Officials	2013-14					2012-13				
	Salary	Bonus Payments	Benefits in Kind	Pension Benefits*	Total	Salary	Bonus Payments	Benefits in Kind	Pension Benefits	Total
	£'000	£'000	(to nearest £100)	(to nearest £1000)	£'000	£'000	£'000	(to nearest £100)	(to nearest £1000)	£'000
Kyle Alexander** (Interim Chief Executive)	100-105	-	-	-	100-105	55-60 (95-100 FYE)	-	-	-	55-60
Mary McKee** Director (until 31/08/13)	25-30 (60-65 FYE)	-	-	-	25-30	35-40 (60-65 FYE)	-	-	-	35-40
Julie Harrison** Director (from 3/12/13)	15-20 (45-50 FYE)	-	-	-	15-20	N/A	N/A	N/A	N/A	N/A
Neil McIvor*** Director	70-75	-	-	24	95-100	40-45 (70-75 FYE)	-	-	-	40-45
Alison Stafford Director	45-50	-	-	11	60-65	25-30 (45-50 FYE)	-	-	9	35-40
Paul Hughes Acting Director (from 10/02/14)	5-10 (45-50 FYE)	-	-	-	5-10	N/A	N/A	N/A	N/A	N/A
David McCavery Director (from 2/09/13)	30-35 (50-55 FYE)	-	-	-	30-35	N/A	N/A	N/A	N/A	N/A

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

** Denotes Operational Partnership Agreement with the Strategic Investment Board

***Denotes Operational Partnership Agreement with Strategic Investment Board for April and May 2013, and employment with MLKDC from June 2013.

Median Remuneration (audited information)

	2013-14	2012-13 (Restated for 12 months)*
Band of Highest Paid Director's Total Remuneration	100k-105k	95k-100k
Median Total Remuneration	31,645	17,929
Ratio	3.2	5.5

*This calculation is based on full-time equivalent staff at year end 31 March on an annualised basis. The figures also include Board members' remuneration. Remuneration has been annualised for 2012-13 but MLKDC only operated for 7 months during this period.

MLKDC is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the Corporation's workforce.

The banded remuneration of the highest-paid director in MLKDC in the financial year 2013-14 was £100k-£105k (2012-13, £95k-£100k). This was 3.2 times (2012-13, 5.5) the median remuneration of the workforce, which was £31,645 (2012-13, £17,929).

In 2013-14, Nil (2012-13, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £6k to £103k (2012-13, £6k to £99k when annualised).

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

The decrease in Ratio is due to changes in the composition of the workforce with permanent staff recruited at the start of the period combined with the departure of personnel who contributed to a lower median remuneration.

The table below has been included to show the annualised median remuneration and ratios excluding Board members in both the current and comparative years.

	2013-14	2012-13 Restated for 12 months
Band of Highest Paid Director's Total Remuneration	100k-105k	95k-100k
Median Total Remuneration	43,854	39,819
Ratio	2.3	2.5

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 and any gratia payments.

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. There were no benefits in kind provided in the year (2012-13, Nil).

Bonuses

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

Pension Entitlements (audited information)

Officials	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Kyle Alexander* <i>Interim Chief Executive</i>	-	-	-	-	-	-
Mary McKee* <i>Director (until 31/08/13)</i>	-	-	-	-	-	-
Julie Harrison* <i>Director (from 3/12/13)</i>	-	-	-	-	-	-
Neil McIvor <i>Director</i>	0-5 plus nil lump sum	0-2.5 plus nil lump sum	14	0	9	-
Alison Stafford <i>Director</i>	5-10 plus nil lump sum	0-2.5 plus nil lump sum	111	96	6	-
Paul Hughes** <i>Acting Director (from 10/02/14)</i>	-	-	-	-	-	-
David McCavery** <i>Director (from 2/09/13)</i>	-	-	-	-	-	-

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

** not a member of Northern Ireland Civil Service Pension arrangements

Northern Ireland Civil Service (NICS) Pension arrangements

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

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

Members of **classic**:

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

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

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

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 (2012-13, Nil).

A handwritten signature in black ink, appearing to read 'Kyle M Alexander', written over a horizontal line.

Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

MLKDC GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

Introduction

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. The MLKDC functions as an Arm's 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).

This Statement is given in respect of MLKDC's Accounts for 2013-14 and comprises two broad elements. The Statement sets out the governance framework, identifying responsibilities and explains the functions of its constituent elements. Secondly, the Statement reports my assessment as Accounting Officer of the effectiveness of the framework during the reporting period.

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 during the year ending 31 March 2014. It comprises:

- The Board;
- The Accounting Officer;
- The Audit and Risk Assurance 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;
- PbCRC Committee;
- Physical and Economic Development Committee;
- Social Regeneration Committee;
- The Management Statement and Financial Memorandum;
- OFMDFM Oversight Arrangements;
- The Corporate and Business Plans;
- Performance Management
- Financial Policies and Procedures;
- The Risk Management Framework;
- The Fraud Prevention Strategy, and
- Whistle Blowing Arrangements.

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 of Good Practice (NI)*" (*the 2013 Code*) issued under DAO (DFP) 06/13 in April 2013 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 the 2013 Code. The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and supporting me in meeting my corporate governance responsibilities.

The Standing Orders of the Board make clear the Board's 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 of Good Practice (NI) 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. Day-to-day operational matters are my responsibility and that of the senior management team. The Board does not direct me on how MLKDC's business should be run, unless in exceptional circumstances, of which none occurred in this reporting period.

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 me in my roles of Chief Executive and Accounting Officer.

As Chief Executive, I am responsible for organising the agenda for Board meetings and ensuring the Chair and Board members are provided with timely information to support full discussion at each meeting.

The Board receives written reports from me and also receives a financial and budget monitoring report from the Director of Finance & Corporate Services.

I provide reports on the status of supported projects; and quarterly reports on the delivery of business plan objectives. The Director of Finance and Corporate Services provides reports on: expenditure against plan; resource inputs by project; absence management and recruitment.

The Board maintains a register of interests. This lists for each member all commercial and other relevant interests. A similar register is maintained by senior staff in MLKDC. The lists are updated annually but Members and staff are required to report significant changes as they occur. The Register of Interests is held at MLKDC and is available for inspection.

Each Board and Committee meeting begins with those present declaring any conflicts of interest that may arise from agenda items. The Standing Orders for the Board set out how such conflicts should be managed should they arise. These Orders require a Member with a conflict of interest to withdraw from any discussion of the relevant matter and to abstain from any associated vote.

From 1 April 2013 to 31 March 2014, 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	Resigned 15/06/13

The Board held 10 meetings during the year to 31 March 2014. Attendance was as follows:

Members	Meetings Attended	Possible Attendance
Terence Brannigan	10	10
Kenneth Cleland	10	10
Duncan McCausland	10	10
Conor Patterson	8	10
Ciaran Mackel	6	10
Anthony Gallagher	8	10
Joe O'Donnell	7	10
Terri Scott	7	10
John Gallagher	10	10
Maurice Kinkead	7	10
Paul Stewart	0	2

The Board received reports on the status of Development projects and potential projects for the site; financial management information; budget monitoring; human resources issues and quarterly reports on the delivery of Business Plan objectives. All reports/papers conform to a standard layout to ensure the appropriate focus on key issues. Financial and performance data is extracted from accounting and operational systems and is therefore subject to regular, planned internal quality assurance checks and independent audits.

The Board considers the information provided to be sufficient to allow it to discharge its strategic planning and corporate governance responsibilities.

Board Effectiveness

A review of effectiveness of the Board was carried out in 2013-14. Strengths identified were in the areas of internal control and provision of financial information. Development areas noted were in relation to a communications strategy, range of skills, and time allocation for Board discussions. This evidence presented provides me with assurance that the Board operates effectively.

Board Committees

The Board operated the following committees during 2013-14:

- The Audit and Risk Assurance 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 and Risk Assurance Committee

The Audit and Risk Assurance Committee's terms of reference set out its purpose as being to support me as 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 and Risk Assurance Committee does not have executive powers.

The Audit and Risk Assurance 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 was appointed to the Audit and Risk Assurance Committee on 1 June 2013. The Audit and Risk Assurance Committee Chair is a non-executive member of the Board other than its Board Chair.

The Audit and Risk Assurance Committee met four times in 2013-14 (2012-13:1).

Members	Meetings Attended	Possible Attendance
Duncan McCausland	4	4
Anthony Gallagher	3	4
Ciaran Mackel	4	4
Mary McIvor	1	3

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 and Risk Assurance Committee Handbook, the Chair of the Audit and Risk Assurance 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.

MLKDC provided regular reports to the committee on business planning, risk management and assurance alongside the development of policies and procedures for the Corporation. In addition to its core work programme the Audit and Risk Assurance Committee also scrutinises the Annual Report and Accounts advising on the content of the Governance Statement. In this financial year the Audit and Risk Assurance Committee also considered and commented on individual issues of internal governance and their implications for wider governance arrangements.

The Committee Chairman reports after each meeting to the Board on any significant issues that have arisen. He, on behalf of the Committee, reports in writing once a year to the Accounting Officer and the Board on the findings and conclusions of the Committee for the past year. The Chairman's annual report for this period was presented, and accepted by, the Board in August 2014.

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.

Sources of Independent Assurance

Independent Assurance is received from the following sources:

- Internal Audit; and
- Northern Ireland Audit Office.

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 me as Accounting Officer and to the Audit and Risk Assurance Committee.

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

I am independently advised by the Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS).

Internal Audit has played a crucial role in the review of effectiveness and risk management controls and governance in MLKDC by:

- Focusing audit activity on the key business risks;
- Being available to guide managers and staff through improvements in internal controls;
- Auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes.

In 2013-14 ASM undertook four reviews covering the period of this governance statement:

- | | |
|--|--------------|
| • Budgetary management and financial information | SATISFACTORY |
| • Payroll, pensions and travel expenses | SUBSTANTIAL |
| • Procurement and contract management | SUBSTANTIAL |
| • IT and information security | SATISFACTORY |

The internal auditor's overall assurance rating for 2013-14 was 'satisfactory'.

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.

Other Board Committees

The Appointments & Remuneration Committee met on 26 June 2014.

The PbCRC Committee met on 7 May 2013 and 16 August 2013.

The Social Regeneration Committee met on 26 September 2013 and 29 November 2013.

The Physical & Economic Development Committee met on 9 August 2013, 11 November 2013 and 29 April 2014.

The Communications Committee met on 30 August 2013, 26 September 2013 and 28 October 2013.

Board Effectiveness

This evidence presented provides me with the assurance that the Board operates effectively.

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;
- Monthly Liaison Meetings; (attended by the Director of Finance and Corporate Services); and
- Quarterly Accountability and Oversight Meetings (attended by myself as the Chief Executive and senior MLKDC staff).

The Quarterly Stewardship statement, prepared under my direction and signed by me as Chief Executive, provides information and assurance in all areas of business planning and corporate and financial governance.

During the reporting period on the request of the Department I have submitted the following documents:

- Quarterly Stewardship Statements;
- Quarterly Performance Reports;
- Financial Monitoring Reports;
- A draft 2013–16 Corporate Plan;
- Various 2013-14 and 2014-15 draft Business Plans as required by the MSFM.

The Board met with Ministers on 26 February 2014 to appraise them of the current situation and to discuss a way forward.

I have attended, with senior staff, Quarterly Accountability Meetings with senior staff from the Department and I have been represented at monthly liaison Meetings with senior officials from OFMDFM. Senior MLKDC staff and I 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.

The MSFM is currently under review.

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 for 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 the site’s economic development, social benefit, historic and reconciliation potential, 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 me with input from the Board, Senior Management Team 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.

The draft Corporate Plan 2013-16 and draft Business Plan 2013-14 were approved by the Board in April 2013 and submitted to OFMDFM on 25 April 2013. They have not been approved by Ministers.

Due to the change in circumstances following the issue of the letter from the First Minister on 16 August 2013 I took advice from the Treasury Officer of Accounts who advised that in order to avoid potential charges of irregularity the Corporation should seek assurance from the sponsoring Department that it was content with proposed actions and expenditure.

On this advice and in the absence of an approved Corporate Plan and Business Plan I sought clarification of our authority to commit to expenditure and make strategic decisions relating to the regeneration of the site. In response OFMDFM's Accounting Officer advised:

'the general position is that the MLK Development Corporation acts under the guidance provided by Ministers and the department in its development of the Maze Long Kesh site. Ministers have not yet agreed the Corporation's Corporate Plan and Business Plan submitted earlier this year and, as you are aware, Maze Long Kesh is the subject of discussions between the First Minister and deputy First Minister. When these are concluded they will instruct the Department and the Corporation accordingly.'

'...Pending further instruction from Ministers, as Accounting Officer, you would wish to continue to maintain site security and fulfil your statutory obligations with regard to Health and Safety and maintenance.'

Also a revised Business Plan (addendum to the original plan) was prepared, approved by the Board and submitted to OFMDFM on 21 October 2013 taking account of following:

- Changed circumstances since the Business Plan was originally approved by the Board in April 2013;
- The withdrawal of SEUPB's letter of offer of funding for the PbCRC; and
- Statements by the First Minister in relation to the PbCRC and by the deputy First Minister in relation to the overall development of the site.

This was subsequently revised to a "Short Term Business Plan" which outlined the objectives of the Corporation from 1 October 2013 to 31 March 2014.

On 9 December 2013 I received confirmation from the OFMDFM Accounting Officer that *"it would be the view of the Department that, on the basis of the draft plans having been submitted, the Corporation has approval for expenditure up to 30 September 2013"*.

He further stated that MLKDC has the authority to fulfil *"its responsibilities to maintain and secure the site taking account of health and safety requirements; to prepare for the Balmoral Show from a health and safety perspective; and to fulfil its statutory obligations in respect of equality issues and the segregation of financial duties in line with Internal Audit requirements. All expenditure decisions taken by the Corporation in relation to this work should be within these parameters and the Corporation's current delegated limits"*.

Performance Management

I have monitored MLKDC's performance against the targets set out in its draft Business Plan and have reported quarterly on these to OFMDFM. In conjunction with the senior management team I have 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.

I am satisfied as to the quality of data reported to the Board through personal inspection, by reports provided to me from electronic data sources and by assurances provided by senior staff. The Board are satisfied with the quality of information provided to them.

Training

During this period particular attention was paid to ensuring relevant staff were qualified to evaluate tenders, were in possession of practical skills for budgeting purposes, and were aware of statutory obligations with respect to equality legislation.

Internal Control

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 policies, 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. 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. During the period covered by this report, all staff have confirmed that they have read and understand these key policies and procedures.

The implementation of MLKDC's financial management process in 2013-14 included:

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

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. 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 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.

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 and Risk Assurance 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. The Risk Register is reviewed by the Senior Management Team at its monthly meetings, and a summary is reported to the Corporation Board. All new business activities are assessed for key risks and controls put in place. The full Risk Register is also subject to regular scrutiny by the Audit and Risk Assurance Committee and the Board. 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.

A new risk has been added in the period under review to cover MLKDC being unable to carry out its day to day activities due to the loss of staff, infrastructure or accommodation.

No 'Ministerial Directions' have been issued to MLKDC.

There have been no lapses of protective security.

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).

As part of its risk management strategy, the Corporation has drawn up a Fraud Risk Assessment (FRA). The purpose of the FRA is to identify potential fraudulent schemes and events that need to be mitigated. It identifies where fraud may occur and who the perpetrators might be. The control activities consider both the fraud scheme and the individuals within and outside the Corporation who could be the perpetrators of each scheme.

No instances of fraud have been identified in the reporting period.

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.

No instances of whistle blowing have arisen during the reporting period.

Significant Internal Control Issues

As referred to above, I consider the fact that the Corporation is operating without an approved Business Plan to be a significant governance issue. However I believe the action that I have taken and demonstrated in this report to be appropriate in the circumstances and that this mitigates the risk of irregularity.

Conformance with the Code of Conduct

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 “Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013”.

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. Except where noted below, and throughout the year ended 31 March 2014, MLKDC has complied with all relevant code provisions.

Following the principle of ‘Comply or Report’ the following paragraph describes where MLKDC has substituted alternative governance measures for provisions in the code of Good Practice:

- MLKDC does not have a Board Operating Framework (Para 2.8 of the code). Instead, it has Board Standing Orders and a Board Code of Conduct, which fulfil the same purpose.

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 control 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 also consider the comments made by the NIAO in its Report To Those Charged With Governance and other reports. 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 and Risk Assurance 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 control framework, I am content that MLKDC has operated a sound system of internal control during the period 1 April 2013 to 31 March 2014.



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

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 accruals basis and must give a true and fair view of the state of affairs of MLKDC and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by 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 Interim 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 *Managing Public Money Northern Ireland* published by DFP.



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

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 2014 under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 audit, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the 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 2014 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 of Sites (Northern Ireland) Order 2003 and the 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



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

16 December 2014

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

	Note	2013-14 £'000	2012-13* £'000
Expenditure			
Staff costs	3	(983)	(578)
Other Expenditure	4	(1,028)	(779)
Asset depreciation and amortisation	9	(84)	(38)
Asset impairment	9	(126)	(1,321)
Total expenditure		(2,221)	(2,716)
Income			
Income from Activities			
Non Surrenderable Income	5	15	7
HLF income	5	19	131
Total income		34	138
Net Expenditure		(2,187)	(2,578)
Interest payable/receivable		-	-
Net Expenditure after interest		(2,187)	(2,578)
<u>Other comprehensive expenditure</u>			
Items that will not be reclassified to net operating costs			
Machinery of Government transfer under absorption accounting		-	4,530
Net gain/(loss) on revaluation of Property, plant and equipment	6	-	2
Net gain/(loss) on revaluation of Intangibles	7	1	-
Items that may be reclassified to net operating costs			
Net gain/(loss) on revaluation of available for sales financial assets		-	-
Total comprehensive net (expenditure)/income for the financial year		(2,186)	1,954

* The prior year reporting period is 12 months. However the transactions are for the 7 months from September 2012 to March 2013 that the Corporation was operational.

The notes on pages 46 to 66 form part of these accounts.

Statement of Financial Position as at 31 March 2014

	Note	2014 £'000	2013 £'000
Non-current assets:			
Property, Plant and Equipment	6	6,487	5,632
Intangible Assets	7	26	34
Total Non-current Assets		6,513	5,666
Current Assets:			
Assets classified as held for sale	10	-	550
Trade and Other Receivables	11	21	339
Cash and Cash Equivalents	12	380	508
Total Current Assets		401	1,397
Total Assets		6,914	7,063
Current Liabilities			
Trade and Other Payables	13	(363)	(2,036)
Total current liabilities		(363)	(2,036)
Non-Current Assets plus/less Net Current Assets/ Liabilities		6,551	5,027
Total Assets Less liabilities		6,551	5,027
Taxpayers' Equity			
Revaluation Reserve		3	2
General Reserve		6,548	5,025
		6,551	5,027

The financial statements on pages 42 to 66 were approved by the Board on 12 December 2014 and signed on its behalf by:



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

12 December 2014

The notes on pages 46 to 66 form part of these accounts

Statement of Cash Flows for the year ended 31 March 2014

	Note	2013-14		2012-13	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net deficit after interest			(2,187)		(2,578)
Adjustments for other non-cash transactions	9	210		1,359	
Decrease/(Increase) in trade and other receivables		318		(889)	
Less movement in trade and other receivables not passing through SOCNE		-		168	
(Decrease)/increase in trade and other payables	13	(1,672)		1,490	
Less movement in payables not passing through SOCNE		37		(835)	
			(1,107)		1,293
Net cash outflow from operating activities					
			(3,294)		(1,285)
Cash flows from investing activities					
Purchase of property, plant and equipment		(544)		(1,626)	
Purchase of intangible assets		-		(36)	
Opening reserves transfer		-		4,531	
Opening SOFP asset b/f transfer		-		(4,612)	
EOY asset adjustment	6	-		51	
Net cash outflow from investing activities					
			(544)		(1,692)
Cash flows from financing activities					
Financing from OFMDFM		3,710		3,108	
Capital financing from SEUPB		-		377	
Net financing					
			3,710		3,485
Net (decrease)/increase in cash and cash equivalents in the year					
			(128)		508
Cash and cash equivalents at the beginning of the year					
			508		-
Cash and cash equivalents at the end of the year					
	12		380		508

The notes on pages 46 to 66 form part of these accounts

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

	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
Comprehensive expenditure for the financial year	(2,578)	-	(2,578)
Transfers from OFMDFM under MoG	4,495	35	4,530
Revaluations	-	(33)	4,497
Balance at 31 March 2013	<u>5,025</u>	<u>2</u>	<u>5,027</u>
Changes in Taxpayers' Equity for 2013-14			
Grant in Aid from OFMDFM:			
Resource	2,368	-	2,368
Capital	1,342	-	1,342
Comprehensive expenditure for the financial year	(2,187)	1	(2,186)
Balance at 31 March 2014	<u>6,548</u>	<u>3</u>	<u>6,551</u>

£1k (2012-13: £NIL) of the closing balance on the Revaluation Reserve relates to Intangible Assets.

The notes on pages 46 to 66 form part of these accounts

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 *Government Financial Reporting Manual (FReM)* issued by DFP. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Maze Long Kesh Development Corporation (MLKDC) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the MLKDC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting conventions

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

1.2 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.

1.3 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.

1.4 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.

1.5 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. Depreciation and amortisation is charged in the month of acquisition. 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
Computer equipment (including software and website development)	4 years
Plant and machinery	10 years
Motor vehicles	4 years

1.6 Assets in the course of construction

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

1.7 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 Statement of Comprehensive Net Expenditure (SoCNE) 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.

1.8 Non-current assets held for sale

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.

1.9 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.

1.10 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.

1.11 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 measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

MLKDC assesses at each Statement of Financial Position (SoFP) 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Trade and other payables

Trade and other payables are measured at cost.

1.16 Provisions

MLKDC makes provisions for liabilities and charges where, at the SoFP 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%.

1.17 Financing from OFMDFM

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

1.18 Income

Income is accounted for on an accruals basis, in accordance with MPMNI as well as DFP and Sponsor Department guidance.

In accordance with the Financial Memorandum 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 received.

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

EU Income

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.

Heritage Lottery Fund (HLF)

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.

1.19 Expenditure

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.

1.20 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. 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 SoCNE when incurred.

1.21 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the MLKDC discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.22 Employee Benefits

IAS19 requires that the cost of employee benefits that have been earned but not paid at the year end is recognised as a liability. An accrual for the estimated cost of total employee annual leave at the year end has been included in the Accounts.

1.23 Going Concern

There are currently no plans to dissolve the Maze Long Kesh Development Corporation (MLKDC). It is therefore appropriate to prepare the 2013-14 accounts on a going concern basis.

1.24 Changes in Accounting Policy

Infrastructure assets included within buildings in 2012-13 have been restated within both land and Assets under Construction. See note 22.

Land included in Assets held for sale in 2012-13 has been restated in Non-current assets. See note 22.

The net effect of these changes has no impact on the Statement of Financial Position.

2. Statement of Operating Costs by Operating Segment

The operating segments and related activities of the five Directorates within MLKDC are:

Chief Executive (Ch Exe) - Organisation strategy and direction

Finance and Corporate Services (F&CS)

Development (Dev) – MLKDC site development

Social Regeneration (Soc Reg) - Peace Building and Conflict Resolution Centre and related issues

Marketing

- Information is reported to the Chief Executive through Senior Management Team and other meetings, as well as through the Board and Committee structure;
- There is no difference between information in the statement of operating costs by operating segment and the primary financial statements;
- Any transactions between reportable segments are accounted for on an accruals basis;
- There is no change from prior year segment identification methods;
- There is no reliance on any major customers.

	2013-14					
	Ch Exe £'000	F&CS £'000	Dev £'000	Soc Reg £'000	Marketing £'000	Total £'000
Gross Expenditure	305	990	574	233	119	2,221
Income	-	-	(15)	(19)	-	(34)
Net Expenditure	305	990	559	214	119	2,187

	2012-13					
	Ch Exe £'000	F&CS £'000	Dev £'000	Soc Reg £'000	Marketing £'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 numbers and related costs

Staff costs comprise:

			2013-14 £'000	2012-13 £'000
	Permanently Employed Staff	Others	Total	Total
Wages and salaries	175	659	834	477
Social security costs	16	44	60	47
Other pension costs	37	52	89	54
Total net costs	228	755	983	578

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. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last was as at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For 2013-14, employers' contributions of £34k were payable to the PCSPS(NI) (2012-13 £16k) 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. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0 (2012-13, £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% (2012-13 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% (2012-13 £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 (2012-13, £0). Contributions prepaid at that date were £0 (2012-13, £0).

0 persons (2012-13, 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012-13, £0).

Staff employed in the 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 2013-14 the employers' pension contributions reimbursed to SIB was £27k. (2012-13, £19k)

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

			2013-14	2012-13
			Number	Number
	Permanent Staff	Others	Total	Total
Directly employed	4	6	10	10
Other	-	4	4	4
Total	4	10	14	14

3.1 Reporting of Civil Service & other compensation schemes – exit packages

There have been no exit packages agreed or paid in the current year (2012-13, NIL).

4. Other Expenditure

	Year Ended 31 March 2014 £'000	Year Ended 31 March 2013 £'000
Office accommodation costs	42	23
Site security costs	240	126
Telephone and postage	10	5
Printing and stationary	7	9
Recruitment costs	3	4
Travel, accommodation and subsistence	13	29
IT costs	34	11
Training and conferences	14	8
Subscriptions	1	6
Hospitality	8	5
Miscellaneous operational costs	3	5
Maintenance	135	197
Events and marketing	69	38
External Audit fees	22	16
Internal Audit fees	8	9
Consultancy costs	57	108
Other professional costs	266	120
Board salaries	91	56
Vehicle costs	5	4
Total	1,028	779

During the year MLKDC purchased £Nil the non-audit services from its auditor, NIAO. (2012-13, £Nil)

5. Income

	2013-14 £'000	2012-13 £'000
	Total	Total
Heritage Lottery Fund Income	19	131
Site Rental	-	1
Electricity	2	1
Licences	13	5
Total Income	34	138

6. Property, plant and equipment

	Land	Buildings	Plant & Machinery	Fixtures & Fittings	Transport Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:							
At 01 April 2013	4,052	500	18	39	32	1,030	5,671
Transfers from Assets held for sale*	550	-	-	-	-	-	550
Transfers	-	203	-	38	-	(241)	-
Additions	95	101	37	1	34	276	544
Impairment	45	(263)	-	-	-	-	(218)
Reclassifications	(4)	9	-	-	-	(9)	(4)
Revaluations	-	-	-	1	-	-	1
At 31 March 2014	4,738	550	55	79	66	1,056	6,544
Depreciation:							
At 01 April 2013	-	6	1	19	13	-	39
Charge for year	-	52	3	8	12	-	75
Impairment	-	(58)	-	-	-	-	(58)
Revaluations	-	-	-	1	-	-	1
At 31 March 2014	-	-	4	28	25	-	57
Carrying amount at 31 March 2013	4,052	494	17	20	19	1,030	5,632
Carrying amount at 31 March 2014	4,738	550	51	51	41	1,056	6,487
Asset financing:							
Owned	4,738	550	51	51	41	1,056	6,487
Carrying amount at 31 March 2014	4,738	550	51	51	41	1,056	6,487

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

Land and property was re-valued by Land and Property Services at 31 March 2014 on the basis of open market value for existing use. Management considers this basis as the best available estimation of fair value. Plant and equipment were valued using indices.

*Assets of £550k, previously classified as held for sale within current assets have now been included within Land.

6. Property, plant and equipment (continued)

	Restated Land	Restated Buildings	Plant & Machinery	Fixtures & Fittings	Transport Equipment	Restated Assets under Construction	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:							
At 10 Sept 2012	-	-	-	-	-	-	-
Transfers*	3,800	779	2	38	31	-	4,650
Additions	1,053	347	16	-	-	1,045	2,461
Revaluation gain	-	-	-	1	1	-	2
Impairment	(760)	(616)	-	-	-	(15)	(1,391)
Transfer adjustment	(41)	(10)	-	-	-	-	(51)
At 31 March 2013	4,052	500	18	39	32	1,030	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
Carrying amount at 10 Sept 2012	-	-	-	-	-	-	-
Carrying amount at 31 March 2013	4,052	494	17	20	19	1,030	5,632
Asset financing:							
Owned	4,052	494	17	20	19	1,030	5,632
Carrying amount at 31 March 2013	4,052	494	17	20	19	1,030	5,632

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

Land and Assets under construction have been restated to include infrastructure assets of £572k and £83k respectively.

7. Intangible assets

	Software Licences £'000	2013-14 Total £'000
Cost or Valuation:		
At 01 April 2013	36	36
Revaluations	1	1
At 31 March 2014	37	37
Amortisation:		
At 01 April 2013	2	2
Charge for year	9	9
At 31 March 2014	11	11
Carrying amount at 31 March 2013	34	34
Carrying amount at 31 March 2014	26	26
Asset financing:		
Owned	26	26
Carrying amount at 31 March 2014	26	26

7. Intangible assets (continued)

	Software Licences £'000	2012-13 Total £'000
Cost or Valuation:		
At 10 Sept 2012	-	-
Additions	36	36
At 31 March 2013	36	36
Amortisation:		
At 10 Sept 2012	-	-
Charge for year	2	2
At 31 March 2013	2	2
Carrying amount at 10 Sept 2012	-	-
Carrying amount at 31 March 2013	34	34
Asset financing:		
Owned	34	34
Carrying amount at 31 March 2013	34	34

8. Financial Instruments

As the cash requirements of MLKDC 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 is therefore exposed to little credit, liquidity or market risk.

9. Impairments

	2013-14 £'000	2012-13 £'000
Impairment		
Fixed asset cost / valuation impairment (note 6)	218	1,391
Fixed asset depreciation impairment (note 6)	(58)	(35)
Impairment adjustment for asset accruals	(34)	(35)
	126	1,321
Depreciation and amortisation		
Fixed asset depreciation (note 6)	75	36
Intangible asset amortisation (note 7)	9	2
	84	38

10. Assets held for Sale

	2013-14 £'000	2012-13 £'000
Property, plant and equipment	-	550

Land approved for sale has been included in Non-current assets as it no longer meets the requirements for inclusion in Assets held for Sale.

11. Trade receivables and other current assets

	2013-14 £'000	2012-13 £'000
Amounts due within one year:		
Other receivables	12	164
EU debtors	-	169
Prepayments and accrued income	9	6
	21	339

11.1 Intra-Government Balances

	Amounts falling due within one year	
	2013-14 £'000	2012-13 £'000
Amounts due within one year:		
Balances with other central government bodies	5	-
Intra-government balances	5	-
Balances with bodies external to government	16	339
Total receivables at 31 March	21	339

12. Cash and cash equivalents

	2013-14 £'000	2012-13 £'000
Balance at 1 April	508	-
Net change in cash and cash equivalent balances	(128)	508
Balance at 31 March	380	508
The following balances at 31 March were held at:		
Commercial banks and cash in hand	380	508
Balance at 31 March 2014	380	508

13. Trade payables and other current liabilities

	2013-14	2012-13
	£'000	£'000
Amounts falling due within one year:		
Trade payables	362	1,989
Accruals and deferred income	1	47
	363	2,036

13.1 Intra-Government Balances

	Amounts falling due within one year	
	2013-14	2012-13
	£'000	£'000
Amounts due within one year:		
Balances with other central government bodies	24	118
Balances with other government bodies	16	16
Balances with public corporations & trading funds	-	78
Intra-government balances	40	212
Balances with bodies external to government	323	1,824
Total receivables at 31 March	363	2,036

14. Provisions for liabilities and charges

There were no provisions for liabilities and charges in the current year (2012-13, NIL).

15. Capital commitments

	2013-14 £'000	2012-13 £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	-	25
Total	-	25

16. Commitments under leases

16.1 Operating Leases

MLKDC has no operating leases requiring disclosure (2012-13: NIL).

16.2 Finance Leases

MLKDC has no finance leases requiring disclosure (2012-13: NIL).

17. Commitments Under PFI contracts and other service concession arrangements contracts.

MLKDC has no commitments under PFI contracts or other service concession arrangements contracts (2012-13: NIL).

18. Other financial commitments

MLKDC 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.

19. Contingent liabilities disclosed under IAS 37

In accordance with IAS 37 there is a possibility that MLKDC will incur additional expenditure on infrastructure assets prior to the sale of a specific portion of land. This liability is currently considered remote, given the lack of political agreement in respect of development activity on the site at present.

20. Related-party transactions

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

	2014	2013
	£'000	£'000
Grant in Aid from OFMDFM	3,710	3,108
Secondment fees to OFMDFM	74	74
Creditors (due to OFMDFM)	7	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

	2014	2013
	£'000	£'000
Fees paid to SIB	423	407
Creditors (due to SIB)	7	55

In addition, MLKDC has had various transactions with other public bodies regarded as related parties. The following transaction and balances related to 2013-14

	2014	2013
	£'000	£'000
Secondment fees paid to other public bodies	84	54
Creditors (due to other public bodies)	8	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 £240k from MLKDC for services supplied during the financial year
- Duncan McCausland is an SIB Board Member. SIB received £423k from MLKDC for services supplied during the financial year

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

- MLKDC owed G4S £35k at 31 March 2014
- MLKDC owed SIB £7k at 31 March 2014

21. Events after the reporting period

There have been no significant events since the reporting period date that would affect these accounts.

22. Changes in Accounting Policy

Infrastructure assets of £572k and £83k, included within buildings in 2012-13, have been restated in Land and Assets under Construction respectively. These assets are no longer being depreciated. There is no net change to the 2012-13 Statement of Financial Position.

Land stated at a value of £550k, included in Assets classified as held for sale in 2012-13, has been restated as land within Non-current assets, as it no longer meets the requirements for inclusion in the former category. There is no net change to the 2012-13 Statement of Financial Position.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 16 December 2014.

Appendix A – Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE OFFICE OF THE FIRST MINISTER AND DEPUTY FIRST MINISTER IN ACCORDANCE WITH 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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