



# RDC Annual Report 2005-2006

“ Realising potential and opportunity  
in rural Northern Ireland ”

THE NORTHERN IRELAND RURAL DEVELOPMENT COUNCIL  
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

# Contents

2	General information
3	Foreword
5	Chairman's Foreword
6	Chief Executive's Review
7	Statement of Chief Executive and Directors' responsibilities
8	Statement on internal control
9	Remuneration Report
10	Report of the auditors
11	Income and expenditure
12	Balance sheet
12	Cash flow statement
13	Notes to the financial statements

# GenInfo

## General Information

<b>Chair</b>	Caroline Breakey
<b>Vice Chair</b>	Leslie Craig
<b>Secretary</b>	Brian Howe
<b>Registered office</b>	17 Loy Street Cookstown BT80 8PZ
<b>Bankers</b>	First Trust Bank 2/4 James Street Cookstown BT80 8LW
<b>Auditors</b>	Finegan Gibson Highbridge House 23/25 High Street Belfast BT1 2AA

# Foreword

## History

The Northern Ireland Rural Development Council (RDC) was established in 1991 as an independent organisation under The Department of Agriculture's Rural Development Programme for Northern Ireland. As a key element of that programme the RDC exists to address the needs of rural society through ensuring that rural Northern Ireland makes a full and balanced contribution to the development of the region. The Minister for Agriculture and Rural Development approved the RDC's strategy for the period 2001-2006 in November 2001.

The RDC is a company limited by guarantee and has a current membership of 15. These company directors represent a broad sectoral and geographical mix of rural interest groups including rural communities, agricultural sector, Leader groups, local government, environmental interests, community banking and the private sector. The Minister for Agriculture and Rural Development appoints eight of these members.

Under the 2001-2006 Rural Development Programme (RDP), the RDC has evolved from being a deliverer of capacity building and support services to local people involved in rural regeneration to a deliverer of three distinct programmes:

- Local Regeneration projects and programmes for the community based not-for-profit sector
- A Rural Peace Programme
- A Policy and Rural Proofing/Baselining Programme

In addition to RDP funding, the RDC has received funding from the Special European Union Programmes Body (SEUPB), the International Fund for Ireland (IFI), The Community Fund and DARD public expenditure.

## Statutory Background

The Northern Ireland Rural Development Council is a company limited by guarantee, without a share capital and reports to DARD under Department of Finance and Personnel (DFP) guidelines for Non-Departmental Public Bodies (NDPBs).

The accounts have been prepared under the Companies (Northern Ireland) Order 1986 and in accordance with the Accounts Direction issued by the Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel.

## Directors

The following acted as directors of the Company during the year ended 31 March 2006.

Caroline Breakey (Chair)  
Brian Howe (Secretary)  
Leslie Craig (Vice Chair)  
Sidney Anderson  
Monica Coyle  
Arthur Mitchell  
Dr Ruth McAreavey (appointed 21 Dec 2005)  
Stephen Huggett  
Ian Buchanan  
Gerard Lynch (retired 2 Apr 2005)  
Glen Moore (retired 31 May 2005)  
Alison McCullagh (retired 11 Dec 2005)  
Kenneth Rankin  
Herbie Francis (appointed 21 Dec 2005)

Each of the members has guaranteed to contribute to the assets of the company in the event of the same being wound up to the extent of £1.

## Principal activity

The delivery of support services to organisations that are involving people locally in planning regeneration projects that will meet real needs in disadvantaged rural communities.

## Results

The deficit for the year was £65,154 (2005: deficit of £63,045) and this amount has been deducted from reserves.

### **Future developments**

The Northern Ireland Rural Development Council will continue with the delivery of support services to organisations that are involving people locally in planning regeneration projects that will meet the real needs in disadvantaged rural communities.

### **Post balance sheet events**

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

### **Research and development**

The company is not involved in research and development activities.

### **Charitable donations**

The company did not make any charitable donations during the year.

### **Disabled persons**

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

### **Fixed assets**

Changes in fixed assets are set out in note 10 to the financial statements. The directors do not consider the historical cost of these fixed assets to be materially different from the current valuation.

### **Prompt payment policy**

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

### **Employee involvement**

Northern Ireland Rural Development Council implements its business strategy through its staff. In achieving business objectives the involvement of staff in planning and decision-making processes is key. Staff involvement is maximised through the combined use of, for example, organisation-wide briefings, directorate staff meetings, one to one staff meetings, project/improvement teams, and the operation of standard consultation processes.

### **Auditors**

The Auditors, Finegan Gibson, have signified their willingness to continue in office.

Approved by the Board on December 6 2006

**Brian Howe** Secretary

**Martin McDonald** Accounting Officer

# Foreword

## Message from the Chair



The work of the Northern Ireland Rural Development Council (RDC) in delivering technical and financial support both within and outside the Northern Ireland Rural Development Programme continued to operate at a very effective and efficient level throughout the year.

With financial support from the European Union through the Building Sustainable Prosperity and Peace Programmes RDC continued to deliver much needed assistance to rural communities, the private sector and farm families. The spread of beneficiaries from RDC actions is both geographically and politically well-balanced right across Northern Ireland. Both single and mixed identity groups have benefited from our efforts and I am confident that as we move forward under our new strategic framework we will pursue vigorously the 'Shared Future' agenda that is so necessary to secure lasting peace in this country.

The International Fund for Ireland (The Fund) has been a key partner for RDC over the reporting period. RDC continues to act as the Fund's delivery and implementation agent across a wider sphere of interventions in Northern Ireland and I look forward to seeing this partnership continuing to grow in the years ahead. The Fund has recently produced its own new strategy 'Sharing this Space' and we see our new strategic framework aligning itself much more closely with this approach. The key aspect of the Fund's interventions which has most benefited RDC in its work has been its ability to be first to the table with its money and its ability and willingness to act unilaterally to meet real need. RDC would urge the Fund to continue this approach as we work together in the months and years ahead.

The research and challenge function provided by RDC has continued to produce sound evidence based analysis of rural issues across Northern Ireland. Our response and input to the DARD Rural Strategy, the Rural Development Regulation and a wide range of government policy proposals such as PPS14 clearly demonstrates the value of independently evaluated secondary and primary data sources. Programmes such as Vibrant Villages and our work on rural schools point the way towards the need for

enhanced rural proofing. This year's publication by DARD of its third Annual Rural Proofing Report acknowledged the input by RDC both in relation to the further development of a rural proofing checklist and the value of the independent analysis of the rural schools sector.

As I continue to reflect back over the last financial year it is clear that one key issue influenced the landscape within which we all operate - the Review of Public Administration (RPA). The announcements by the Secretary of State in December 2005 and March 2006 concerning the future shape of local government as well as the health, education and housing sectors will undoubtedly impact significantly upon rural areas in the future.

The transfer of rural development delivery to local government and policy to central government has certainly impacted upon RDC. We do however recognise that the key objective of improved service delivery is something which rural people would wish to see happen and RDC will continue to attempt to ensure that the outworking and implementation of the RPA proposals will be assessed against that 'customer improvement yardstick'. We still await the detail on those implementation mechanisms and more importantly the budgets to be attached to the transfer of the rural development function before we comment further.

RDC, as a company limited by guarantee, recognised that its role as an agent for government as part of the rural development programme would cease in April 2009. This 'quasi NDPB role' has in many respects been a source of confusion within the sector and its termination may in fact enable RDC to become a more independent and broader partnership in the future. It is vitally important that we continue to reap the benefits of 15 years of investment in rural development. The expertise and experience available through our staff and voluntary board members can play a key role in meeting the significant challenges that lie ahead for rural Northern Ireland.

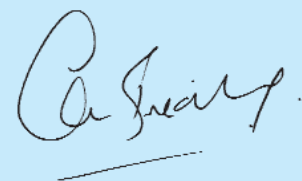
During the last year RDC therefore began to consult with stakeholders and politicians about the need for an independent and evidence based challenge on rural issues

outside government. Our new strategic framework, to be published in the autumn of 2006, will outline how we feel this can be achieved.

Finally as I look forward to the implementation of RPA I want to assure our customer base and those for whom we act as delivery agents and a research resource that RDC intends to evolve its structure and functions to meet the challenges and opportunities that lie ahead.

It therefore gives me great pleasure to present this year's Annual Report and to commend our highly motivated and professional staff team ably led by our Chief Executive, Martin McDonald. I would also like to thank our highly supportive and committed voluntary board members who have provided a strong corporate governance function much needed during this period. A special word of thanks to Gerard Lynch and Alison McCullagh who left the Board during this financial year. I thank them for their hard work and commitment to the Council during their term with us. It also gives me great pleasure to welcome Herbie Francis and Dr Ruth McAreavey to the Council and I look forward to continuing to work with them in the incoming year.

I look forward to the next financial period and have no doubt that it will be as challenging and rewarding as this year.



**Caroline Breakey**  
**Chair**  
**Northern Ireland Rural Development Council**

# Review

## Chief Executive's Review



During the past financial year RDC naturally focused its attention on the Review of Public Administration and its plans for a new strategic framework for the period 2007- 2013.

As we approach the end of the 2001-2006 strategy period it was reassuring to note that RDC was on target to meet its obligations as a distributor of financial and technical support to rural communities and as an independent 'challenger' of government policy and programmes in terms of their impact upon rural Northern Ireland.

In relation to client support I am delighted to report that RDC met its obligations relating to spend targets under both the EU Building Sustainable Prosperity and Peace II Programmes. Delivering European grant aid is a complex process where public accountability has to be balanced against demands for less bureaucratic administration systems and streamlined processes. Funding needs to be delivered within tight timescales to those communities most in need. Staff involved in the delivery function need to be publicly acknowledged for their concerted efforts over the last year ensuring not only that targets have been achieved but in supporting project promoters to implement projects.

The range of beneficiaries of RDC support continues to widen from both a geographical and religious perspective and this is a reflection of the balanced programmes which RDC designs and administers under the control of a broad based partnership made up of voluntary Council members.

The outturns detailed under the strategic priority of 'A Diverse and Prosperous Countryside' are testimony to the efforts of a staff team dedicated to serving its client base in an efficient and effective manner.

The range of projects supported is impressive and clearly demonstrates how Northern Ireland's rural communities have played their part in putting European funds to best effect helping both RDC and the Department of Agriculture and Rural Development (DARD) achieve the objectives of the Northern Ireland Rural Development Programme.

I would like to take this opportunity to thank the European Union, Special EU Programmes Body and the Department for their support in terms of grant aid and technical assistance over the last year.

The International Fund for Ireland (The Fund) continues to be a key partner with RDC in closing the funding circle for many community projects. During the last year over £1 million has been levered through this partnership for a wide range of community based projects and programmes. For many groups their projects would simply not get started without the support of the Fund and I would like to put on public record our sincere thanks to them for their continued support and contribution to rural development.

Our role within the EU Peace II programme was consolidated through the successful tender won to deliver the Peace II extension programme. This brought an additional £5.5m to rural areas and as custom the programme has been vastly oversubscribed.

The administration of public monies requires strong and effective corporate governance, risk management and effective financial and human administrative procedures. The RDC Corporate Services Directorate reporting under the strategic priority of 'An Efficient and Effective Organisation' has over the past year met its targets in this respect.

The 'Investors in People' award gained by RDC during the year was a suitable acknowledgement of how the organisation was moving along a continuous improvement path that can only benefit our customer base in the long term.

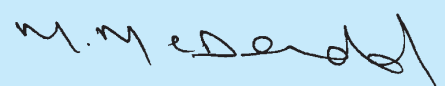
Our Policy, Innovation and Research Unit was a key driving force for the organisation during the year as we provided a robust evidence base to assist in influencing the DARD draft Rural Strategy as well as the ongoing review of rural policy. We consulted with a wide range of stakeholders on the review of rural policy and future delivery structures. Following an extensive e-survey of our client base we hosted a major one day

seminar in partnership with the Northern Ireland Leader Network in April 2005 where there was general agreement on a set of principles to be applied to future rural policy and its delivery structures.

More importantly the unit assisted the organisation to begin to develop its thinking on a new strategic framework for the period post 2006 and beyond. The outcome of the Review of Public Administration in respect of rural development had been factored into RDC thinking. We support the intention to shift delivery to local government but feel this needs to be supported during the initial transition period. Thereafter the development of an independent regional resource to act as a 'challenge agent' to government and other stakeholders, as part of an enhanced rural proofing function in Northern Ireland, can only but improve the resourcing and targeting of rural interventions.

The last year has seen RDC continue to develop its skills and expertise, while meeting targets and objectives under its current 2001-2006 strategy. This was matched by some innovative forward thinking, which will lay the foundations for the development of RDC from an agent of government to a more independent and broad based partnership.

In conclusion I would like to take this opportunity to thank both Council and staff for their continued support over the last year, without their efforts RDC objectives could simply not be achieved. Staff and Council are recognised as a critical resource within the organisation and this has been demonstrated through our achievement of the Investors in People standard.



**Martin McDonald**  
**Accounting Officer & Chief Executive**  
**Northern Ireland Rural Development**  
**Council**

# Statement

## Statement of Chief Executive and Directors' Responsibilities

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

In preparing these financial statements, the Chief Executive and directors are required to:

- Observe the Accounts Direction issued by the Department of Agriculture and Rural Development including the relevant accounting and disclosure requirements
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation

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

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

# Statement

## Statement on Internal Control

As Accounting Officer, I acknowledge my responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Rural Development Council's (RDC) Strategy approved by the Department of Agriculture and Rural Development, whilst safeguarding the public funds and the company's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum.

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

The company's internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting systems with an annual budget that is reviewed and agreed by members of the Executive and Audit Committee and Council
- Regular reviews by the members of periodic and annual financial reports that indicate financial performance against the forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment and control guidelines
- As appropriate, formal project management disciplines
- An Internal Audit Officer within the RDC provides an independent and objective opinion regularly to the Executive and Audit Committee on the Company's control and corporate governance

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the strategy and relating aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

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

The Executive and Audit Committee have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment report has been in place for the year ended 31 March 2006.

In addition to the actions mentioned above, the following processes have been applied in reviewing the effectiveness of the system of internal control:

- Completed Risk Assessment Workshops with the Senior Management Team and the Executive and Audit Committee.
- Developed a company Audit Plan, based on Risk identification and priority.
- Actioned and monitor company Audit Plan.

The Department of Agriculture and Rural Development has an internal audit unit, which, through a service level agreement, provides the RDC with an internal audit service. This internal audit unit operates to standards defined in the Government Internal Audit Manual.

The work of the internal audit unit is informed by an analysis of the risk to which the RDC is exposed, and annual internal audit plans are based on this analysis. At least annually the Head of Internal Audit provides me with a report on internal audit activity in the RDC. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the RDC's system of control.

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

**Martin McDonald**  
**Accounting Officer**

# Statement

## Remuneration Report

### Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The remuneration of all senior civil servants is entirely performance based. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Caroline Breakey was appointed on a three year contract commencing on 16th October 2000 which was renewed for a further three years on 16th October 2003.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

Northern Ireland Rural Development Council do not have a Remuneration Committee in operation.

The one DARD appointed senior manager is remunerated on NICS salary scales and receives a salary of 1 day per week based on grade 5. The Council do not have a Senior Salaries Review Body.

Name	Nominated by	Date Appointed	Date Appointment Expires	Action
Caroline Breakey	DARD appointment	16/10/2000 Appointed Chairman 01/12/2003	15/10/2006	Contract to be renewed for further 3 years

'Salary' includes gross salary; performance pay, bonuses or allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Council and thus recorded in these accounts. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. No remuneration was paid to the other Directors during the year.

### Other points

- No pension contributions have been paid for any senior managers.
- There have been no significant awards or compensation paid to past senior managers.
- There have been no payments for compensation for loss of office paid or receivable made under the terms of an approved compensation scheme.
- There are no elements of the remuneration package which are not cash.

### Salary and pension entitlements

Name	2005-06		2004-05	
	Salary	Benefits in kind	Salary	Benefits in kind
Caroline Breakey	£7,805	Nil	£7,615	Nil
Martin McDonald	£58,507	Nil	£57,362	Nil

- There are no amounts payable to third parties for services of a senior manager.

**Martin McDonald**  
**Accounting Officer**

# Report

## Report Of The Auditors

We have audited the financial statements on pages 16 to 27 which have been prepared under the historical cost convention and the accounting policies set out on page 19.

This report is made solely to the company's members as a body in accordance with article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Executive, directors and auditors**

As described on page 9, the Chief Executive and directors are responsible for the preparation of the financial statements and the regularity and propriety of the public finances. It is our responsibility to form an independent opinion, based on our audit on those statements and, in accordance with our instructions, on the regularity of the financial transactions included in them and to report our opinion to you.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and HM Treasury directions made thereunder. We also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report to you if, in our opinion, the Foreword is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the statement on pages 10-11 reflects the company's compliance with HM Treasury's guidance on the Statement on Internal Control, and we report if it does not. We are not required to consider whether the Accounting Officers statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Forward, the unaudited part of the Remuneration Report, the Chairman's statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited.

It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by HM Treasury, of the state of the company's affairs as at 31st March 2006 and of its deficit for the year then ended;
- The financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and directions made thereunder by HM Treasury; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

We have no observations to make on these financial statements.

### **Finegan Gibson**

Chartered Accountants and Registered Auditors  
Highbridge House  
23/25 High Street  
Belfast BT1 2AA

# Income

## Income And Expenditure

### Income And Expenditure Account For Year Ended 31 March 2006

	Note	2006 £	2005 £
<b>Income</b>			
Grants receivable	2	2,518,784	2,431,999
Other income		630	-
		2,519,414	2,431,999
<b>Expenditure</b>			
Grants paid	3	1,219,289	1,204,153
Administration costs	6	1,373,521	1,301,709
<b>Total expenditure</b>		<b>2,592,810</b>	<b>2,505,862</b>

<b>Operating surplus/(deficit)</b>	(73,396)	(73,863)
Interest receivable	8,242	10,818
	(65,154)	63,045
Tax charge on ordinary activities	-	-
<b>Surplus/(deficit) for the financial year</b>	(65,154)	63,045
Non cash charges	955	3,127
Balance at start of year	59,396	119,314
<b>Balance at the end of the year</b>	<b>16</b>	<b>(4,803)</b>
	<b>(4,803)</b>	<b>(59,396)</b>

There were no recognised gains or losses other than those included in the income and expenditure account above.

All of the activities of the company are classed as continuing.

The notes on pages 15 to 19 form part of these financial statements

# Balance Sheet

## Balance Sheet As At 31 March 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	10	27,776	46,406
<b>Current assets</b>			
Debtors	11	200,800	182,932
Cash at bank and in hand	12	603,133	458,381
		<hr/>	<hr/>
		803,933	641,313

## Creditors

Amount falling due within one year	13	(836,512)	(628,323)
<b>Net current assets</b>		12,990	12,990

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<b>Total assets less all liabilities</b>		4,803	59,396
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<b>Funds</b>	16	4,803	59,396
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Approved on December 6 2006

**Caroline Breakey** Chair

**Brian Howe** Secretary

**Martin McDonald** Accounting Officer

The notes on pages 15 to 19 form part of these financial statements

# Cash Flow Statement

## Cash Flow Statement For Year Ended 31 March 2006

	Note	2006 £	2005 £
<b>Net cash (outflow)/inflow</b>			
before returns on investments	12	127,975	527,811
<b>Returns on investments</b>			
Interest received		8,242	10,818
<b>Net cash inflow</b>			
from returns on investments		8,242	10,818

## Investing activities

Payments to acquire tangible fixed assets	10	(9,803)	(63,704)
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Net cash outflow from investing activities		(9,803)	(63,704)
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<b>(Decrease)/increase in cash and cash equivalents</b>	12	126,414	474,925
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The notes on pages 15 to 19 form part of these financial statements

# Notes

## Notes To The Financial Statements

### Notes To The Financial Statements For Year Ended 31 March 2006

#### 1. Accounting policies

##### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets to current costs. The directors do not consider the current cost of any of the year's transactions or closing balances to be materially different from the historical cost.

##### Basis of accounting

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

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

##### Grants paid

Grants are treated as paid if they have been authorised for payment by the members and paid prior to the year end.

##### Pension scheme

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

##### Tangible fixed assets

Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life.

Fixtures and fittings	20% straight line basis
Computer equipment	33.3% straight line basis

##### Taxation

The Council, as a corporate body, is liable to corporation tax on its investment income. Provision is made for such a liability in any year where it arises.

##### Value added tax

The company is not VAT registered and as such the figures in these accounts are inclusive of value added tax where charged.

##### Funds

The Company operates the following types of funds:

##### • Restricted funds

For funds which were given to the Council for spending on specific purposes which are within the overall aims of the Council, over a period of more than one year.

##### • Core funds

For all other funds which are expendable by the members at their discretion in furtherance of the objectives of the Council, within the financial year.

#### 2. Grant Income

	2006 £	2005 £
Department of Agriculture and Rural Development (DARD)		
- Public expenditure monies	430,041	474,063
- Local regeneration	292,506	222,814
- Policy, Innovation and Research Unit	94,656	137,097
- BSP grants	1,242,851	1,157,817
	<hr/>	<hr/>
	2,060,054	1,991,791
International Fund for Ireland		
Policy and regional development	-	-
Administration	45,595	82,910
Rural retail	98,305	67,615
Vibrant Villages	97,163	1,100
Community Bridges	26,270	-
Rural Service Centre Hubs	4,483	-
	<hr/>	<hr/>
	271,816	151,625
Peace 2 Programme	186,914	288,583
	<hr/>	<hr/>
	2,518,784	2,431,999

Grant-in-aid is received from DARD

# Notes

## Notes To The Financial Statements

### 3. Grants Paid

	2006	2005
Department of Agriculture and Rural Development (DARD)		
- BSP Grants	1,216,647	1,166,477
Peace II Programme	2,642	37,676
	<hr/>	<hr/>
	1,219,289	1,204,153

### 4. Staff costs

The average number employed by the company, including directors, was:

	No.	No.
Corporate Services	15	16
Operations	8	7
Policy and regional development	6	4
Programmes	8	7
	<hr/>	<hr/>
Total number employed	37	34

The costs incurred in respect of these employees were:

	2006	2005
	£	£
Wages and salaries	824,254	727,917
National insurance	65,664	58,733
Pension costs	59,106	26,944
Secondment and agency staff	27,014	71,511
	<hr/>	<hr/>
	976,038	885,105

### 5. Directors and Chief Executive

The remuneration of the Chairman and Chief Executive was £7,805 (2005 £7,615) and £58,507 (2005 £57,362) respectively. The Chief Executive completed a secondment from DARD on 31 May 2005 and as a consequence the company paid a further £1,670 (2005 £7,458) in contributions to the Northern Ireland Civil Service pension scheme. His employment with RDC commenced on 1 June 2005 consequently salary costs of £14,144 for the period 1 April to 31 May 2005 are included in secondment costs of £27,014.

No remuneration was paid to the other Directors during the year. Directly incurred expenses are reimbursed, if claimed.

### 6. Analysis of expenses

	2006	2005
	£	£
Wages and salaries	976,038	885,105
Consultancy fees	3,888	35,743
Programme promotional costs	85,472	48,084
Travel and subsistence	60,649	43,632
Staff training and development	49,107	23,374
Printing, publishing and stationery	17,254	21,162
Legal and professional fees	8,233	14,057
Feasibility studies, business plans and economic appraisals	17,935	58,577
Training for beneficiaries	9,543	30,836
Auditors' remuneration	7,165	4,500
Telephone and postage	19,066	19,404
Rent and rates	56,124	54,915
Light and heat	4,760	4,732
Insurances	8,536	9,061
Cleaning	4,022	4,500
Repairs and maintenance	4,551	11,354
Sundry expenses	5,345	4,380
Depreciation	28,433	25,166
Non cash charges (see note 7)	955	3,127
Repayment of funding	6,175	-
	<hr/>	<hr/>
	1,373,521	1,301,709

### 7. Non cash charges

	2006	2005
	£	£
Opening fund balance	59,396	119,314
Closing fund balance	(4,803)	59,396
	<hr/>	<hr/>
Average during the year	27,297	89,355
Charge at 3.5%	955	3,127

# Notes

## Notes To The Financial Statements

### 8. Related party transactions

The NI Rural Development Council is treated as a Non-Departmental Public Body sponsored by the Department of Agriculture and Rural Development. During the year, there were various material transactions at open market value with the Department which is regarded as a related party.

None of the board members, members of the key management staff or other related parties has undertaken any material transactions with the NI Rural Development Council during the year.

### 9. Pension Contributions

The company operates a defined benefit scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested in Northern Ireland Local Government Scheme, NILGOSC. The pension cost charge represents contributions payable by the fund and amounted to £59,106 (2005: £26,944).

### 10. Tangible fixed assets

	Building improvements	Fixtures & Fittings	Total
Cost:	£	£	£
As at 1 April 2005	63,524	472,565	536,089
Additions	-	9,803	9,803
As at 31 March 2006	63,524	482,368	545,892
<b>Depreciation:</b>			
As at 1 April 2005	63,524	426,159	489,683
Charge for year	-	28,433	28,433
As at 31 March 2006	63,524	454,592	518,116
<b>Net Book Value:</b>			
As at 1 April 2005	-	46,406	46,406
As at 31 March 2006	-	27,776	27,776

The directors do not consider the current values of fixed assets to be materially different from the net book values as shown above.

### 11. Debtors

	2006	2005
	£	£
Grants receivable	195,220	182,932
Prepayments	5,580	-
	200,800	182,932

### 12. Notes to the cash flow statement

	2006	2005
	£	£
Reconciliation of income and expenditure to net cash (outflow)/inflow:		
Operating (deficit)/surplus	(73,396)	(73,863)
Non cash transactions		
-Depreciation	28,433	25,166
-Non cash charges/(credits)	955	3,127
Movement in working capital		
-(Decrease)/increase in creditors (excluding overdrafts)	189,851	(623,362)
-(Increase)/decrease in debtors	(17,868)	1,196,743
Net cash inflow / (outflow) from operating activities	127,975	527,811
Analysis of changes in cash and cash equivalents during the year:		
Cash at bank and in hand balances at 1 April 2005	458,381	81,476
Overdraft balances at 1 April 2005	(3,590)	(101,610)
Net cash position at 1 April 2005	454,791	(20,134)
Increase/(decrease) in cash & cash equivalents	126,414	474,925
Balance at 31 March 2006	581,205	454,791
Comprising:		
- Cash at bank and in hand	603,133	458,381
- Bank overdrafts	(21,928)	(3,590)
	581,205	454,791

# Notes

## Notes To The Financial Statements

### 13. Creditors (amounts due within one year)

Bank overdrafts	21,928	3,590
Accruals	9,175	7,050
Grants received in advance	804,869	617,683
	<hr/>	<hr/>
	836,512	628,323

### 14. Guarantee

The Council is a company limited by guarantee and not having a share capital.

### 15. Losses and special payments

There were no losses or special payments in the year (2005: £nil).

### 16. Funds £

Balance as at 1st April 2005	59,396
Deficit for year	(65,154)
Non cash charge/(credit)	955
	<hr/>
Balance as at 31st March 2006	4,803

### 17. Contingent liabilities

As at 31 March 2006 the Company had contractual obligations arising through offers of grant, which will be paid directly by the relevant funders, as follows:

	<b>£</b>
DARD BSP	3,874,137
DARD BSP	247,813
DARD BSP Technical	386,721
Peace II S/F	72,701
Peace II Extension	513,905
International fund for Ireland	3,148,075
	<hr/>
	8,243,352

### 18. Pension Scheme

The Northern Ireland Rural Development Council participates in The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the State scheme.

The last formal valuation of the Scheme was performed at 31st March 2004 by a professionally qualified actuary.

During the accounting period The Northern Ireland Rural Development Council paid contributions at the rate of 8.5%. Member contributions were at the rate of 6%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

The financial assumptions underlying the valuation were as follows:

	<b>% pa</b>
- Investment return on assets	6.3
- Rate of salary increases	4.4
- Rate of pension increases	2.9

The funding level (ratio of assets to past service liabilities) as at 31 March 2004 is 85%.

In order to address this deficit, minimum total contributions payable for The Northern Ireland Rural Development Council have been advised as:

<b>Year ending</b>	31.3.05	31.3.06	31.3.07	31.3.08
<b>Contribution rate</b>	8.5%	8.5%	11.0%	13.0%

The next valuation of the fund is due at 31st March 2007.

# Notes

## Notes To The Financial Statements

### 19. Key corporate financial targets

The key corporate financial targets as agreed with the Department of Agriculture and Rural Development for the new programmes are a comparison of actual expenditure against budgeted expenditure during the year. The results achieved in the year to 31 March 2006 were as follows:

	<b>Budgeted expenditure to 31/03/06 £</b>	<b>Actual expenditure to 31/03/06 £</b>	<b>Variance £</b>
<b>Corporate Services</b>			
Core Costs	413,012	413,012	-
Programmes	26,208	21,810	4,398
Building Sustainable Prosperity (BSP)	108,188	77,298	30,890
	<hr/> 547,408	<hr/> 512,120	<hr/> 35,288
<b>Operations</b>			
Administration and Technical Support	212,623	200,376	12,247
Grants	1,350,090	1,216,735	133,355
	<hr/> 1,562,713	<hr/> 1,417,111	<hr/> 145,602
Policy and Regional Development	96,830	99,115	(2,285)

### Peace II

Administration	109,164	93,482	15,682
Technical assistance	107,991	99,894	8,097
Extension	64,411	19,745	68,445
	<hr/> 281,566	<hr/> 213,121	<hr/> 68,445

### IFI

Administration	90,485	49,397	41,088
Rural Retail	243,865	98,305	145,560
Community Bridges	90,500	26,270	64,230
Rural Service Centre Hubs	27,000	4,483	22,517
Vibrant Villages	121,015	97,163	23,852
	<hr/> 572,865	<hr/> 275,618	<hr/> 297,247
<b>Total expenditure</b>	<hr/> <b>3,061,382</b>	<hr/> <b>2,517,085</b>	<hr/> <b>544,297</b>

The above figures will not match those reported in the Income and Expenditure account as they have been prepared on a cash basis rather than the accruals basis of accounting.

# Notes



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