

Maze Long Kesh Development Corporation

Annual Report and Accounts 2014-15



MazeLongKesh
from peace to prosperity

MAZE LONG KESH DEVELOPMENT CORPORATION

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

*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

21 December 2015

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CHAIRMAN'S INTRODUCTION

As stated in my introduction to last year's annual report, the basis for the regeneration at Maze Long Kesh remains the joint Ministerial statement of April 2009:

"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."

I also stated that, "Given that public finances continue to be problematic the relevance of the Ministerial statement, as outlined above, remains significant. Therefore, the Board of the Maze Long Kesh Development Corporation have 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."

This continues to be the case. I wish to take this opportunity to reaffirm that the entire Board of the Maze Long Kesh Development Corporation are united in our commitment to our originating vision for the development of the site, "Peace to Prosperity".

During this year the Board reviewed and refreshed the means of execution for our vision, as a basis for any discussions on moving forward. This execution plan puts renewed emphasis on the role of Maze Long Kesh as the catalyst for development of the 3,500 acre West Lisburn area, which would be of regional significance, and we look forward to working closely with the newly established Lisburn and Castlereagh City Council in this regard.

During this fiscal year our key focus in managing the existing site has been on health and safety matters. However, given our concerns during the year that we were managing the site in the absence of an approved Plan, requiring us to operate within the direction provided by the Office of the First Minister and Deputy First Minister (OFMDFM) Accounting Officer as to the definition of activities for which we have authority, we welcomed formal receipt of Ministerial approval for our 2014-15 Business Plan on 1 April of this year.

Given that the Royal Ulster Agricultural Society (RUAS) has now established Balmoral Park as a major event venue, as their annual Balmoral Show continues to grow and thrive, we were delighted to secure Ministerial approval for the RUAS to relocate their EIKON exhibition and event facility to the site, by autumn 2015, bringing with it the prospect of year-round activity to the Maze Long Kesh site.

Placing the highest priority upon ensuring good governance, we were pleased to secure unqualified accounts for the year ended 31 March 2014 and substantial or satisfactory assurance from a range of internal audit reports and we can confirm that we have responded to challenging

in-year reductions to our budget by securing the necessary savings and achieving all of our end-of-year expenditure targets. Meanwhile, we can confirm that we conduct regular assessments of risks and their mitigation.

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 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.

In what has been a challenging year, I wish to take this opportunity to formally acknowledge the continuing support and commitment of my fellow board members to our shared vision for the Maze Long Kesh site and 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 line extending to the right.

Terence Brannigan
Chairman

10 December 2015

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 our sponsoring department OFMDFM to take account of the current lack of Ministerial agreement on the future development of the site.

Our focus has been on delivering the interim strategic objectives that were defined in the 2014-15 Business Plan approved by Ministers on 1 April 2015:

- To bring forward a Business Plan for 2015-16 that is in compliance with the Corporation's statutory objective to secure the regeneration of the site and maximises the site's economic, historic and reconciliation potential.
- To fulfil our statutory and landowner responsibilities in relation to site management, health and safety, and the maintenance of listed and retained buildings and scheduled monuments.
- To meet our Development Agreement obligations to support RUAS in their use of their Balmoral Park site.
- To ensure the Corporation fulfils its corporate responsibilities with good governance, propriety and regularity during this interim phase of activity.

This activity was undertaken within the context of significant in - year cuts to our budget and a related reduction in staff. I am pleased to report that careful management enabled us to prioritise our activities and achieve our end of year expenditure targets.

Necessary site maintenance and health and safety works were undertaken whilst local residents welcomed the commencement of construction of a footpath and cycleway on the Halftown Rd frontage of the site which addresses their concerns arising from the increased volume of traffic accessing the site.

We continue to facilitate and support the RUAS in the use of their Balmoral Park site, particularly through our contribution, led by Director of Development Neil McIvor, to inter agency planning and coordination that ensured another successful Balmoral Show. Other notable events hosted by the RUAS included Ploughing Championships on adjoining farmland, the UK Motor Home Convention, show jumping events and Truckfest. The Ulster Aviation Society collection housed in the World War II hangars continued to expand, strengthening its role as the largest aircraft collection of its type in Ireland. The positive response of members of the public to all these events and activities demonstrated how a site closed to public access since WWII is being transformed.

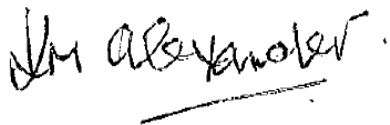
We look forward to year round event activity with the RUAS constructing their EIKON event and exhibition facility on the site. Ministerial approval was received in March 2015.

As both Chief Executive and Accounting Officer I am committed to achieving the highest standards of good governance, financial management and accountability. In the absence of an approved Business Plan during the reporting period I have taken the appropriate steps to manage our activity in this context and to mitigate any identified risks. I have sought to ensure that all expenditure is regular and within the authority granted by the OFMDFM Accounting Officer.

We consolidated our governance framework and financial systems, the effectiveness of which was reflected in substantial or satisfactory assurance being received in relation to audits of our policies. Our risk register is a live management tool and is reviewed monthly by the Senior Management Team and Board. An Equality Steering Group has been established to monitor the implementation of our Equality Scheme in relation to which policy screening and staff training was undertaken. I would especially commend the contribution of Director of Finance Alison Stafford on these governance and finance matters.

I would acknowledge the support and commend the commitment of our small team of senior management and staff during a challenging year and the continuing support of the OFMDFM sponsor team, Strategic Investment Board (SIB) and Central Procurement Directorate (CPD).

Having been involved with Maze Long Kesh for six years, first as Programme Director and now as Chief Executive, I remain convinced of the potential of the site to in time become a truly transformational landmark project, capable of delivering unprecedented social and economic value that would provide a platform for prosperity for future generations. In the words of Martin Luther King *'in spite of the difficulties and frustrations of the moment, I still have a dream.'*

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

Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

10 December 2015

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 2015. 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) for normal operating costs and OFMDFM's Annually Managed Expenditure (AME) for impairments of assets.

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 2014-15

Key priorities for the Corporation are identified in the annual Business Plan. The chronology of the submission of the draft 2014-15 Business Plans and revised draft 2014-15 Business Plans is outlined in the Governance Statement. Due to the lack of Ministerial agreement over the future development of the Maze Long Kesh site, the final Business Plan was not approved by Ministers until 1 April 2015. In the absence of approval of the 2014-15 Business Plan throughout the financial year as noted in the Governance Statement, the Department was 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 18 Business Plan targets identified in the approved 2014-15 Business Plan, 15 were completed at year end, with two on track for delivery and 1 where progress was broadly on track and there is justifiable confidence of getting close to targeted outcomes.

Financial Performance

Statement of Comprehensive Net Expenditure

Total expenditure for the year excluding asset impairment, depreciation and amortisation has decreased by £0.68m from £2.01m to £1.33m. This decrease is due to the lower level of site activity and also budget restrictions imposed in year.

Asset impairment, depreciation and amortisation increased by £0.26m from £0.21m to £0.47m. This was primarily due to the site valuation by Land and Property Services (LPS).

Statement of Financial Position

Non-current assets at the yearend were £6.43m, a decrease of £0.08m on 2013-14. This decrease was due to a reduction in the Land and Property site valuation by LPS, routine asset additions, and disposals

Total current assets were £0.47m at yearend, compared with £0.40m last year. This was due to increased cash held at the yearend coupled with a reduction in trade receivables. Total current liabilities were £0.35m compared to £0.36m last year. Thus a slight reduction on the previous year.

Financial Highlights for the Period

This period saw the bedding in of a previously established suite of Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness of the Corporation. This resulted in satisfactory and substantial assurance ratings in the areas examined by internal audit and Certification of 2013-14 MLKDC Financial Statements by NIAO.

Equality

MLKDC has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions having due regard to the need to promote equality of opportunity between nine social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability or persons with/without dependants. It is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, or racial group.

These statutory duties are implemented through the organisation's Equality Scheme and Action Plan which shows how MLKDC proposes to fulfil these duties. MLKDC is committed to screening all relevant policies and projects for equality impact assessment and to publicise our work in this regard. The organisation's Equality Scheme gained approval from Equality Commission Northern Ireland (ECNI) in December 2013 and is due for review within 5 years of submission. MLKDC prepares and submits an annual Section 75 progress report for ECNI which is due every August.

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 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 meets quarterly and reports to the Senior Management Team (SMT) and to the Board.

Disability Action Plan

MLKDC's Equal Opportunities policy applies to the employment of people with a disability. MLKDC is committed to ensuring that it promotes positive attitudes towards people with a disability and encourages participation by disabled people in public life when it is in a position to do so. The organisation's policies and practices comply with the requirements of the Disability Discrimination Act 1995. The organisation submitted its Disability Action Plan to ECNI in February 2014 and is reviewed as part of the annual Section 75 progress report.

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 for example local residents welcomed the commencement of construction of a footpath and cycleway on the Halftown Rd frontage of the site which addresses their concerns arising from the increased volume of traffic accessing the site.

Freedom of Information

As a Public Authority, MLKDC is committed to openness and transparency through compliance with the Freedom of Information Act 2000. MLKDC has an explicit control system to meet its responsibility under Freedom of Information. The control system has been established to ensure appropriate handling of data and information used for operational and reporting purposes.

In 2014-15 MLKDC received one Freedom of Information request and responded to it within the 20 day deadline.

Employee Development and Communication

MLKDC places considerable reliance on engagement and involvement of its employees. 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.

MLKDC Staffing Statistics

The table below shows MLKDC staff broken down by gender:

	FY14-15			FY13-14		
	Male	Female	Total	Male	Female	Total
Board Members	9	1	10	9	1	10
Senior Managers	3	2	5	4	2	6
Other	3	3	6	6	3	9
	15	6	21	19	6	25

Note the above is based on total numbers employed, whereas average number employed in Note 3 does not include the Board Members and is based on full time equivalent (FTE).

Reporting of Complaints

MLKDC is required to disclose its approach to complaints handling. MLKDC seeks a positive public perception of its aims and activities. It is open and responsive to suggestions about and criticism of the ways it conducts its business. To this end, any complaint received will be treated courteously, promptly and effectively, on a confidential basis.

MLKDC has a complaints policy and procedure for dealing with complaints from the Public or other third parties available on request.

MLKDC did not receive any complaints in 2014-15 or 2013-14.

Prompt Payment Policy

MLKDC is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. 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 2014-15 MLKDC paid 100% (2013-14: 99%) 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 2014-15 MLKDC paid 97% (2013-14: 79%) of its invoices within the 10 working day target; this represents continuous improvement on previous years.

Health and Safety

MLKDC is committed to applying all existing health and safety at work legislation and regulations to ensure staff and visitors enjoy the benefits of a safe environment.

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). It is therefore appropriate to prepare the 2014-15 accounts on a going concern basis.

Sustainability Report

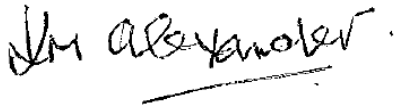
MLKDC is committed to ensuring that sustainable development becomes an integral part of our business. Sustainability measures include:

- 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 Ministerial agreement on future development at the Maze Long Kesh site.



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

10 December 2015

DIRECTORS' REPORT

Board and Executives 2014-15

Board Members

Terence Brannigan (Chairman)

Kenneth Cleland

Anthony Gallagher

John Gallagher

Maurice Kinhead

Ciaran Mackel

Duncan McCausland¹

Joe O'Donnell

Conor Patterson

Terri Scott

¹ *Duncan McCausland temporarily withdrew from active participation in the Board and all committees from 01 July 2014.*

Chief Executive and Senior Management

Kyle Alexander Interim Chief Executive

Julie Harrison Director of Social Regeneration

Neil McIvor Director of Development

Alison Stafford Director of Finance and Corporate Services

Paul Hughes *Acting* Director of Finance and Corporate Services
(from 01 April 2014 to 31 July 2014)

David McCavery 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 6.

Other Policies

Specific Acts and policies governing MLKDC are described in the Governance Statement – pages 23 to 37.

Political donations and expenditure

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

Information Assurance and Management

MLKDC completed the 2014-15 Arms Length Body (ALB) Security Risk Management Overview (SRMO) to confirm compliance with the Department's protective security policies. No areas of significant security or information risks to MLKDC were identified in the annual review.

Reporting of Personal Data Related 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.

Absence Management

Staff attendance is actively managed, and the organisation's absence rate for the 2014-15 year was 6.3 days (2013-14: 9.8 days). The average within the NI Civil Service is 10.8¹ days (2013-14: 10.1 days).

¹ At this point in time this is a provisional figure

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 (2013-14: 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

10 December 2015

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 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
	2014-15	Kind	2013-14	Kind
	£'000	2014-15	£'000	2013-14
		£'000		£'000
Terence Brannigan	30	-	30	-
Kenneth Cleland	6	-	6	-
Anthony Gallagher	6	-	6	-
John Gallagher	6	-	6	-
Maurice Kinkead	6	-	6	-
Ciaran Mackel	6	-	6	-
Duncan McCausland ¹	1	-	6	-
	(FTE 6)			
Joe O'Donnell	6	-	6	-
Conor Patterson	6	-	6	-
Terri Scott	6	-	6	-
Paul Stewart ² (until 15 June 2013)	-	-	1	-
			(FTE 6)	

¹ Duncan McCausland temporarily withdrew from active participation in the Board and all committees from 01 July 2014.

² Paul Stewart resigned from the Board on 15 June 2013, he has not been replaced.

Chief Executive and the Senior Management Team

The first Chief Executive was appointed on an interim basis by Ministers at OFMDFM in line with Schedule 1(5) to the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. The appointment is facilitated by use of an operational partnership agreement with SIB and all ongoing costs associated with the appointment are reimbursed to SIB. In light of current circumstances the Board agreed to continue with this arrangement for a further three year period at its meeting on 20 March 2015.

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

The Director of Social Regeneration is a full time Associate Advisor with SIB acting into the position of Director of Social Regeneration at MLKDC on an ad-hoc 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, on an ad-hoc basis.

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.

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, or where seconded returned to their home organisation. Seconded staff are not entitled to compensation on early termination.

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	2014-15					2013-14				
	Salary	Bonus Payments	Benefits in Kind	Pension Benefits ¹	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 ^{2,3} <i>(Interim Chief Executive)</i>	90-95 (100-105 FTE)	-	-	-	90-95	100-105	-	-	-	100-105
Mary McKee ² <i>Director (until 31/08/13)</i>	-	-	-	-	-	25-30 (60-65 FYE)	-	-	-	25-30
Julie Harrison ^{2,4} <i>Director</i>	10-15 (85-90 FTE)	-	-	-	10-15	15-20 (45-50 FYE)	-	-	-	15-20
Neil McIvor <i>Director</i>	75-80	-	-	25	100-105	70-75	-	-	24	95-100
Alison Stafford <i>Director</i>	50-55	-	-	(52)	(0-2.5)	45-50	-	-	11	60-65
Paul Hughes <i>Acting Director (until 31/07/14)</i>	15-20 (45-50 FYE)	-	-	-	15-20	5-10 (45-50 FYE)	-	-	-	5-10
David McCavery ⁴ <i>Director</i>	20-25 (55-60 FTE)	-	-	-	20-25	30-35 (50-55 FYE)	-	-	-	30-35

¹ 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. Note: Alison Stafford's pension benefits show a relatively large negative value between current year and prior year due to revised accounting treatment for financial year 2014-15 regarding aggregation.

² Denotes Operational Partnership Agreement with SIB.

³ The Interim Chief Executive has been working on a part-time basis since October 2014 and has been remunerated accordingly.

⁴ In the current circumstances these positions are being filled on an Ad-hoc basis.

Median Remuneration (Audited Information)

	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration	£100k-105k	£100k-105k
Median Total Remuneration	£32,166	£31,645
Ratio	3.19	3.2

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 2014-15 was £100k-£105k (2013-14, £100k-£105k). This was 3.19 times (2013-14, 3.2) the median remuneration of the workforce, which was £32,166 (2013-14, £31,645).

In 2014-15, Nil (2013-14, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £1k to £103k (2013-14, £6k to £103k).

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 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.

	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration	£100k-105k	£100k-105k
Median Total Remuneration	£48,937	£43,854
Ratio	2.09	2.3

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 (2013-14, 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 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Kyle Alexander ¹ <i>Interim Chief Executive</i>	-	-	-	-	-	-
Mary McKee ¹ <i>Director (until 31/08/13)</i>	-	-	-	-	-	-
Julie Harrison ¹ <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	37	14	11	-
Alison Stafford ² <i>Director</i>	5-10 plus nil lump sum	(0-2.5) plus nil lump sum	84	111	(35)	-
Paul Hughes ³ <i>Acting Director (from 10/02/14)</i>	-	-	-	-	-	-
David McCavery ³ <i>Director (from 2/09/13)</i>	-	-	-	-	-	-

¹ Denotes not a member of Northern Ireland Civil Service Pension arrangements – member of defined contribution pension scheme operated by SIB.

² Alison Stafford's pension benefits show a relatively large negative value between current year and prior year due to revised accounting treatment for financial year 2014-15 as per Employer Pension Notice (EPN) 21/2015.

³ Denotes 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 the Assembly 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.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. alpha is also 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 rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contributions for all members for the period covering 1 April 2015 – 31 March 2016 are as follows:

Scheme Year 1 April 2015 to 31 March 2016:

Pay band – assessed each pay period		Contribution rates – classic members	Contribution rates – classic plus, premium, nuvos and alpha
From	To	From 01 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
£0.00	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00	and above	8.05%	8.05%

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**. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension 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 NICS pension 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 (2013-14, Nil).



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

10 December 2015

GOVERNANCE STATEMENT

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) for normal operating costs and OFMDFM's Annually Managed Expenditure (AME) for impairments of assets.

This Statement is given in respect of MLKDC's Accounts for 2014-15 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.

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 2015. 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;
- 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 and Managing Public Money Northern Ireland. During the reporting period with the imposition of severe budget restrictions I reduced my working week to four days per week. This arrangement was approved by both the Chairman and the Departmental Accounting Officer, and is subject to ongoing review.

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 "*Corporate Governance Code of Good Practice (NI) issued under DAO (DFP) 06/13 in April 2013*". 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 at each meeting from me and also receives a financial and budget monitoring report from the Director of Finance and 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.

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 2014 to 31 March 2015 the Board held 10 meetings, the members and their record of attendance was as follows:

Members	Meetings Attended	Possible Attendance
Terence Brannigan	10	10
Kenneth Cleland	8	10
Anthony Gallagher	5	10
John Gallagher	10	10
Maurice Kinkead	5	10
Ciaran Mackel	7	10
Duncan McCausland ¹	2	2
Joe O'Donnell	9	10
Conor Patterson	8	10
Terri Scott	8	10

¹ *Duncan McCausland temporarily withdrew from active participation in the Board and all committees from 01 July 2014.*

The Board received reports on the status of 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, verification visits, independent audits, external assurance (for example from the Northern Ireland Audit Office).

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

A review of effectiveness of the Board was carried out in 2014-15. Strengths identified were in the areas of understanding of the core business and strategic direction of the organisation and governance. Areas noted were in respect of the number and timing of meetings.

Board Committees

The Board operates the following committees;

- Audit and Risk Assurance Committee;
- Appointments & Remuneration Committee,
- Communications Committee;
- Peace building and Conflict Resolution Centre Committee;
- Physical and Economic Development Committee;
- Social Regeneration Committee

All appointments to the committees are confirmed by the Chairman. Members are provided with the terms of reference of the 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. 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 Committee met four times during 2014-15. A minimum of two members of the Committee is required to form a quorum, all meetings in 2014-15 were deemed quorate.

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 Department of Finance & Personnel (DFP) Audit and Risk Assurance Committee Handbook (NI), 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;
- Review of Assurance Statements;
- 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 implementation of 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 2015.

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). OFMDFM's Head of Internal Audit carried out IA 110/14 – external quality assurance review against Public Sector Internal Audit Standards in May 2015. The report concluded that MLKDC's Internal Auditors conform to the requirements of 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 2014-15 ASM undertook five reviews covering the period of this governance statement:

- | | |
|--|--------------|
| • Health and Safety | SATISFACTORY |
| • Business Continuity Management | SUBSTANTIAL |
| • Human Resource Management | SATISFACTORY |
| • Compliance with MSFM | SATISFACTORY |
| • Corporate Governance and Business Planning | SATISFACTORY |

The internal auditor's overall assurance rating for 2014-15 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

Given the restricted remit of the Corporation during this reporting period the Audit and Risk Assurance Committee and the Appointments and Remuneration Committee were the only committees that met during 2014-15.

The Appointments & Remuneration Committee met on 26 June 2014 and 20 March 2015.

Board Effectiveness

The evidence presented in the preceding sections 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 Assurance Statements; (see below);
- Quarterly Performance Reports; (to a format set out in the MSFM);
- Monthly Financial Monitoring Reports; (in a standard format);
- Annual Verification visit;
- 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 Assurance statement, prepared under my direction, with the agreement of my Senior Management Team, 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 Assurance Statements;
- Quarterly Arm's Length Body Reports;
- Monthly Resource Consumption returns;
- Various 2014-15 draft Business Plans;
- Draft 2015-16 Business Plan as required by the MSFM.

I have attended, with senior staff, Quarterly Accountability Meetings with senior staff from the Department and I have been in attendance or represented at 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.

In May 2015 SIRD conducted an annual Verification Visit in line with their Sponsorship Manual. This verification visit concentrated on payments made in 2014-15 to provide assurance that all expenditure incurred by MLKDC during the 2014-15 financial year was in accordance with the requirements of the Department Accounting Officer's direction of 9 December 2013. This direction limited expenditure to "the maintenance and security of 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".

The verification visit concluded that all transactions tested:

- Related to either general maintenance and security of the site or preparation for the 2015 Balmoral Show;
- Had appropriate Business Case approval in accordance with the requirements of the Management Statement Financial Memorandum (MSFM); and
- Were processed with full segregation of duties.

The Corporate and Business Plan

The Corporate and Business Plans are designed to be 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.

However given the lack of Ministerial agreement that presently exists in respect of future development of the Maze Long Kesh site we have received approval from OFMDFM that dispenses with the requirement for a three year Corporate Plan for this period. We have progressed with the annual Business Plan which details MLKDC's objectives and targets for the year ahead. This document describes the outcomes and the outputs MLKDC will deliver using the resources MLKDC have been allocated.

The Business Plan is 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.

Throughout the 2014-15 financial year MLKDC Board considered and approved three versions of the 2014-15 Business Plan:

- 28 February 2014
- 19 May 2014
- 25 November 2014

All of the above plans were forwarded to OFMDFM for submission to Ministers for consideration and approval. The plan of 25 November 2014 for 2014-15 was approved by Ministers on 1 April 2015. While this presented a significant challenge throughout the year I welcomed the approval on 1 April 2015.

The Business Plan for 2015-16 was completed and forwarded to OFMDFM for approval on 30 January 2015 as required by the MSFM, this is currently being considered by Ministers.

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.

Financial Management

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

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

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

MLKDC has developed, in consultation with its sponsor Department, a suite of other 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 2014-15 included:

- 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 the 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, reported to the Corporation Board. All new business activities are assessed for key risks and controls put in place. It 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. To date the current risks have not escalated and no further risks have been identified.

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 Governance Issues

As referred to above, while the 2014-15 Business Plan was approved in retrospect the Corporation continued to operate throughout the reporting period in the absence of Business Plan approval, I consider this 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.

An area of ambiguity has recently come to the fore in respect of ownership of a folio of land on the MLK site. In the Schedules attached to the Administrative Order which transferred ownership of the land from OFMDFM to MLKDC, the list of land folios was incomplete and did not match the land defined in the map also attached. This comprises approximately 25% of the total site at a value of £1,225,000. In order to clarify this issue we are working with OFMDFM and DSO to have this folio of land formally transferred to the ownership of MLKDC. I am satisfied that this folio of land is controlled by MLKDC and the risks and rewards of ownership rest with us. In this context the value of this folio of land has been included in the land valuation included in the attached financial statements and valued by LPS on this basis. This is consistent with its treatment in previous financial years and is in keeping with the conceptual framework and accounting standards.

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 DFP's "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 2015, MLKDC has complied with all relevant code provisions.

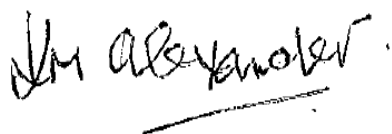
Following the principle of 'Comply or Report' the following paragraph describes where MLKDC has substituted alternative governance measures for provisions in the code of Good Practice:

- 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.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal governance. My review of the effectiveness of the system of internal governance is informed by the work of the Internal Auditors and senior staff within the organisation, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by the NIAO in its management letter 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 governance framework, I am content that MLKDC has operated a sound system of internal governance during the period 1 April 2014 to 31 March 2015.

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

Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer

10 December 2015

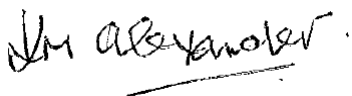
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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 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

10 December 2015

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 2015 under the Strategic Investment and Regeneration of Site (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 Site (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 2015 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 the Office of the First Minister and Deputy First Minister directions made under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003; and
- the information given in the 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.



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

14 December 2015

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

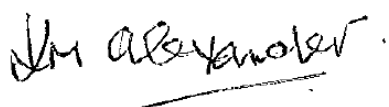
	Note	2014-15 £'000	2013-14 £'000
Expenditure			
Staff costs	3	(775)	(983)
Other Expenditure	4	(557)	(1,028)
Asset depreciation and amortisation	9	(61)	(84)
Asset impairment	9	(414)	(126)
Total expenditure		(1,807)	(2,221)
Income			
Income from Activities			
Non Surrenderable Income	5	78	15
HLF income	5	-	19
Total income		78	34
Net Expenditure		(1,729)	(2,187)
Interest payable/receivable		-	-
Net Expenditure after interest		(1,729)	(2,187)
<u>Other comprehensive expenditure</u>			
Items that will not be reclassified to net operating costs			
Net gain/(loss) on revaluation of Property, plant and equipment	6	(1)	-
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		(1,730)	(2,186)

The notes on pages 45 to 62 form part of these accounts.

**Statement of Financial Position
as at 31 March 2015**

	Note	2015 £'000	2014 £'000
Non-current assets:			
Property, Plant and Equipment	6	6,417	6,487
Intangible Assets	7	17	26
Total Non-current Assets		6,434	6,513
Current Assets:			
Trade and Other Receivables	10	5	21
Cash and Cash Equivalents	11	471	380
Total Current Assets		476	401
Total Assets		6,910	6,914
Current Liabilities			
Trade and Other Payables	12	(348)	(363)
Total current liabilities		(348)	(363)
Non-Current Assets plus/less Net Current Assets/ Liabilities		6,562	6,551
Total Assets Less liabilities		6,562	6,551
Taxpayers' Equity			
Revaluation Reserve		2	3
SoCNE Reserve		6,560	6,548
		6,562	6,551

The financial statements on pages 41 to 44 were approved by the Board on 10 December 2015 and signed on its behalf by:



Kyle M Alexander OBE
Interim Chief Executive and Accounting Officer
10 December 2015

The notes on pages 45 to 62 form part of these accounts

Statement of Cash Flows for the year ended 31 March 2015

	Note	2014-15		2013-14	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net deficit after interest			(1,729)		(2,187)
Adjustments for other non-cash transactions	9	475		210	
Decrease in trade and other receivables	10	16		318	
Less movement in trade and other receivables not passing through SOCNE		-		-	
(Decrease) in trade and other payables	12	(15)		(1,672)	
Less movement in payables not passing through SOCNE		-		37	
			476		(1,107)
Net cash outflow from operating activities					
			(1,253)		(3,294)
Cash flows from investing activities					
Purchase of property, plant and equipment		(397)		(544)	
Purchase of intangible assets		-		-	
Net cash outflow from investing activities					
			(397)		(544)
Cash flows from financing activities					
Financing from OFMDFM		1,741		3,710	
Capital financing from SEUPB		-		-	
Net financing					
			1,741		3,710
Net increase/(decrease) in cash and cash equivalents in the year					
			91		(128)
Cash and cash equivalents at the beginning of the year					
			380		508
Cash and cash equivalents at the end of the year					
	11		471		380

The notes on pages 45 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	SOCNE Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2013	5,025	2	5,027
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>
Changes in Taxpayers' Equity for 2014-15			
Grant in Aid from OFMDFM:			
Resource	868	-	868
Capital	873	-	873
Comprehensive expenditure for the financial year	(1,729)	(1)	(1,730)
Balance at 31 March 2015	<u>6,560</u>	<u>2</u>	<u>6,562</u>

The notes on pages 45 to 62 form part of these accounts

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 *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. The accounts direction is reproduced as an appendix to these financial statements.

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 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.

1.4 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:

Asset Type	Base Useful Lives
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

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 Trade and other payables

Trade and other payables are measured at cost.

1.14 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%.

1.15 Financing from OFMDFM

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

1.16 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 three categories, Heritage Lottery Fund (HLF) Income, Seconded Income and Other Income.

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 with the corresponding expenditure capitalised.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 Going Concern

There are currently no plans to dissolve the Maze Long Kesh Development Corporation (MLKDC). It is therefore appropriate to prepare the 2014-15 accounts on a going concern basis.

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)
- Communications

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.

	2014-15					
	Ch Exe £'000	F&CS £'000	Dev £'000	Soc Reg £'000	Comms £'000	Total £'000
Gross Expenditure	293	1,143	271	41	59	1,807
Income	-	-	(78)	-	-	(78)
Net Expenditure	293	1,143	193	41	59	1,729

	2013-14					
	Ch Exe £'000	F&CS £'000	Dev £'000	Soc Reg £'000	Comms £'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

3. Staff Numbers and Related Costs

Staff costs comprise:

	Permanently Employed Staff	Others	2014-15 £'000 Total	2013-14 £'000 Total
Wages and salaries	195	462	657	834
Social security costs	18	25	43	60
Other pension costs	41	34	75	89
Sub Total	254	521	775	983
Less recoveries in respect of outward secondments	(22)	-	(22)	-
Total net costs	232	521	753	983

Pension Costs

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £41k were payable to the NICS pension arrangements (2013-14 £34k) 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 scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 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 (2013-14, £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% (2013-14 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% (2013-14 £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 (2013-14, £0). Contributions prepaid at that date were £0 (2013-14, £0).

0 persons (2013-14, 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2013-14, £0).

Staff employed in the Corporation through an Operational Partnership Agreement with SIB are not members of Northern Ireland Civil Service Pension arrangements, they are members of a defined contribution pension scheme operated by SIB. For 2014-15 the employers' pension contributions reimbursed to SIB was £13k. (2013-14, £27k).

Average Number of Persons Employed

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

	Permanent Staff	Others	2014-15 Total	2013-14 Total
Directly employed	3	3	6	10
Other	-	4	4	4
Total	3	7	10	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 (2013-14, NIL).

4. Other Expenditure

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 Reanalysed ¹ £'000
Site security costs	220	240
Board salaries	83	91
Maintenance	74	135
Other professional costs	48	274
Accommodation costs	47	42
Other administration costs	33	133
IT costs	30	34
Audit fees	15	22
Consultancy costs	7	57
	557	1,028
Non-Cash Items:		
Depreciation	61	84
Impairment	414	126
Total	1,032	1,238

During the year MLKDC purchased £Nil non-audit services from its auditor, NIAO. (2013-14, £Nil)

5. Income

	2014-15 £'000	2013-14 £'000 Reanalysed ¹
	Total	Total
Heritage Lottery Fund Income	-	19
Secondee	22	-
Other	56	15
Total Income	78	34

¹ 2013-14 Balances were restated make the table more concise as there were too many small individual items listed.

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 2014	4,738	550	55	79	66	1,056	6,544
Additions	276	2	-	-	-	202	480
Disposals	-	-	-	-	-	(83)	(83)
Impairment	(434)	(2)	-	-	-	-	(436)
Revaluations	-	-	-	-	-	-	-
At 31 March 2015	4,580	550	55	79	66	1,175	6,505
Depreciation:							
At 01 April 2014	-	-	4	28	25	-	57
Charge for year	-	22	6	8	16	-	52
Impairment	-	(22)	-	-	-	-	(22)
Revaluations	-	-	-	1	-	-	1
At 31 March 2015	-	-	10	37	41	-	88
Carrying amount at 31 March 2014	4,738	550	51	51	41	1,056	6,487
Carrying amount at 31 March 2015	4,580	550	45	42	25	1,175	6,417
Asset financing:							
Owned	4,580	550	45	42	25	1,175	6,417
Carrying amount at 31 March 2015	4,580	550	45	42	25	1,175	6,417

Analysis of Land and Property Balance (Net Book Value):

Land and property was re-valued by Land and Property Services at 31 March 2015 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.

An area of ambiguity exists around a folio of land included in the above valuation which comprises approximately 25% of the total MLK site at a value of £1,225,000. This land is controlled by MLKDC and the risks and rewards of ownership rest with MLKDC and as such is included in the valuation above.

6. Property, Plant and Equipment (continued)

	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 ¹	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

¹ Assets of £550k, previously classified as held for sale within current assets have now been included within Land.

7. Intangible Assets

Cost or Valuation:

At 01 April 2014

At 31 March 2015

Amortisation:

At 01 April 2014

Charge for year

At 31 March 2015

**Carrying amount at
31 March 2014**

**Carrying amount at
31 March 2015**

Asset financing:

Owned

**Carrying amount at
31 March 2015**

	Software Licences £'000	2014-15 Total £'000
	37	37
	37	37
	11	11
	9	9
	20	20
	26	26
	17	17
	17	17
	17	17

Cost or Valuation:

At 01 April 2013

Revaluations

At 31 March 2014

Amortisation:

At 01 April 2013

Charge for year

At 31 March 2014

**Carrying amount at
31 March 2013**

**Carrying amount at
31 March 2014**

Asset financing:

Owned

**Carrying amount at
31 March 2014**

	Software Licences £'000	2013-14 Total £'000
	36	36
	1	1
	37	37
	2	2
	9	9
	11	11
	34	34
	26	26
	26	26
	26	26

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

	2014-15 £'000	2013-14 £'000
Impairment		
Fixed asset cost / valuation impairment (note 6)	436	218
Fixed asset depreciation impairment (note 6)	(22)	(58)
Impairment adjustment for asset accruals	-	(34)
	414	126
Depreciation and amortisation		
Fixed asset depreciation (note 6)	52	75
Intangible asset amortisation (note 7)	9	9
	61	84

10. Trade Receivables and Other Current Assets

	2014-15 £'000	2013-14 £'000
Amounts due within one year:		
Other receivables	1	12
Prepayments and accrued income	4	9
	5	21

10.1 Intra-Government Balances

	Amounts falling due within one year	
	2014-15	2013-14
	£'000	£'000
Amounts due within one year:		
Balances with other central government bodies	-	5
Intra-government balances	-	5
Balances with bodies external to government	5	16
Total receivables at 31 March	5	21

11. Cash and Cash Equivalents

	2014-15 £'000	2013-14 £'000
Balance at 01 April	380	508
Net change in cash and cash equivalent balances	91	(128)
Balance at 31 March	471	380

The following balances at 31 March were held at:

Commercial banks and cash in hand	471	380
Balance at 31 March 2015	471	380

12. Trade Payables and Other Current Liabilities

	2014-15 £'000	2013-14 Restated ¹ £'000
Amounts falling due within one year:		
Accruals and deferred income	348	363
	348	363

¹ 13-14 Balances restated to show correct classification.

12.1 Intra-Government Balances

	Amounts falling due within one year	
	2014-15	2013-14
	£'000	£'000
Amounts due within one year:		
Balances with other central government bodies	32	24
Balances with other government bodies	14	16
Intra-government balances	46	40
Balances with bodies external to government	302	323
Total payables as at 31 March	348	363

13. Provisions for Liabilities and Charges

There were no provisions for liabilities and charges in the current year (2013-14, NIL).

14. Capital Commitments

MLKDC has no capital commitments.

15. Commitments Under Leases

MLKDC has no Operating or Finance leases requiring disclosure 2014-15, Nil (2013-14: NIL).

16. Commitments Under PFI Contracts and Other Service Concession Arrangements Contracts.

MLKDC has no commitments under PFI contracts or other service concession arrangements contracts (2013-14: NIL).

17. 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.

18. 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 Ministerial agreement in respect of development activity on the site at present.

19. 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 an outstanding balance with OFMDFM.

	2015	2014
	£'000	£'000
Grant in Aid from OFMDFM	1,741	3,710
Secondment fees to OFMDFM	78	74
Creditors (due to OFMDFM)	8	7

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 an outstanding balance with SIB.

	2015	2014
	£'000	£'000
Fees paid to SIB	151	423
Creditors (due to SIB)	10	7

In addition, MLKDC has had various transactions with other public bodies regarded as related parties. The following transaction and balances relates to 2014-15.

	2015	2014
	£'000	£'000
Secondment fees paid to other public bodies	64	84
Creditors (due to other public bodies)	-	8

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 Chief Executive and Senior Management Team during the year.

Transactions involving Board Members

Transactions with related parties 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 £81k from MLKDC for services supplied during the financial year
- Duncan McCausland is an SIB Board Member. SIB received £151k from MLKDC for services supplied during the financial year

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

- MLKDC owed SIB £10k at 31 March 2015

20. Events after the reporting period

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

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on the 14 December 2015.

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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