

Education and Library  
Boards' Accounts For the year  
ended 31 March 2002

*Laid before the Houses of Parliament by the Department of  
Education in accordance with Paragraph 12(2) and (4) of  
the Schedule to the Northern Ireland Act 2000 and Paragraph  
41 of the Schedule to the Northern Ireland Act 2000 (Prescribed  
Documents) Order 2004*

*21 March 2007*

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21 March 2007*

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# Foreword

The five Education and Library Boards were established on 1 October 1973 under the provisions of the Education and Libraries (Northern Ireland) Order 1972 now consolidated by the Education and Libraries (Northern Ireland) Order 1986. The Boards are sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department of Employment and Learning (prior to 20 July 2001 the Department of Higher and Further Education, Training and Employment).

Article 114 of the 1986 Order provides that the Departments may pay to Boards grants equal to approved net expenditure incurred in accordance with Resource Allocation Plans approved by the Departments under Article 113 (1) or (2) as amended by the 2003 Order, Articles 10-12.

In accordance with the provisions of Article 119 (2) of the 1986 Order each Board is required to submit to the Comptroller and Auditor General for Northern Ireland, a statement of accounts in respect of each financial year, in such form as the Departments, with the approval of the Department of Finance and Personnel, may direct. The statements of accounts submitted by the Boards are examined and certified by the Comptroller and Auditor General for Northern Ireland.

This Command paper includes the accounts of the five Education and Library Boards.



# Accounts of the Belfast Education and Library Board

For Period 1 April 2001 to 31 March 2002

## FOREWORD TO THE ACCOUNTS

### 1 BACKGROUND INFORMATION

The Belfast Education and Library Board (hereinafter referred to as the Board) is an executive non-departmental public body sponsored by the Department of Education, Department of Culture, Arts and Leisure and the Department of Employment and Learning (hereinafter referred to as the Departments). The Board's principal functions are the provision of education, library and youth services to the Belfast City Council area.

These accounts have been prepared in a form directed by the Departments with the consent of the Department of Finance and Personnel in accordance with Article 119 of the Education and Libraries (N.I.) Order 1986. A copy of the Accounts Direction can be found at Annex A.

### 2 BRIEF HISTORY

#### *Business Review*

The Board produces an Annual Report of its activities and a full report is contained therein.

#### *Results for the Year*

The results for the year of the Board are set out in detail on page 14. The deficit for the year was £34,102,743 (2001 - £27,066,870) after charging notional costs of £25,834,162 (2001 - £24,223,120) and the resultant deficit transferred to the income and expenditure reserve was £8,268,581 (2001–deficit £2,843,750).

#### *Fixed Assets*

Details of the movement of fixed assets are set out in note 12 to the accounts.

The Board does not believe that there is any material difference between the market and book values of its lands and buildings.

**3 FUTURE DEVELOPMENTS**

Work is planned to commence on four new primary schools, Forthriver Primary school, Finaghy Primary school, Cavehill Primary school and Lowwood Primary school.

The Board will continue to function in its present form for the foreseeable future.

**4 IMPORTANT EVENTS OCCURRING AFTER THE YEAR END**

There have been no significant events since the year end, which would affect these accounts.

**5 CHARITABLE DONATIONS**

During the year the Board made no donations for charitable or political purposes.

## 6 BOARD MEMBERS

The Board was reconstituted on 1 July 2002, and the following served as members during the year

Miss Carmel McKinney BA MEd DASE	<i>Chairperson appointed 30/08/01</i>
Councillor Jim Rodgers BSc	<i>Vice-Chairperson</i>
Councillor Dr David Alderdice OBE MB BCG MA(Oxon)	
Mr Trevor Blayney BSc(Econ) FCA	
Councillor David Browne	
Mr Jim Caves OBE BA MEd FRSA	
Mr James Clarke Med BA(Hons) Cert Ed	
Councillor Jim Clarke	
Councillor Pat Convery	
Rev David Cooper BA MSc	
Mrs Patricia Diamond BA(Hons) DipEd	
Mr Roger Dixon BA (Hons) PG Dip	
Dr Michael Harriott MSc PhD CChem FRSC	
Councillor Tom Hartley	
Mr Brendan Henry Cert Ed Dip Soc Admin	
Mrs Pauline Leeson BA(Hons) CQSW	
Reverend Canon Walter Lewis BA MPhil	
Mr John MacVicar	
Mr Finbarr McCallion MSc BEd DASE	<i>Temporary chair 6/7/02-30/08/02</i>
Councillor Fra McCann	
Councillor Pat McCarthy	
Councillor Nelson McCausland MA Dip Ed	
Councillor Maragret McClenaghan	<i>(resigned 29 November 2001)</i>
Mrs Siobhan McIntaggart MEd Bed	
V.R.Dr H. McKelvey QVRM TD BA(Hons) MA	
Councillor Catherine Molloy	
Dr Pamela Montgomery BA(Hons) PhD	
Councillor Robin Newton	<i>(with effect from 14 February 2002)</i>
Councillor Joe O'Donnell	
Councillor Gerard O'Neill	<i>(with effect from 29 November 2001)</i>
Miss Sheila O'Prey BEd MEd	
Mr Edwin Paynter BEd(Hons)	
Mrs Hilary Sloan MA H.Dip Ed	
Councillor Reverend Eric Smyth	
Mr James Toner BA DipEd	
Ms Selina Yu BSc(Hons)	

## 6. BOARD MEMBERS

The following retired as Board Members during the year. All councillors

Retired on 11 June 2002, 4 days after the local council elections.

Mrs Anne Odling-Smee CBE JP BA FRSA

*Chairperson retired 30/06/01*

Mr Nigel Butterwick MSc MLA ALA

Mrs Mary Campbell BEd

Mr Jim Collins

Mr Jim Cooper

Mrs Margaret Cruickshank BSc MSc

Councillor Nigel Dodds OBE MA BL

Councillor Danny Dow

Mr Gerry Hamill OBE MA

Councillor William Hutchinson BA

*(resigned 19 December 2001)*

Councillor Stephen McBride MA BL

Councillor Chris McGimpsey BA(Hons) PhD

Reverend John McManus BD

Reverend Colin Morrison

Reverend Dr Donald Patterson BSSc BD PhD

Councillor Fred Proctor

Councillor Harry Smith

Councillor Margaret Walsh

## 7. Disabled Employees

The Board actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

## 8. PAYMENTS TO SUPPLIERS

### *Public Sector Payment Policy – Measure of compliance:*

The Government requires that the Board pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. The Board's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. The measure of compliance is:

	<b>Based on Invoice Date</b>
	<b>Number</b>
Total bills paid	142,168
Total bills paid within target	101,650
% of bills paid within target	71.5%

## 9. Employee Involvement

During the year the policy of providing employees with information about the Board has been continued through regular distribution of circulars. Regular meetings are held between staff at different levels to allow a free flow of information and ideas.

*David Cargo*  
*Accounting Officer*

*Date 20 March 2006*

## STATEMENT OF INTERNAL CONTROL- TRANSITIONAL STATEMENT

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Board policies, aims and objectives, whilst safeguarding the public funds and Board assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the procedures in place by March 2003 necessary to implement DFP guidance. This takes account of the time needed to fully embed the processes which the Board has agreed should be established and improve their robustness.

We are developing appropriate procedures to ensure that we have identified the Board's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership will be allocated to the appropriate staff and the Board will set out its attitude to risk in relation to the achievement of the Board's objectives.

The Board will ensure that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Board.

The Board via the audit committee receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Board's key objectives and risks, further work will be done to bring about more consistency in the way in which the Board treats risks.

In addition to the actions mentioned above, in the coming year the Board plans to:

- Implement risk management awareness training and workshops;
- Regularly review and update the record of risks facing the organisation;
- Set up a system of key performance and risk indicators; and
- Develop and maintain an organisation-wide risk register.

The Board has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports which include the HIA's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board 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.

The Boards' computerised financial systems do not easily facilitate in year completion of accounts on an accruals basis leading to an increased risk of budget overspend due to in year revenue budget monitoring on a cash basis. Monthly management information, therefore, is based on cash expenditure adjusted for known accruals (e.g. Job Evaluation Arrears, Pay Awards Outstanding, Prepayments). The Boards' are currently investigating methods of improving the capture of accruals utilising IT.

## **STATEMENT OF INTERNAL CONTROL- TRANSITIONAL STATEMENT (continued)**

During the period under review difficulties in recruiting staff within the internal audit section reduced the volume of audit work which it was possible to complete. This was offset by stewardship reporting at unit and departmental level with review and challenge by heads of department prior to completion of their departmental certificates. Overall this process and the work of internal audit and other review bodies confirmed that controls are generally sound. I can confirm that where weakness have been identified as a result of my review an action plan has been developed and approved by the audit committee to address these.

In the post balance sheet period a whistle blower made allegations relating to procurement and allocation of work within the property services area of the Board. Given the previous reviews within this area and following an internal review, an independent investigation was commissioned by the Department of Education. A report has been received by the Board and an action plan developed to address the weaknesses identified. The Board's disciplinary scheme has also been instigated and is ongoing.

Following the phased implementation of the new procedures over the management of existing contracts, as a result of the previous reports, a further area of concern relating to Disability Discrimination Act (DDA) works in libraries has been identified. This is subject to a new independent investigation commissioned by the Board. It is planned to conclude this investigation by the end of 2005/2006. The relevant sponsoring Departments, Northern Ireland Audit Office and the Police Service of Northern Ireland (PSNI) have been notified in accordance with the Board's fraud response plan and receive regular updates.

*David Cargo*  
*Accounting Officer*

*Date 20 March 2006*

## **STATEMENT OF THE BOARD AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under Article 119 (2) of the Education and Libraries (Northern Ireland) Order 1986 the Board is required to prepare a statement of accounts in the form and on the basis directed by the Departments with the consent of the Department of Finance and Personnel.

The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officers of the Departments have designated the Chief Executive of the Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers Memorandum, issued by the Departments.

*David Cargo*  
*Accounting Officer*

*Date 20 March 2006*

## **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly.**

I certify that I have audited the financial statements on pages 14 to 41 under the Education and Libraries (NI) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 to 23.

### **Respective responsibilities of the Belfast Education and Library Board, the Chief Executive and Auditor**

As described on page 11, the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 9 and 10 reflects the Board's compliance with the Department of Finance and Personnel's guidance on the transitional Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the entity's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **REPORT TO THE MEMBERS OF THE BOARD OF THE BELFAST EDUCATION AND LIBRARY BOARD (Continued)**

### **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Belfast Education and Library Board at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education and Libraries (NI) Order 1986 and directions made thereunder by the Department of Education; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

### **Report**

As shown at Note 34 (Financial Target) on page 41 of the financial statements, the Board did not contain expenditure within the accrued limit for the 2001-02 financial year approved by the Department of Education. The Board used funds which it had accumulated in previous years to cover the exceeding of £1.220 million on the approved budget.

Article 113 of the Education and Libraries (NI) Order 1986, which was the relevant legislation then in force, prohibited the Board from incurring expenditure otherwise than in accordance with a financial scheme approved by the Department of Education. I decided not to qualify my opinion on the regularity of the exceeding amount as it was funded by the Board's reserves and the relevant legislation was expressed in cash terms although the Board had moved to a resource regime. New legislation expressing expenditure control in resource terms came into effect with the Education and Libraries (NI) Order 2003 on 1 April 2003.

I will report further on delays in finalising Education and Library Board accounts, financial control in Boards, and related matters, in my General Report, 2004-05.



**J M Dowdall CB**  
**Comptroller and Auditor General**  
**28<sup>th</sup> March 2006**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

### **Please note:**

The maintenance and integrity of the Belfast Education and Library Board's website is the responsibility of the Chief Executive; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

<b>Income</b>	<b>Notes</b>	<b>2002 £</b>	<b>2001 £</b>
Grant from Departments	2	203,865,935	184,425,270
Other grant income	3	1,252,501	1,408,397
Other operating income	4	4,489,041	3,066,794
<b>Total Income</b>		<u>209,607,477</u>	<u>188,900,461</u>
Staff costs	6 & 7	143,385,600	136,964,077
Depreciation	12	16,196,596	6,821,702
Other operating expenses	8 & 11	58,293,862	47,958,432
Notional costs	9	25,834,162	24,223,120
<b>Total Expenditure</b>		<u>243,710,220</u>	<u>215,967,331</u>
<b>Surplus/(Deficit) for the year</b>		(34,102,743)	(27,066,870)
Credit in respect of notional costs	9	<u>25,834,162</u>	<u>24,223,120</u>
<b>Amount Transferred to Reserves</b>	20	<u>(8,268,581)</u>	<u>(2,843,750)</u>

All amounts above relate to continuing activities.

The notes on pages 18 to 41 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED  
31 MARCH 2002**

	<b>Notes</b>	<b>2002 £</b>	<b>2001 £</b>
<b>(Deficit) for the year</b>		(34,102,743)	(27,066,870)
Unrealised surplus on revaluation of fixed assets	21	75,247,114	4,950,909
Backlog depreciation	21	-	(697,719)
<b>Total recognised (losses)/gains for the year</b>		<u>41,144,371</u>	<u>(22,813,680)</u>

The notes on pages 18 to 41 form part of these accounts.

**BALANCE SHEET AS AT 31 MARCH 2002**

	Notes	2002 £	2001 £
<b>Fixed Assets</b>			
Tangible Assets	12	437,552,475	400,045,721
<b>Current Assets</b>			
Stocks	13	56,971	64,280
Debtors	14	29,394,525	9,185,450
Cash at bank and in hand	23(vi)	1,612,968	6,830,290
		<u>31,064,464</u>	<u>16,080,020</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	15	<u>(10,829,454)</u>	<u>(9,697,030)</u>
<b>Net Current Assets</b>		<u>20,235,010</u>	<u>6,382,990</u>
<b>Total Assets less Current Liabilities</b>		457,787,485	406,428,711
Creditors: amounts falling due after more than one year	16	-	-
Provisions for Liabilities and Charges	18	(7,290,163)	(6,649,070)
Deferred Income	19	(741,368)	-
<b>Net Assets</b>		<u>449,755,954</u>	<u>399,779,641</u>
<b>Reserves</b>			
Income and Expenditure Reserve	20	(9,576,127)	(1,082,408)
Other Reserves	21	<u>459,332,081</u>	<u>400,862,049</u>
		<u>449,755,954</u>	<u>399,779,641</u>

The Financial Statements on page 14-41 were approved by the Board on 2 March 2005 and were signed on its behalf by:

Chairperson: Jim Rodgers

Date: 20 March 2006

Chief Executive: David Cargo

Date: 20 March 2006

The notes on pages 18 to 41 form part of these accounts.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	23 (i)	(5,240,117)	845,020
Returns on investments and servicing of finance	23 (ii)	60,070	73,163
Capital expenditure and financial investment	23 (iii)	<u>(37,275)</u>	<u>297,383</u>
Net cash inflow before financing		(5,217,322)	1,215,566
Financing	23 (iv)	-	-
<b>Increase/(Decrease) in cash</b>	23 (v) & (vi)	<u><u>(5,217,322)</u></u>	<u><u>1,215,566</u></u>

The notes on pages 18 to 41 form part of these accounts.

**1. STATEMENT OF ACCOUNTING POLICIES**

**1.1 *Accounting Convention***

These financial statements have been prepared in accordance with the Accounts Direction issued by the Departments on 26 November 1999 and in accordance with applicable Accounting Standards under the modified historical cost convention.

Without limiting the information given the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

**1.2 *Recognition of Income***

The final approved resource allocations (recurrent) from the Department of Education are included in the Income and Expenditure Account to the extent of matching the relevant expenditure incurred during the period. Where expenditure incurred exceeds cash received a Departmental debtor is created. Where expenditure incurred is less than the final approved resource allocation a funding commitment is disclosed. However reference should be made to note 5 for further detail.

The annual recurrent allocations from the Departments and the Department of Health, Social Services and Public Safety are intended to meet recurrent costs, which are credited to the income and expenditure account.

Income from other grants received for specific purposes, that is restricted income, are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

**1.3 *Foreign Currency Transactions***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

**1.4 Taxation**

The Board is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are net of recoverable VAT.

**1.5 Fixed Assets**

All spending on a fixed asset which yields a benefit for a period of more than one year, is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the asset.

**1.5.1 Land and Buildings**

All land and buildings are capitalised and stated in the balance sheet at valuation on the basis of depreciated replacement cost. Full valuations are made by the Valuation and Lands Agency (VLA) every five years and in the intervening years these valuations are updated by the VLA using appropriate indices. As a result of work pressures, VLA has not been able to complete a full valuation, which was due to be carried out as at 31 March 2002. It has been necessary, therefore, for the purposes of the 2001/2002 accounts to include valuations updated by the VLA using appropriate indices. A full revaluation is being sought from VLA for inclusion in the 2002/2003 accounts. Land and buildings acquired during the year are included in the balance sheet. Completed building projects will be capitalised but not depreciated until commissioned. On going building projects are categorised as assets in the course of construction and shown separately. Project costs capitalised include design and related fees as well as construction costs. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a government grant reserve and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

**1.5.2 Maintained Schools**

Land and buildings shown in the financial statements do not include any voluntary maintained schools, the assets of which belong to their trustees. The Board, however, is responsible for buildings and grounds maintenance at these schools, as well as providing them with certain other services and with 100% funding for general running costs under Local Management of Schools (LMS). These costs are reflected in the Board's Income and Expenditure Account.

**1.5.3 Donated Assets**

Donated tangible fixed assets are capitalised at their valuation on receipt. This value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Income and Expenditure Account.

**1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

**1.5.4 Assets other than Land and Buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets are valued each year using appropriate indices or professional valuations.

**1.5.5 Depreciation**

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed regularly and revised where appropriate.

All assets are depreciated on a straight line basis over their expected useful lives. A full month's depreciation is charged in the period of acquisition/commissioning and no depreciation is charged in the month of disposal. Assets in the course of construction are not depreciated until brought into use. Depreciation will not normally be provided for on freehold land unless subject to depletion or on assets which are identified as surplus to requirements and held pending disposal.

Capitalised assets are depreciated over their useful economic lives as follows:

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers Plant and Equipment	Hardware and Software	3 years
	Reprographics	7 years
	Machinery	15 years
	Music	10 years
	General and Other	10 years
	Cleaning	7 years
	Special Books	Not Depreciated
Vehicles	Small Mini-buses	5 years
	33 Seater mini-buses	10 years
	> 33 Seater Mini-buses	14 years
	Vans	5 years
	Grounds Maintenance	7 years
	Mobile Libraries	10 years
	Cars	4 years

**1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

**1.5.5 Depreciation ( cont'd...)**

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a government grant reserve and released to the income and expenditure account over the expected useful economic life of the related asset.

**1.6 Stocks**

It is policy to carry stock for the meals service. Stocks are stated at the lower of current replacement cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**1.7 Pension Scheme**

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC).

The Teachers' Superannuation Scheme is a contributory defined benefits type scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme. The scheme is currently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme is of the defined benefits type, the assets of the scheme being held in separate trustee administered funds.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.8 *Nature of substantial reserves*

- The *Income and Expenditure Reserve* balance represents the surplus of revenue income over expenditure. It can be used to supplement income in future years.

#### *Other Reserves*

- The *Schools Reserve* is the cumulative unspent portion of schools' locally administered budgets. These were set up under the Local Management in Schools arrangements required by the Education Reform Northern Ireland Order 1989.
- The *Grant Consolidated Revenue Account* balance represents the surplus of grant income over expenditure.
- The *Government Grant Reserve* represents the movement on fixed assets in line with the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001.
- The *General Reserve* represents the proceeds of the sale of assets in line with the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001.
- The *Special Book Reserve* represents the valuation of the special library book collection.
- The introduction of a Donated Assets Reserve and/or a Revaluation Reserve will depend on the application of the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001, to appropriate circumstances.

#### 1.9 *Finance and Operating leases*

Operating lease rentals are charged to the Income and Expenditure Account in equal annual amounts over the lease term. Leasing arrangements which transfer to the Board substantially all benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright.

The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

**1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

***1.10 Private Finance Initiative***

The Board follows HM Treasury's 'Technical Note 1 (revised) How to Account for PFI Transactions' which provides guidance for application of the FRS5 Amendment.

The Belfast Board's schools under the PFI Scheme are treated as off balance sheet. The scheme involves the building of new schools and the provision of catering, cleaning and maintenance services. Land at the school sites have been handed over for development as part of the funding of the scheme.

The South Eastern Education and Library Board has responsibility on behalf of all 5 Boards for the Board's Finance IT system. This is a PFI scheme, the purpose of which is to provide a financial accounting system.

The Western Education and Library Board has responsibility on behalf of all 5 Boards for the Classroom 2000 project. This is a PFI scheme, the purpose of which is to design, develop and operate an ICT infrastructure to support the curriculum, management and information needs of the major bodies within the education service in Northern Ireland.

The North Eastern Education and Library Board has responsibility on behalf of all 5 Boards, for the Electronic Libraries for Northern Ireland (ELFNI) project. This is a PFI scheme to deliver public access to electronic information through the public library network and to provide new library management systems.

***1.11 Cost of Capital***

The Board bases the cost of capital calculation on the total assets of the Board by the cost of capital percentage issued by HM Treasury. For the year ended 31 March 2002 the cost of capital percentage was 6%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

2. GRANT FROM DEPARTMENTS OF EDUCATION, CULTURE, ARTS AND LEISURE AND EMPLOYMENT AND LEARNING

	2002 £	2001 £
<i>Recurrent Grant</i>		
- Grant-in-Aid	178,616,849	173,475,886
- New Deal PFI	-	-
- New Deal Maintenance	-	147,000
- New Deal NGFL	-	300,000
- Mandatory Awards	1,129,000	2,293,000
- Premature Retirement Compensation Lump Sums	370,000	481,160
- Premature Retirement Compensation Pensions	858,000	769,331
- Funding Maintained Schools Improvements	-	62,628
- Release of general reserve	69,101	0
- Release of government grant reserve	22,666,956	6,833,489
	<u>203,709,906</u>	<u>184,362,494</u>

DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY

<i>Recurrent Grant</i>		
- Mandatory Awards	156,029	62,776
	<u>203,865,935</u>	<u>184,425,270</u>

3. OTHER GRANT INCOME

	2002 £	2001 £
European Funds	270,685	301,568
New Opportunities Fund	832,948	334,705
Other Funds	148,868	772,124
	<u>1,252,501</u>	<u>1,408,397</u>

4. OTHER OPERATING INCOME

	2002 £	2001 £
Catering operations	1,920,014	1,733,912
Other income generating activities	1,774,285	841,093
Interest Receivable	60,173	87,465
Miscellaneous	734,569	404,324
	<u>4,489,041</u>	<u>3,066,794</u>

**5. FUNDING COMMITMENT**

The following funding commitment from the Departments has not been accrued as income:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amount of Grant formally committed:		
Department of Education	6,524,000	-
Department for Employment and Learning	-	-
Department of Culture, Arts and Leisure	-	-
	<u>6,524,000</u>	<u>-</u>

The funding commitment or year end flexibility represents a guaranteed resource which will be added to the Board's approved spending limits in the next financial year. In establishing whether the Board has achieved financial targets set, this funding commitment or year end flexibility is added to the reserves position reported in these accounts.

**6. STAFF COSTS**

The average number of persons (including Senior Postholders) employed by the Board during the year expressed as Full-Time Equivalents (FTE) and staff costs are as follows:-

**Staff costs:**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<i>Teaching</i>		
Gross Pay	85,306,821	82,232,592
NIC	6,831,236	6,087,919
Pension Costs	8,078,921	7,412,311
Other Employee Expenses	657,868	1,080,827
	<u>100,874,846</u>	<u>96,813,649</u>
<i>Non-Teaching (including Board Members)</i>		
Gross Pay	37,434,619	33,563,120
NIC	2,106,909	1,778,354
Pension Costs	2,659,992	4,483,549
Other Employee Expenses	309,234	325,405
	<u>42,510,754</u>	<u>40,150,428</u>
<i>Average staff numbers:</i>		
	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
Teaching	3,742	3,708
Non-Teaching	4,587	4,465
	<u>8,329</u>	<u>8,173</u>

7. EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS

SENIOR POSTHOLDERS

	Age	Salary including benefits in kind	Real increase/(decrease) in pension at 65	Total accrued pension at 65 at 31 March 2002
		£	£	£
Mr D Cargo <i>Chief Executive</i>	51	69,036	2,740	23,574
Mr M Rea <i>Senior Education Officer (Retired 31 August 2001)</i>	61	24,319	-	-
Mr George Campbell <i>Senior education Officer (From July 2001)</i>	53	44,568	1,579	16,265
Mr D Megaughin <i>Chief Finance Officer</i>	46	58,366	1,482	12,232
Mr B Mulholland <i>Chief Administrative Officer</i>	43	48,325	1,429	12,176
Mrs L Houston <i>Chief Librarian</i>	45	48,325	1,572	14,145
Mr J Beatty <i>Director Regional Training Unit PQH (Retired 30 June 2001)</i>	61	14,591	-	-
Mr T Hesketh <i>Director Regional Training Unit</i>	48	49,214	1,486	13,865

For each of these members of the NILGOSC pension scheme, a lump sum equal to three times the total Accrued pension at 31 March 2002 is also payable on retirement.

BOARD MEMBERS

The total emoluments (incl. honoraria) of the Chairpersons were £ 6,871, (£4,563 and £2,308), (2001 - £7,171).

The highest payment for any other Board member was £ 1,880, (2001 - £1,739).

The aggregate amount of Board members emoluments was £ 23,345, (2001 - £23,499).

One member waived emoluments.

The number of Board members who received emoluments falling within the range below:

	2001/02 Number	2000/01 Number
£1 - £4,999	29	24
£5,000 - £5,999	-	-
£6,000 - £6,999	1	-
£7,000 - £7,999	-	1

**8. OTHER OPERATING EXPENSES**

<b>THE DEPARTMENTS</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Premises, Fixed Plant & Grounds	22,748,654	19,558,628
Supplies & Services	16,714,522	15,868,138
Transport	3,785,515	3,019,789
Establishment	5,349,482	3,246,077
Grants to Persons/Bodies	2,550,392	5,544,470
Bad debts	(21,603)	21,242
(Profit)/Loss on disposal of fixed assets	6,470,353	11,787
Miscellaneous	540,518	625,525
	<u>58,137,833</u>	<u>47,895,656</u>
<b>DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY</b>		
Grants to Persons/Bodies	156,029	62,776
	<u>58,293,862</u>	<u>47,958,432</u>

Other operating expenses include:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Operating leases - hire of plant and machinery	-	-
Operating leases – property	8,533	7,726
Travel, subsistence and hospitality	1,657,491	1,340,418
P.F.I.	212,551	-
	<u>1,878,575</u>	<u>1,348,144</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 9. NOTIONAL COSTS

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Auditor's Remuneration	43,500	44,000
Teacher's Payroll	282,353	276,005
Land & Buildings Valuation	-	-
Use of Capital	25,508,309	23,903,115
	<u>25,834,162</u>	<u>24,223,120</u>

### 10. INTER BOARD TRADING

During the year the Board earned £NIL from the selling of services and purchased £NIL of services from the other Boards.

### 11. INTEREST PAYABLE

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
On Finance Leases	-	-
Other	103	14,302
	<u>103</u>	<u>14,302</u>

These expenses are included in other operating expenses.

**12. TANGIBLE FIXED ASSETS**

	Land & Buildings	Vehicles	Computers	Plant, Equipment & Miscellaneous	Assets in course of construction	Total
	£	£	£	£	£	£
<b>* Cost or Valuation</b>						
At 1 April 2001	406,468,114	2,033,502	700,596	4,580,659	278,469	414,061,340
Additions	2,790,607	429,785	206,795	73,807	1,890,242	5,391,236
Transfer from assets in the course of construction	41,801	236,668	-	-	(278,469)	-
Capitalisation of Special Books	-	-	-	-	-	-
Disposals	(26,935,000)	(60,415)	-	-	-	(26,995,415)
Revaluation	77,384,468	2,592	(183,942)	(2,837)	-	77,200,281
Impairment of value	(8,368,855)	-	-	-	-	(8,368,855)
<b>* At 31 March 2002</b>	<b>451,381,135</b>	<b>2,642,132</b>	<b>723,449</b>	<b>4,651,629</b>	<b>1,890,242</b>	<b>461,288,587</b>
<b>Depreciation</b>						
At 1 April 2001	12,802,024	755,977	212,671	244,947	-	14,015,619
Disposals	-	(60,415)	-	-	-	(60,415)
Charge for period	7,106,037	374,128	203,717	143,859	-	7,827,741
Revaluation	2,012,127	1,689	(59,699)	(950)	-	1,953,167
<b>At 31 March 2002</b>	<b>21,920,188</b>	<b>1,071,379</b>	<b>356,689</b>	<b>387,856</b>	<b>-</b>	<b>23,736,112</b>
<b>Net Book value at 31 March 2002</b>	<b>429,460,947</b>	<b>1,570,753</b>	<b>366,760</b>	<b>4,263,773</b>	<b>1,890,242</b>	<b>437,552,475</b>
<b>Net Book value at 1 April 2001</b>	<b>393,666,090</b>	<b>1,277,525</b>	<b>487,925</b>	<b>4,335,712</b>	<b>278,469</b>	<b>400,045,721</b>

	2002 £	2001 £
<b>The net book value of assets in the course of construction include the following:</b>		
Buildings	1,890,242	41,801
Vehicles	-	236,668
	<u>1,890,242</u>	<u>278,469</u>

**12. TANGIBLE FIXED ASSETS (cont'd ...)**

Fixed assets include £3,591,700 in relation to a special collection of library books which were valued by Sothebys, 34/35 Bond Street, London, on 2 April 2001 and P & B Rowan, 92 Malone Road, Belfast, on 20 March 2001 and 25 October 2002. The library books were valued on an open market existing use basis and have not been indexed or depreciated. The next revaluation will be performed in April 2004.

Land and buildings were valued as at 31 March 2002, 31 March 2001, 31 March 2000 and 31 March 1999 on a depreciated replacement cost basis using approved government indices provided by the Valuation and Lands Agency.

Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Department of Education.

The net book value of tangible fixed assets includes an amount of £NIL (2001 - £NIL) in respect of assets held under reversionary trusts i.e. if the properties cease to be used as specified in the deeds, they will revert to the ownership of the trustees.

The net book value of tangible fixed assets includes an amount of £NIL (2001 - £NIL) in respect of assets held under finance leases.

The depreciation charge for the period is analysed as follows:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Owned assets	7,827,741	6,821,702
Assets held under finance leases and hire purchase arrangements	-	-
Permanent decrease in value of assets	8,368,855	-
	<u>16,196,596</u>	<u>6,821,702</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**13. STOCK**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Catering	56,971	64,280
Maintenance and central depots	-	-
	<u>56,971</u>	<u>64,280</u>

**14. DEBTORS:**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade debtors	249,375	183,980
Amount owed by Departments	1,394,977	6,436,984
Amount owed by Boards	567,700	141,845
Prepayments and accrued income	3,258,048	1,199,138
Recoverable VAT	5,020,883	1,178,681
	<u>10,490,983</u>	<u>9,140,628</u>

**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Trade debtors	60,909	44,822
Prepayments	18,842,633	-
	<u>18,903,542</u>	<u>44,822</u>
	<u>29,394,525</u>	<u>9,185,450</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases	-	-
Trade creditors	5,166,725	2,846,866
Amount owed to Boards	86,710	155,547
Other taxation and social security	553,602	526,634
Other creditors	115,683	36,118
Accruals	4,906,734	6,131,865
PFI commitment	-	-
	<u>10,829,454</u>	<u>9,697,030</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases	-	-
PFI commitment	-	-
	<u>-</u>	<u>-</u>

**17. ANALYSIS OF BORROWINGS OF THE BOARD: FINANCE LEASES**

The net finance lease obligations to which the Board is committed are:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
In one year or less	-	-
Between one and two years	-	-
Between two and five years	-	-
Over five years	-	-
PFI commitment	-	-
	<u>-</u>	<u>-</u>

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Employer &amp; Public liability claims</b>	<b>Pensions</b>	<b>Job Evaluation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2001	898,118	5,023,888	727,064	6,649,070
Expenditure in the period	(262,355)	-	(727,064)	(989,419)
Transferred from Income and Expenditure Account	485,390	623,220	521,902	1,630,512
<b>At 31 March 2002</b>	<u>1,121,153</u>	<u>5,647,108</u>	<u>521,902</u>	<u>7,290,163</u>

**18. PROVISIONS FOR LIABILITIES AND CHARGES (cont'd...)**

**Premature Retirement for Teachers**

As directed by the Department of Education, with the consent of the Department of Finance and Personnel, a provision has not been included in the Board accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teachers' Superannuation Account (part of the Departmental accounting structure). The in-year charge in respect of such cases as well as the requisite employer superannuation contributions is charged to the Board's income and expenditure account. In that respect the number of teacher premature retirement compensation cases is as follows:

	<b>2002 Number</b>	<b>2001 Number</b>
New Cases	51	83
	<hr/>	<hr/>
Cumulative	<u>489</u>	<u>438</u>

**Employer and Public Liability Claims**

These are claims in relation to accidents/incidents by members of staff and or the public against the Board. At the balance sheet date, a legal claim has been received by the Board, and an estimated "settlement" figure has been calculated by reference to analysis of previous claims of a similar type, and to the previous history of successful settlements.

**Pension Provision**

This provision refers to previous employees of the Board who have retired and are in receipt of current pension benefits. The provision is calculated by reference to age, at the balance sheet date, an actuarial indexation factor which anticipates future life expectancy, and finally the actual current pension being paid in the current year. The product of this calculation is an estimate of the future liability of the Board in respect of these former employees.

**Job Evaluation**

This provision refers to current employees, whose job descriptions have been altered, and as such may be doing duties of a higher grade and therefore entitled to a higher salary. There are several staff groupings within the Board who may be eligible for evaluation, but this provision is made only in respect of those employees, who have actually signed revised job descriptions; have been accepted for evaluation; and the Board has calculated an estimated liability for those staff groups.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**19. DEFERRED INCOME - DEFERRED GRANTS**

	<b>Department</b>	<b>Other Sources</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2001	-	-	-
Cash received	741,368	-	741,368
<b>At 31 March 2002</b>	<b>741,368</b>	<b>-</b>	<b>741,368</b>

**20. INCOME AND EXPENDITURE RESERVE**

At 1 April 2001	£ (1,082,408)
Deficit Grant received from Department of Education	1,142,181
Amount transferred (to)/from Income and Expenditure Account	(8,268,581)
Transfer (to)/from School Reserve	(230,064)
Transfer (to)/from Grant Reserve	(1,099,980)
Transfer(to)/from Government Grant Reserve	(37,275)
Transfer (to)/from Donated Asset Reserve	-
<b>At 31 March 2002</b>	<b>(9,576,127)</b>

**21. OTHER RESERVES**

	<b>Government Grant Reserve £</b>	<b>General Reserve £</b>	<b>Schools Reserve £</b>	<b>Grant Reserve £</b>	<b>Special Book Reserve £</b>	<b>Total £</b>
At 1 April 2001	396,400,172	1,185	1,542,734	(673,742)	3,591,700	400,862,049
Transfer to/(from) Income & Expenditure Reserve	37,275	-	230,064	1,099,980	-	1,367,319
Capital grants received for tangible fixed assets	5,291,295	-	-	-	-	5,291,295
Release of government grant reserve	(7,827,741)	-	-	-	-	(7,827,741)
Revaluation of tangible fixed assets	75,247,114	-	-	-	-	75,247,114
Impairment value of fixed assets	(8,368,855)	-	-	-	-	(8,368,855)
Backlog depreciation	-	-	-	-	-	-
Disposal of fixed assets	(26,935,000)	19,765,001	-	-	-	(7,169,999)
Transfer to/from General Reserve	62,666	(62,666)	-	-	-	-
Release of PFI Prepayment	-	(69,101)	-	-	-	(69,101)
Capitalisation of Special Books	-	-	-	-	-	-
<b>At 31 March 2002</b>	<b>433,906,926</b>	<b>19,634,419</b>	<b>1,772,798</b>	<b>426,238</b>	<b>3,591,700</b>	<b>459,332,081</b>



23. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus/(deficit) to cash flow from operating activities

	2002 £	2001 £
(Deficit) for the year	(34,102,743)	(27,066,870)
Deficit Grant Received	1,142,181	-
Non-cash Sale of Land re PFI	19,765,001	-
Release of General Reserve for PFI Asset	(62,666)	-
Release of General Reserve for PFI Prepayment	(69,101)	-
Depreciation (note 12)	7,827,741	6,821,702
Government grant release (note 21)	(7,827,741)	(6,821,702)
Impairment of assets (note 12)	8,368,855	-
Government grant impairment release (note 21)	(8,368,855)	-
(Profit)/Loss on disposal of land and buildings	6,485,000	-
(Profit)/Loss on disposal of assets other than land & buildings	(14,647)	11,787
Government grant release for disposal of assets (note 8)	(6,470,353)	(11,787)
Interest payable (note 11)	103	14,302
Interest receivable	(60,173)	(87,465)
Notional Costs (note 9)	25,834,162	24,223,120
Decrease/(Increase) in stocks	7,309	1,218
Decrease/(Increase) in debtors	692,468	(2,643,629)
Decrease/(Increase) in prepayments and accrued income	(20,901,543)	325,514
Increase/(Decrease) in creditors	2,330,587	774,668
Increase/(Decrease) in other taxation and social security	26,968	521,400
Increase/(Decrease) in accruals	(1,225,131)	2,595,965
Increase/(Decrease) in provisions	641,093	2,186,797
Increase/(Decrease) in deferred income	741,368	-
Net cash inflow from operating activities	<u>(5,240,117)</u>	<u>845,020</u>

(ii) Returns on investment and servicing of finance

	2002 £	2001 £
Interest received	60,173	87,465
Interest paid on finance leases	-	-
Other interest paid	(103)	(14,302)
	<u>60,070</u>	<u>73,163</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT (cont'd ...)**

**(iii) Capital expenditure and financial investment**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Payments to acquire tangible fixed assets	(5,328,569)	(4,322,173)
Capital grants received	4,591,000	4,618,371
Receipts from sale of tangible fixed assets	700,294	1,185
	<u>(37,275)</u>	<u>297,383</u>

**(iv) Financing**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Capital element of finance lease rental payments	-	-
Increase in deficit loan	-	-
	<u>-</u>	<u>-</u>

**(v) Analysis of net funds**

	<b>1 April</b>	<b>Cash flow</b>	<b>Non cash</b>	<b>31 March</b>
	<b>2001</b>	<b>£</b>	<b>changes</b>	<b>2002</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>6,830,290</u>	<u>(5,217,322)</u>	<u>-</u>	<u>1,612,968</u>

**(vi) Reconciliation of net cash flow to movement in net funds**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Increase in cash	(5,217,322)	1,215,566
Cash inflow/(outflow) from increase/(decrease) in debt and finance leases	-	-
Change in net debt resulting from cash flows	<u>(5,217,322)</u>	<u>1,215,566</u>
Other non cash items	-	-
Movement in net funds	<u>(5,217,322)</u>	<u>1,215,566</u>
Net funds at 1 April 2001	6,830,290	5,614,724
Net funds at 31 March 2002	<u>1,612,968</u>	<u>6,830,290</u>

**24. CAPITAL COMMITMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Contracted	132,592	939,422
Authorised but not contracted	9,725,700	1,552,304
	<u>9,858,292</u>	<u>2,491,726</u>

**25. FINANCIAL COMMITMENTS**

At 31 March 2002 the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>
	<b>Plant and</b>	<b>Property</b>	<b>Total</b>	<b>Plant and</b>	<b>Property</b>	<b>Total</b>
	<b>machinery</b>			<b>machinery</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring within one year	-	-	-	-	-	-
Expiring between 1 and 5 years inclusive	-	-	-	-	-	-
Expiring after 5 years	-	8,300	8,300	-	8,300	8,300
	<u>-</u>	<u>8,300</u>	<u>8,300</u>	<u>-</u>	<u>8,300</u>	<u>8,300</u>

**26. PRIVATE FINANCE TRANSACTIONS**  
**PFI Schemes deemed to be off Balance Sheet**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts included within Other Operating Expenses		
In respect of PFI transactions deemed to be off		
Balance Sheet	212,551	-
	<u>212,551</u>	<u>-</u>

The Board is committed to make the following payments during the next financial year:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
PFI scheme which expires:	-	-
Within one year of the Balance Sheet date		
2 to 5 years inclusive	-	-
6 to 10 years inclusive	-	-
11 to 15 years inclusive	-	-
16 to 20 years inclusive	-	-
21 to 25 years inclusive	810,792	-
Total Commitment	<u>810,792</u>	<u>-</u>
Estimated capital value of the PFI Scheme	<u>9,400,000</u>	<u>-</u>

	<u>Contract start date</u>	<u>Contract end date</u>
Wellington / Balmoral/RTU	Jan2002	Jan 2027

The PFI Scheme for the Wellington College, and Balmoral High School and the Regional Training Unit (RTU) is contracted for by the Board. The Board has an ongoing financial commitment in respect of making monthly unitary payments.

**27. CONTINGENT ASSETS AND LIABILITIES**

The Private Finance Initiative involving Wellington College, Balmoral High School and the Regional Training Unit (RTU) includes the sale of surplus land to finance the building of the schools. Homes are to be built on the surplus land and the Board will benefit from a share of the income when the income from the sale of the homes reaches the agreed targets. The amount and timing of the income share is not certain and is therefore noted as a contingent asset.

The impact of Job Evaluation pay awards is currently under negotiation. Those amounts which are probable and ascertainable have been accrued within provisions for liabilities and charges. There are however three schemes currently underway for which no provisions have been made as these have yet to be fully agreed. This is a contingent liability.

**28. POST BALANCE SHEET EVENTS**

Details of post balance sheet events are given in the Annual Report of the Board.

**29. RELATED PARTY TRANSACTIONS**

The Belfast Education and Library Board is a Non-Departmental Public Body (NDPB) sponsored by the Department of Education, Department of Culture, Arts and Leisure and the Department of Higher and Further Education, Training and Employment.

The Departments are regarded as related parties. During the year, the Belfast Education and Library Board has had various material transactions with the Departments and with other entities for which the Departments are regarded as the parent Department. These include:

- South Eastern Education and Library Board;
- North Eastern Education and Library Board;
- Southern Education and Library Board;
- Western Education and Library Board;
- Staff Commission for Boards;
- Council for Catholic Maintained Schools (CCMS);
- Voluntary Grammar Schools;
- Grant Maintained Integrated Schools; and
- Council for the Curriculum, Examination and Assessment (CCEA).

**29. RELATED PARTY TRANSACTIONS (cont'd...)**

In addition, the Belfast Education and Library Board has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- (a) Department of Health, Social Services and Public Safety;
- (b) Health and Social Services Boards which are sponsored by the Department of Health, Social Services and Public Safety; and
- (c) Probation Board for Northern Ireland, a body sponsored by the Northern Ireland Office.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Belfast Education and Library Board during the year.

**30. EUROPEAN UNION FUNDING**

	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>
	<b>Income</b>	<b>Expenditure</b>	<b>Income</b>	<b>Expenditure</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Received via Department of Education Applicant:				
(a) Board	(14,167)	14,167	(297)	297
(b) Schools	(31,518)	31,518	(117,805)	117,805
(c) Other Services	(5,671)	5,671	(29,755)	29,755
	<u>(51,356)</u>	<u>51,356</u>	<u>(147,857)</u>	<u>147,857</u>
Received from Other Sources:				
(a) Milk Subsidy	(106,789)	106,789	(39,450)	39,450
(b) Others	(112,540)	112,540	(114,261)	114,261
	<u>(219,329)</u>	<u>219,329</u>	<u>(153,711)</u>	<u>153,711</u>
<b>Total</b>	<u>(270,685)</u>	<u>270,685</u>	<u>(301,568)</u>	<u>301,568</u>

**31. NEW OPPORTUNITIES FUND**

	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>
	<b>Income</b>	<b>Expenditure</b>	<b>Income</b>	<b>Expenditure</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(a) Schools	(768,456)	768,456	(314,780)	314,780
(b) Public Libraries	(64,492)	64,492	(19,925)	19,925
(c) Other Services	-	-	-	-
	<u>(832,948)</u>	<u>832,948</u>	<u>(334,705)</u>	<u>334,705</u>

**32. STATEMENT OF LOSSES**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
(a) Cash Losses	9,527	8,950
(b) Claims Abandoned	47	786
(c) Fruitless Payments	-	-
(d) Stores Losses	575,333	453,579
	<u>584,907</u>	<u>463,315</u>

**33. STATEMENT OF SPECIAL PAYMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
(a) Ex-Gratia Payments	-	80
(b) Extra Statutory Payments	-	-
	<u>-</u>	<u>80</u>

**34. FINANCIAL TARGET**

The Board's financial targets for 2001-2002 were to contain expenditure within the accrued expenditure limits approved by the Department of Education and the Department of Employment and Learning and within the cash expenditure limits approved by the Department of Culture, Arts & Leisure. The targets in respect of the Department of Employment and Learning and the Department of Culture, Arts & Leisure have been achieved. The target for the Department of Education in the year exceeded the approved limit by £1,220k. This amount was funded out of the Board's cumulative reserve position. The cumulative reserve position for the Department of Education was still in surplus at the year end.

There are various underspending and overspending areas in the Board's management accounts. The main overspending areas that contributed to the financial position are:

<b>Area</b>	<b>Overspend</b>
Teacher Long Term Sickness	£242k
Building and Grounds Maintenance	£869k
Home to School Transport	£323k

The Board continually strives to improve its performance in these and other areas and to highlight the need for additional funding to the Departments to meet the requirements of its services.

**Accounts Direction given by the Department of Education for Northern Ireland (DENI) with the approval of the Department of Finance and Personnel (DFP) in accordance with Article 119 of the Education and Libraries (NI) Order 1986.**

1. The Belfast Education and Library Board (“the Board”) shall prepare accounts for the financial year ended 31 March 2000 and subsequent years, comprising:-
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet;
  - d. a cash flow statement; and
  - e. a statement of total recognised gains and losses,including such notes as may be necessary for the purposes referred to in the following paragraphs.

**Date of Submission**

2. The accounts shall be submitted to the Comptroller and Auditor General by the 30 June immediately following the end of the financial year.

**Presentation of Accounts**

3. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.
4. Except where otherwise specified in this Direction, the accounts shall be prepared in accordance with:-
  - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
  - b. the disclosure and accounting requirements contained in the “Fees and Charges Guide” (in particular those relating to the need for appropriate segmental information for services or forms of services provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c. the accounting and disclosure requirements given in “Government Accounting Northern Ireland”, and in “Executive NDPBs: Annual Reports and Accounts Guidance”, as amended or augmented from time to time;

insofar as these are appropriate to the Board and are in force for the financial year for which the statement of accounts is to be prepared.

5. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order, and the accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
6. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of :-
  - a. fixed assets at their value to the business by reference to current costs; and
  - b. stock at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

## **Accounting Policies**

7. In preparing its accounts, the Board shall comply with the agreed statement of Accounting Policy approved by DENI and DFP, and adopted collectively by the Boards.
8. This Direction shall be reproduced as an Appendix to the accounts.

Signed by authority of the Department of Education for Northern Ireland.

**D Woods**

**Dated 26 November 1999**

## **SCHEDULE 1**

### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS**

#### **Companies (Northern Ireland) Order**

The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to the Board unless specifically approved by DFP.

The Companies (Northern Ireland) Order requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Board shall be contained in the foreword.

When preparing its income and expenditure account, the Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.

When preparing its balance sheet, the Board shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at "Total assets less current liabilities".

The Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.

The foreword and balance sheet shall be signed by the Accounting Officer and dated.

#### **Accounting Standards**

The Board is not required to include a note showing historical cost profits and losses as described in FRS 3.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The Foreword to the accounts shall, inter alia:-

state that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Article 119 of the Education and Libraries (Northern Ireland) Order 1986, and in accordance with this Direction;

include a brief history of the Board and its statutory background.

The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

# Accounts of the North Eastern Education and Library Board

For Period 1 April 2001 to 31 March 2002

## **FOREWORD TO THE ACCOUNTS**

### **BACKGROUND INFORMATION**

The North Eastern Education and Library Board (hereinafter referred to as the Board) is an executive non-departmental public body sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department for Employment and Learning (hereinafter referred to as 'the Departments'). The Board's principal functions are the provision of education, library and youth services to the District Council areas of Antrim, Ballymena, Ballymoney, Carrickfergus, Coleraine, Larne, Magherafelt, Moyle and Newtownabbey.

These accounts have been prepared in a form directed by the Departments with the consent of the Department of Finance and Personnel in accordance with Article 119 of the Education and Libraries (N.I.) Order 1986. A copy of the Accounts Direction can be found at Annex A.

### **BRIEF HISTORY**

#### ***Business Review***

The Board produces an Annual Report of its activities and a full report is contained therein.

#### ***Results for the Year***

The results for the year of the North Eastern Education and Library Board are set out in detail on page 56. The deficit for the year was £27,244,994 after charging notional costs of £20,296,841.

#### ***Fixed Assets***

Details of the movement of fixed assets are set out in note 12 to the accounts.

The Board does not believe that there is any material difference between the market and book values of its lands and buildings.

## **FUTURE DEVELOPMENTS**

The Board will continue to function in its present form for the foreseeable future.

## **IMPORTANT EVENTS OCCURRING AFTER THE YEAR END**

There have been no significant events since the year end, which would affect these accounts.

## **CHARITABLE DONATIONS**

During the year the Board made no donations for charitable or political purposes.

## BOARD MEMBERS

The Board was reconstituted on 1 July 2001. As Local Government elections took place on 7 June 2001, members of District Councils retired together, four days later, on 11 June 2001; all other members were retired on 30 June 2001. The new Board was reconstituted by the Minister of Education on 1 July 2001 and the first meeting of the new Board took place on 28 August 2001.

The following served as Board Members during the year:

### April 2001 – June 2001

Rev S Allen (Chairperson)  
Mr J K F Currie (Vice-Chairperson)  
Mr J R Beggs  
Mr R S Bolton  
Rev W K M Brew  
Mrs J Christie  
Mrs O M Church  
Rev D Clarke  
Mrs C C Corrigan  
Mrs L Frazer  
Mrs J A Gaston  
Mrs P A Gillespie  
Mr J Graham  
Mr R J Hanna  
Mr D Hollis  
Mr M Johnston  
Mr F G Kearney  
Mr M F Langhammer  
Mr T A Lyttle  
Mr F R H Marks  
Mr J A McBride  
Mr K M McCann  
Mr A P McConaghy  
Mr R E McCrea  
Mr P G McShane  
Mrs C M Poots  
Mr J C Reid  
Mr J A Scott  
Mrs G E Scott  
Mr R J Sloan  
Mrs M P Wallace  
Mrs E A Weir  
Very Rev D N Whyte  
Mr W T Wright

### July 2001 – March 2002

Mr J K F Currie (Chairperson)  
Mrs J Christie (Vice-Chairperson)  
Mr D D Barbour  
Mr J R Beggs  
Mr R F Cavan  
Mrs O M Church  
Mr J Convery  
Mrs J M Crilly  
Mrs M W Crockett  
Mr M P Devine  
Mrs U Duncan  
Mrs L Frazer  
Mr J A Gaston  
Mrs P A Gillespie  
Rev D S Graham  
Mrs L A Hicklin  
Rev J T Jamieson  
Mr M J Johnston  
Miss M Lavery  
Mr J A McBride  
Mr K M McCann  
Mr A P McConaghy  
Mr S A McCrea  
Rev F J McDowell  
Mr P G McShane  
Mr N S Macartney  
Mr N C Murray  
Mrs C M Poots  
Mr J C Reid  
Rev R B Savage  
Mr A Templeton  
Mr R Thompson  
Mr A D C Watson (Appointed Nov 2001)  
Mrs C Wegwerner  
Mr W T Wright

Between the end of the financial year and the date on which these accounts were approved the following changes took place to the composition of the Board:

Rev F J McDowell	Resigned May 2002
Rev T Scott	Appointed June 2002

***Disabled Employees***

The Board actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

## PAYMENT TO SUPPLIERS

### *Public Sector Payment Policy – Measure of compliance:*

The Government requires that the Board pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. The Board's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. The measure of compliance is:

<b>Received</b>	<b>Based on Invoice Date</b>		<b>Based on Date Invoice</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
Total bills paid	206,251	86,743	206,251	86,743
Total bills paid within target	125,788	64,596	203,689	86,385
% of bills paid within target	60.99%		98.76%	

### *Employee Involvement*

During the year the policy of providing employees with information about the Board has been continued through regular distribution of circulars. Regular meetings are held between staff at different levels to allow a free flow of information and ideas.

Chairman: Joan Christie

Date: 28 June 2005

Chief Executive: Gordon Topping

Date: 28 June 2005

## **STATEMENT ON INTERNAL CONTROL 2001/2002 – TRANSITIONAL STATEMENT**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Board policies, aims and objectives, whilst safeguarding the public funds and Board assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum and Management Statement for the NEELB.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Procedures necessary to implement DFP guidance have been in place since March 2003.

We have developed appropriate procedures to ensure the identification of the Board's objectives and risks and have determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Board has set out its attitude to risk to the achievement of the Board objectives.

The Board has ensured that procedures are in place to verify that aspects of risk management and internal control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31 March 2004. Risk management has been incorporated more fully into the business planning and decision-making processes of the Board.

The Board receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

The Board has identified its key objectives and risks and further work has been done to bring about more consistency in the way in which the Board treats risks.

In addition to the actions mentioned above, in the coming year the Board plans to:

- regularly review and update the record of risks facing the Board;
- set up a system of key performance and risk indicators; and
- continue to maintain the Board's Corporate risk register.

The Board has an Internal Audit Unit, which operates to standards defined in Government Internal Audit Standards. They submit regular reports which include the HIA's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board 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.

*Gordon Topping*

*Accounting Officer*

*Date 31 May 2005*

## **STATEMENT OF THE BOARD AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under Article 119 (2) of the Education and Libraries (N.I.) Order 1986 the Board is required to prepare a statement of accounts in the form and on the basis directed by the Departments with the consent of the Department of Finance and Personnel.

The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officers of the Departments have designated the Chief Executive of the Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers Memorandum, issued by the Departments.

*Gordon Topping*  
*Accounting Officer*

*Date 31 May 2005*

## **North Eastern Education and Library Board**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly.**

I certify that I have audited the financial statements on pages 56 to 84 under the Education and Libraries (NI) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 60 to 64.

#### **Respective responsibilities of the Belfast Education and Library Board, the Chief Executive and Auditor**

As described on page 53, the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 51 and 52 reflects the Board's compliance with the Department of Finance and Personnel's guidance on the transitional Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the entity's corporate governance procedures or its risk and control procedures.

#### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the North Eastern Education and Library Board at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education and Libraries (NI) Order 1986 and directions made thereunder by the Department of Education; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

## **Report**

I have reported separately on Accountability to parliament by Education and Library Boards in my General Report: Financial Auditing and Reporting 2003-04 (HC96, Session 2004-05). The report deals with delays in finalising Boards accounts and related matters.

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**28<sup>th</sup> March 2006**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £000	2001 £000
<b>Income</b>			
Grant from Departments	2	225,099	225,867
Other grant income	3	1,599	1,385
Other operating income	4	9,998	9,223
		<b>236,696</b>	<b>236,475</b>
<b>Total Income</b>			
Staff Costs	6 & 7	172,236	162,634
Depreciation	12	10,804	9,689
Other operating expenses	8 & 11	60,604	60,478
Notional costs	9	20,297	18,570
		<b>263,941</b>	<b>251,371</b>
<b>Total Expenditure</b>			
		<b>(27,245)</b>	<b>(14,896)</b>
<b>(Deficit) for the year</b>			
Credit in respect of notional costs	9	20,297	18,570
<b>Amount transferred to Reserves</b>	<b>20</b>	<b>(6,948)</b>	<b>3,674</b>

All amounts above relate to continuing activities.

The notes on pages 60 to 84 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £000	2001 £000
<b>(Deficit) for the year</b>		<b>(27,245)</b>	<b>(14,896)</b>
Unrealised surplus on revaluation of fixed assets	21	46,351	15,152
Backlog Depreciation	21	(2,751)	
<b>Total recognised gain/(losses) for the year</b>		<b>16,355</b>	<b>256</b>

The notes on pages 60 to 84 form part of these accounts.

## BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £000	2001 £000
<b>Fixed Assets</b>			
Tangible Assets	12	353,945	310,920
<b>Current Assets</b>			
Stocks	13	253	282
Debtors	14	10,026	11,758
Cash at bank and in hand	23(vi)	97	5,975
		<u>10,376</u>	<u>18,015</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	15	(11,239)	(11,997)
		<u>(863)</u>	<u>6,018</u>
<b>Net Current Assets</b>			
		<u>353,082</u>	<u>316,938</u>
<b>Total Assets less Current Liabilities</b>			
Creditors: amounts falling due after more than one year	16	(47)	-
Provisions for Liabilities and Charges	18	(3,059)	(3,234)
Deferred Income/Grants	19	(518)	(328)
		<u>349,458</u>	<u>313,376</u>
<b>Net Assets</b>			
<b>Reserves</b>			
Income and Expenditure Reserve	20	(7,457)	1,406
Other Reserves	21	356,915	311,970
		<u>349,458</u>	<u>313,376</u>

The Financial Statements on pages 56 - 84 were approved by the Board on 31 May 2005 and were signed on its behalf by:

Chairman: Joan Christie

Date: 31 May 05

Chief Executive: Gordon Topping

Date: 31 May 05

The notes on pages 60 to 84 form part of these accounts.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £000	2001 £000
Net cash outflow from operating activities	23 (i)	(6,175)	4,235
Returns on investments and servicing of finance	23 (ii)	40	45
Capital expenditure and financial investment	23 (iii)	(1,083)	10
Net cash inflow before financing		<u>(7,218)</u>	<u>4,290</u>
<b>Financing</b>	23 (iv)	-	-
<b>Increase/(decrease) in cash and cash equivalents</b>		<u><u>(7,218)</u></u>	<u><u>4,290</u></u>

The notes on pages 60 to 84 form part of these accounts.

**21. STATEMENT OF ACCOUNTING POLICIES**

**1.1 *Accounting Convention***

These financial statements have been prepared in accordance with the Accounts Direction issued by the Departments on 26 November 1999 and in accordance with applicable Accounting Standards under the modified historical cost convention.

Without limiting the information given the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

**1.2 *Recognition of Income***

The annual recurrent allocations from the Departments and the Department of Health, Social Services and Public Safety, are intended to meet recurrent costs, which are credited to the income and expenditure account.

Income from other grants received for specific purposes, that is restricted income, are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

**1.3 *Foreign Currency Transactions***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**1.4 *Taxation***

The Board is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are net of recoverable VAT.

**STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

**1.5 *Fixed Assets***

All spending on a fixed asset which yields a benefit for a period of more than one year, is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the asset.

**1.5.1 *Land and buildings***

All land and buildings are capitalised and stated in the balance sheet at valuation on the basis of depreciated replacement cost. Full valuations are made by the Valuation and Lands Agency (VLA) every five years and in the intervening years these valuations are updated by the VLA using appropriate indices. As a result of work pressures, VLA has not been able to complete a full valuation, which was due to be carried out as at 31 March 2002. It has been necessary, therefore, for the purposes of the 2001/02 accounts to include valuations updated by the VLA using appropriate indices. A full revaluation is being sought from VLA for inclusion in the 2002/03 accounts. Land and buildings acquired during the year are included in the balance sheet. Completed building projects will be capitalised but not depreciated until commissioned. On going building projects are categorised as assets in the course of construction and shown separately. Project costs capitalised include design and related fees as well as construction costs. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a government grant reserve account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

**1.5.2 *Maintained Schools***

Land and buildings shown in the financial statements do not include any maintained schools, the assets of which belong to their trustees. The Board, however, is responsible for buildings and grounds maintenance at these schools, as well as providing them with certain other services and with 100% funding for general running costs under LMS. These costs are reflected in the Board's Income and Expenditure Account.

**1.5.3 *Donated Assets***

Donated tangible fixed assets are capitalised at their valuation on receipt. This value is credited to the donated asset reserve. Subsequent re-valuations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Income and Expenditure Account.

STATEMENT OF ACCOUNTING POLICIES (cont'd...)

1.5.4 *Assets other than land and buildings*

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets are valued each year using appropriate indices or professional valuations.

1.5.5 *Depreciation*

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted prospectively over the revised economic life.

All assets are depreciated on a straight line basis over their expected useful lives. A full months depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal. Assets in the course of construction are not depreciated until brought into use. Depreciation will not normally be provided for on freehold land unless subject to depletion or on assets which are identified as surplus to requirements and held pending disposal.

The following useful economic lives should, where necessary, be used as approximations to the levels estimated annually.

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers	Hardware and Software	3 years
Plant and Equipment	Reprographics	7 years
	Machinery	15 years
	Music	10 years
	General and Other	10 years
	Cleaning	7 years
Vehicles	Small Mini-buses	5 years
	33 Seater mini-buses	10 years
	> 33 Seater Mini-buses	14 years
	Vans	5 years
	Grounds Maintenance	7 years
	Mobile Libraries	10 years
	Cars	4 years
Miscellaneous	Library Books - Books And Collection	Not Depreciated

STATEMENT OF ACCOUNTING POLICIES (cont'd...)

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a Government Grant Reserve and released to the income and expenditure account over the expected useful economic life of the related asset.

**1.6 Stocks**

It is policy to carry stock for the meals service and maintenance and central depots.

Stocks are stated at the lower of current replacement cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**1.7 Pension Scheme**

The Board has included pension costs totalling £9,595,261 in relation to 2 schemes.

The Board contributes 7.85% of salary to the Teachers Pension Scheme. This scheme is administered by the Department of Education, Balloo Road, Bangor.

The Board contributes 4.6% to the Northern Ireland Local Government Pension Scheme. The contribution is determined by the funds actuary based on a triennial Valuation. The scheme is administered by NILGOSC, Holywood Road, Belfast.

**1.8 Nature of substantial reserves**

- The *Income and Expenditure Reserve* balance represents the surplus of revenue income over expenditure. It can be used to supplement income in future years.

**Other Reserves**

- The Schools Reserve is the cumulative unspent portion of schools' locally administered budgets. These were set up under the Local Management in Schools arrangements required by the Education Reform Northern Ireland Order 1989.
- The Grant Consolidated Revenue Account balance represents the surplus of grant income over expenditure.
- The Government Grant Reserve represents the movement on fixed assets in line with the accounting guidance for NDPBs issued on 18 January 2001.

**STATEMENT OF ACCOUNTING POLICIES (cont'd...)**

- The General Reserve represents the proceeds of the sale of non-property assets.
- The Special Book Reserve represents the valuation of special library book collections.
- The Donated Asset Reserve represents the net book value of assets donated to the Board, either by way of a gift or funds to purchase the asset.

**1.9 *Finance and Operating Leases***

- Operating lease rentals are charged to the Income and Expenditure in equal annual amounts over the lease term. Leasing agreements which transfer to the Board substantially all benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**2. GRANT FROM DEPARTMENTS OF EDUCATION, CULTURE, ARTS AND LEISURE AND EMPLOYMENT AND LEARNING**

	<b>2002 £000</b>	<b>2001 £000</b>
<b>THE DEPARTMENTS</b>		
<i>Recurrent Grant</i>		
- Grant-in-Aid	210,513	209,101
- New Deal PFI	-	-
- New Deal Maintenance	-	215
- New Deal National Grid for Learning	-	300
- Mandatory Awards	1,620	4,717
- Premature Retirement Compensation Pensions	1,197	1,030
- Premature Retirement Compensation Lump Sums	390	471
- Release of government grant reserve	10,808	9,685
- Funding Maintained Schools Improvements	4	25
	<hr/>	<hr/>
	224,532	225,544
<b>DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY</b>		
<i>Recurrent Grant</i>		
- Mandatory Awards (Vote 14)	567	323
	<hr/>	<hr/>
	225,099	225,867
	<hr/>	<hr/>

**3. OTHER GRANT INCOME**

	<b>2002 £000</b>	<b>2001 £000</b>
European funds	349	489
New Opportunities Fund	1,250	896
Other funds	-	-
	<hr/>	<hr/>
	1,599	1,385
	<hr/>	<hr/>

**4. OTHER OPERATING INCOME**

	<b>2002 £000</b>	<b>2001 £000</b>
Catering operations	5,949	5,606
Other income generating activities	1,719	1,632
Interest Receivable	44	53
Miscellaneous	2,286	1,932
	<hr/>	<hr/>
	9,998	9,223
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 5. FUNDING COMMITMENT/END YEAR FLEXIBILITY

The following funding commitment or end year flexibility has not been accrued as income:

	<b>2002</b>
	<b>£000</b>
Amount of grant formally committed:	
Department of Education	9,717

The funding commitment or end year flexibility represents a guaranteed resource which will be added to the Board's approved spending limit in the next financial year. In establishing whether the Board has achieved financial targets set, this funding commitment or year end flexibility is added to the reserves position reported in these Accounts.

### 6. STAFF COSTS

The average number of persons (including Senior Postholders) employed by the Board during the year expressed as full-time equivalents (FTE) and staff costs are as follows:-

#### Staff costs:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Teaching		
Gross Pay	105,853	100,030
NIC	8,003	7,674
Pension Costs	8,089	7,691
Other Employee Expenses	2,498	2,593
	<u>124,443</u>	<u>117,988</u>
Non-Teaching (including Board Members)		
Gross Pay	43,357	40,597
NIC	2,076	1,976
Pension Costs	1,507	1,354
Other Employee Expenses	853	719
	<u>47,793</u>	<u>44,646</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**6. STAFF COSTS (cont'd...)**

**Average staff numbers:**

	<b>2002 Number</b>	<b>2001 Number</b>
Teaching	4,541	4,430
Non-Teaching	6,366	6,219
	<u>10,907</u>	<u>10,649</u>

**7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS**

**SENIOR POST HOLDERS**

	<b>Age</b>	<b>Salary including benefits in kind £</b>	<b>Real increase in pension at 65 £</b>	<b>Total accrued pension at 65 at 31 March 2002 £</b>
<b>Mr G Topping</b> <i>Chief Executive</i>	54	81,532	2,272	28,182
<b>Mr R Harper</b> <i>Chief Administrative Officer</i>	49	51,368	1,460	16,806
<b>Mr G Irwin</b> <i>Senior Education Officer</i>	51	57,321	1,674	19,574
<b>Mr A Moody</b> <i>Chief Architect</i> <i>(1.4.01-31.12.01)</i> <i>Project Manager – PFI/PPP</i> <i>(From 1.1.02)</i>	57	58,367	1,408	11,970
<b>Mr S McCurdy</b> <i>Chief Finance Officer</i>	38	58,367	1,333	10,785
<b>Mrs P Valentine</b> <i>Chief Librarian</i>			Consent for disclosure withheld	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (cont'd...)**

**BOARD MEMBERS**

The total emoluments (incl. honoraria) of the Chairpersons were £5,169.

The highest payment for any Board member was £2,568.

The aggregate amount of Board members emoluments was £23,899.

10 members waived emoluments.

The number of Board members who received emoluments falling within the range below:

	<b>2001/02 Number</b>	<b>2000/01 Number</b>
£1 - £4,999	44	27
£5,000 - £5,999	-	-
£6,000 - £6,999	-	1
£7,000 - £7,999	-	-

**8. OTHER OPERATING EXPENSES**

	<b>2002 £000</b>	<b>2001 £000</b>
<b>THE DEPARTMENTS</b>		
Premises, Fixed Plant & Grounds	20,937	17,980
Supplies & Services	14,643	17,206
Transport	13,804	12,814
Establishment	3,384	3,388
Grants to Persons/Bodies	5,616	7,587
Profit on Disposal of Fixed Assets	4	(7)
Miscellaneous	1,649	1,187
	<hr/> 60,037	<hr/> 60,155

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**8. OTHER OPERATING EXPENSES (cont'd...)**

<b>DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY</b>	<b>2002 £000</b>	<b>2001 £000</b>
Grants to Persons/Bodies	567	323
	<u>60,604</u>	<u>60,478</u>

Other Operating Expenses include:

	<b>2002 £000</b>	<b>2001 £000</b>
Operating leases - hire of plant and machinery	222	345
Operating leases - property	126	96
Travel, subsistence and hospitality	1,306	1,258
P.F.I.	-	-
	<u>1,654</u>	<u>1,699</u>

**9. NOTIONAL COSTS**

	<b>2002 £000</b>	<b>2001 £000</b>
Auditors Remuneration	43	44
Teacher's Payroll	343	335
Land & Buildings Valuation	-	-
Use of Capital	19,910	18,191
	<u>20,296</u>	<u>18,570</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 10. INTER BOARD TRADING

During the year the Board earned £NIL from the selling of services and purchased £NIL of services from the other Boards.

### 11. INTEREST PAYABLE

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
On finance leases	-	-
Other	4	8
	<u>4</u>	<u>8</u>

These expenses are included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

12. TANGIBLE FIXED ASSETS

	Land & Buildings	Vehicles	Computers	Plant Equipment & Miscellaneous	Assets in course of Construction	TOTAL
	£000	£000	£000	£000	£000	£000
<b>*Cost or Valuation</b>						
At 1 April 2001	319,242	3,026	660	2,876	4,569	330,373
Additions	-	486	200	565	9,286	10,537
Transfer from assets in the course of construction	9,579	59	-	-	(9,638)	-
Disposals	(321)	(33)	-	(6)	-	(360)
Indexation	46,521	3	(167)	(6)	-	46,351
Impairment of value	-	-	-	-	-	-
<b>* At 31 March 2002</b>	<b>375,021</b>	<b>3,541</b>	<b>693</b>	<b>3,429</b>	<b>4,217</b>	<b>386,901</b>
<b>Depreciation</b>						
At 1 April 2001	17,928	864	241	420	-	19,453
Disposals	(23)	(27)	-	(2)	-	(52)
Charge for period	9,912	472	147	273	-	10,804
Backlog Depreciation	2,815	2	(64)	(2)	-	2,751
At 31 March 2002	30,632	1,311	324	689	-	32,956
<b>Net Book value at 31 March 2002</b>	<b>344,389</b>	<b>2,230</b>	<b>369</b>	<b>2,740</b>	<b>4,217</b>	<b>353,945</b>
<b>Net Book value at 1 April 2001</b>	<b>301,314</b>	<b>2,162</b>	<b>419</b>	<b>2,456</b>	<b>4,569</b>	<b>310,920</b>
					<b>2002</b>	<b>2001</b>
					<b>£000</b>	<b>£000</b>

The net book value of assets in the course of construction include the following:

Land and Buildings	4,052	4,510
Vehicles	165	59
	<u>4,217</u>	<u>4,569</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 12. TANGIBLE FIXED ASSETS (cont'd ...)

Land and buildings were valued as at 31 March 2000 and 31 March 1999 on a depreciated replacement cost basis. The valuations were performed independently by the Valuation and Lands Agency. The valuations as at 31 March 2002 were by way of approved government indices.

Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Departments.

Fixed assets include £1,135,965 in relation to special collections of library books, which have been valued by J Gamble, 539 Antrim Road, Belfast, on 5 October 2001. The library books have been valued on an open market existing use basis and have not been indexed or depreciated. The net revaluation will be performed in April 2004.

The net book value of tangible fixed assets includes an amount of £908,326 (2001 - £824,582) in respect of assets held under reversionary trusts i.e. if properties cease to be used as specified in the deeds, they will revert to the ownership of the trustees.

As disclosed in note 1.5.2, the amount of land and buildings noted does not include maintained schools. In 2001/02 there were 92 such schools in the Board's area.

The depreciation charge for the period is analysed as follows:

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Owned assets	10,804	9,689
Assets held under finance leases and hire purchase arrangements	-	-
Permanent Decrease in value of Assets	-	-
	<u>10,804</u>	<u>9,689</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**13. STOCK**

	<b>2002 £000</b>	<b>2001 £000</b>
Catering	120	131
Maintenance and central depots	133	151
	<u>253</u>	<u>282</u>

**14. DEBTORS**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002 £000</b>	<b>2001 £000</b>
Trade debtors	619	1,181
Amount owed by ELBs	50	7
Prepayments and accrued income	1,043	6,122
Recoverable VAT	1,379	1,715
Amount owed by Departments	6,798	-
Other Debtors	80	-
	<u>9,969</u>	<u>9,025</u>

**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Trade debtors	57	117
Amounts owed by Departments	-	2,616
	<u>57</u>	<u>2,733</u>
	<u>10,026</u>	<u>11,758</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002 £000</b>	<b>2001 £000</b>
Bank overdraft	1,340	-
Obligations under finance leases	-	-
Trade creditors	4,666	3,355
Amount owed to Boards	361	14
Other taxation and social security	1,065	910
Accruals	3,790	7,707
Other creditors	17	11
PFI commitment	-	-
	<u>11,239</u>	<u>11,997</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002 £000</b>	<b>2001 £000</b>
Obligations under finance leases	-	-
PFI commitment	-	-
Accruals	47	-
	<hr/>	<hr/>
	<u>47</u>	<u>-</u>

**17. ANALYSIS OF BORROWINGS OF THE BOARD : FINANCE LEASES**

The net finance lease obligations to which the Board is committed are:

	<b>2002 £000</b>	<b>2001 £000</b>
In one year or less	-	-
Between one and two years	-	-
Between two and five years	-	-
Over five years	-	-
PFI commitment	-	-
	<hr/>	<hr/>
	<u>-</u>	<u>-</u>

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Employer &amp; Public Liability Claims £000</b>	<b>Pensions £000</b>	<b>Job Evaluation £000</b>	<b>Total £000</b>
At 1 April 2001	865	1,775	594	3,234
Expenditure in the period	(285)	(138)	(594)	(1,017)
Transferred from Income and Expenditure Account	(113)	372	583	842
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2002</b>	<u>467</u>	<u>2,009</u>	<u>583</u>	<u>3,059</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 18. PROVISIONS FOR LIABILITIES AND CHARGES (cont'd ...)

As directed by the Department of Education, with the consent of the Department of Finance and Personnel a provision has not been included in Board accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teachers' Superannuation Account (part of the Departmental accounting structure). The in-year charge in respect of such cases as well as requisite employer superannuation contributions is charged to the Board's income and expenditure account. In that respect the number of teacher premature retirement compensation cases is as follows:-

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
2001/02	61	87
Cumulative	<u>1,347</u>	<u>1,286</u>

### 19. DEFERRED INCOME – DEFERRED GRANTS

	<b>£000</b>
At 1 April 2001	328
Cash Received	190
<b>At 31 March 2002</b>	<u>518</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**20. INCOME AND EXPENDITURE RESERVE**

	<b>2002 £000</b>	<b>2001 £000</b>
At 1 April 2001	1,406	(1,435)
Amount transferred from Income and Expenditure account	(6,948)	3,674
Transfer to/from Schools Reserve	(1,854)	(1,033)
Transfer to/from Grant Reserve	(61)	200
<b>At 31 March 2002</b>	<b><u>(7,457)</u></b>	<b><u>1,406</u></b>

**21. OTHER RESERVES**

	<b>Government Grant Reserve £000</b>	<b>General Reserve £000</b>	<b>Schools Reserve £000</b>	<b>Grant Reserves</b>	<b>Special Book Reserve</b>	<b>Total £000</b>
<b>At 1 April 2001</b>	309,784	10	772	269	1,135	311,970
Transfer to/from Income and Expenditure Reserve	-	-	1,854	61	-	1,915
Capital grants received for tangible fixed assets	10,542	-	-	-	-	10,542
Release of government grant reserve	(10,804)	-	-	-	-	(10,804)
Revaluation of tangible fixed assets	46,351	-	-	-	-	46,351
Impairment in value of fixed assets	-	-	-	-	-	-
Backlog depreciation	(2,751)	-	-	-	-	(2,751)
Disposal of fixed assets	(308)	-	-	-	-	(308)
Transfer to/from General Reserve	(5)	5	-	-	-	-
<b>At 31 March 2002</b>	<b><u>352,809</u></b>	<b><u>15</u></b>	<b><u>2,626</u></b>	<b><u>330</u></b>	<b><u>1,135</u></b>	<b><u>356,915</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 22. PENSION AND SIMILAR OBLIGATIONS

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS), the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme. The scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel. For 2001/2002 the contribution rates were 7.85% employers and 6.0% employees.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme is of the defined benefits type, the assets of the schemes being held in separate trustee administered funds.

The total pension cost was £9,595,261.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the schemes were at 31 March 2001. The assumptions that have the most significant effect on the valuations and other relevant data are as follows:

	TSS	NILGOSC
Rate of return on investments - After Retirement	N/A	5.3%
- Before Retirement	N/A	6.3%
- Long Term	N/A	6.55%
Rate of increase in salaries	N/A	3.8%
Rate of increase in pensions	N/A	2.3%
Rate of dividend growth	N/A	2.3%
Market value of the assets at the date of the last valuation	N/A	£2,293.7m

The actuarial value of the assets of NILGOSC was sufficient to cover all of the benefits which had accrued to members after allowing for future increases in earnings.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT**

**(i) Reconciliation of operating (deficit) to cashflow from operating activities**

	<b>2002 £000</b>	<b>2001 £000</b>
(Deficit) for the year	(27,245)	(14,896)
Depreciation (note 12)	10,804	9,689
Loss on disposal of fixed assets	4	(7)
Notional Costs (note 9)	20,297	18,570
Government Grant Release	(10,808)	(9,685)
Decrease in stocks	29	17
Interest payable (note 11)	4	8
(Increase) in debtors	(1,206)	(1,055)
Decrease in Cash in Transit	-	-
Decrease in prepayments and accrued income	4,379	(3,717)
Increase in creditors	1,854	785
Increase in other taxation and social security	155	352
(Decrease) in accruals	(4,223)	4,191
Decrease in provisions	(175)	36
Interest receivable (Note 4)	(44)	(53)
	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(6,175)</u>	<u>4,235</u>

**(ii) Returns on investment and servicing of finance**

	<b>2002 £000</b>	<b>2001 £000</b>
Interest received	44	53
Interest paid on finance leases	-	-
Other interest paid	(4)	(8)
	<hr/>	<hr/>
	<u>40</u>	<u>45</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT (cont'd ...)**

**(iii) Capital expenditure and financial investment**

	<b>2002 £000</b>	<b>2001 £000</b>
Purchase of tangible fixed assets	(10,184)	(9,269)
Capital grants received	9,096	9,272
Proceeds from disposal of tangible fixed assets	5	7
	<u>(1,083)</u>	<u>10</u>

**(iv) Financing**

	<b>2002 £000</b>	<b>2001 £000</b>
Capital element of finance lease payments	-	-
Increase in deficit loan	-	-
	<u>-</u>	<u>-</u>

**(v) Analysis of net funds**

	<b>2002 £000</b>	<b>2001 £000</b>
Cash	97	5,975
Overdrafts	(1,340)	-
	<u>(1,243)</u>	<u>5,975</u>
Debt within one year	-	-
Debt due after one year	-	-
Finance Leases	-	-
	<u>(1,243)</u>	<u>5,975</u>

**(vi) Reconciliation of net cash to movement in net funds**

	<b>2002 £000</b>	<b>2001 £000</b>
Decrease in cash	(6,175)	4,235
Cash inflow/(outflow) from increase/(decrease) in debt and finance leases	(1,043)	55
	<u>(7,218)</u>	<u>4,290</u>
Change in net debt resulting from cash flows	(7,218)	4,290
Other non cash items	-	-
Movement in net funds	<u>(7,218)</u>	<u>4,290</u>
Net funds at 1 April 2001	5,975	1,685
Net funds at 31 March 2002	<u>(1,243)</u>	<u>5,975</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 24. CAPITAL COMMITMENTS

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Contracted	9,422	2,649
Authorised but not contracted	299	155
	<hr/> 9,721	<hr/> 2,804

### 25. FINANCIAL COMMITMENTS

At 31 March the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Expiring within one year	23	96
Expiring between 1 and 5 years inclusive	310	214
Expiring after 5 years	62	9
	<hr/> 395	<hr/> 319

### 26. PRIVATE FINANCE TRANSACTIONS PFI Schemes deemed to be off Balance Sheet

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Amounts included within Other Operating Expenses in in respect of PFI transactions deemed to be off Balance Sheet	-	-
	<hr/> -	<hr/> -

**26. PRIVATE FINANCE TRANSACTIONS (cont'd ...)**  
**PFI Schemes deemed to be off Balance Sheet**

The Board is committed to make the following payments during the next year:

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
PFI Scheme which expires within 1 year	-	-
2 to 5 years (inclusive)	-	-
6 to 10 years (inclusive)	6,276	-
11 to 15 years (inclusive)	-	-
	<hr/>	<hr/>
	6,276	-
	<hr/>	<hr/>
		-
Estimated capital value of the PFI Scheme	<u>36,000</u>	<u>-</u>

Contract start date – May 2002

Contract end date – April 2012

The PFI Scheme relates to the installation, implementation and technical support of hardware and software for the Electronic Libraries for Northern Ireland (ELfNI) project. ELfNI is being introduced to provide the five Education and Library Boards with systems to deliver public access to electronic information as part of the national implementation of the People's Network. The project also provides new library management systems.

**27. CONTINGENT LIABILITIES**

The impact of Job Evaluation pay awards is currently under negotiation. Those amounts which are probable and ascertainable have been accrued within provisions for liabilities and charges.

**28. POST BALANCE SHEET EVENTS**

There were no significant Post Balance Sheet events.

**29. RELATED PARTY TRANSACTIONS**

The NEELB is a Non-Departmental Public Body (NDPB) sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department for Employment and Learning.

The Departments are regarded as related parties. During the year, the North Eastern Education and Library Board has had various material transactions with the Departments and with other entities for which the Departments are regarded as the parent Department, these include;

- Belfast ELB;
- South Eastern ELB;
- Southern ELB;
- Western ELB;
- Staff Commission for ELBs;
- CCMS;
- Voluntary Grammar Schools; and
- Grant Maintained Integrated Schools
- CCEA

In addition, the North Eastern Education and Library Board has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- a. Department of Health, Social Services and Public Safety;
- b. Health and Social Services Boards which are sponsored by the Department of Health, Social Services and Public Safety;
- c. Probation Board for Northern Ireland, a body sponsored by the Northern Ireland Office;

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the North Eastern Education and Library Board during the year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**30. EUROPEAN UNION FUNDING**

	<b>2002 Income £000</b>	<b>2002 Expenditure £000</b>	<b>2001 Income £000</b>	<b>2001 Expenditure £000</b>
Received via Department of Education				
Applicant				
(1) Board	52	52	121	121
(2) Schools	-	-	14	14
(3) Other Services	-	-	-	-
	<hr/> 52	<hr/> 52	<hr/> 135	<hr/> 135
Received from Other Sources				
(1) Milk Subsidy	118	118	61	61
(2) Others	178	178	293	293
	<hr/> 296	<hr/> 296	<hr/> 354	<hr/> 354

**31. NEW OPPORTUNITITES FUND**

	<b>2002 Income £000</b>	<b>2002 Expenditure £000</b>	<b>2001 Income £000</b>	<b>2001 Expenditure £000</b>
(1) Schools	1,162	1,162	859	859
(2) Public Libraries	72	72	8	8
(3) Other Services	16	16	29	29
	<hr/> 1,250	<hr/> 1,250	<hr/> 896	<hr/> 896

**32. STATEMENT OF LOSSES**

	<b>2002 £000</b>	<b>2001 £000</b>
A Cash Losses	10	16
B Claims Abandoned	1	3
C Fruitless Payments	-	-
D Stores Losses	408	414
	<hr/> 419	<hr/> 433

**33. STATEMENT OF SPECIAL PAYMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
A Ex-Gratia Payments	-	-
B Extra Statutory Payments	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

**34. KEY FINANCIAL TARGETS**

The Board's financial targets for 2001/02 were to contain expenditure within the accrued limits for the Department of Education and Department for Employment and Learning and within the cash limits approved by the Department of Culture, Arts and Leisure. These targets have been achieved.

**Accounts Direction given by the Department of Education for Northern Ireland (DENI) with the approval of the Department of Finance and Personnel (DFP) in accordance with Article 119 of the Education and Libraries (NI) Order 1986.**

1. The North Eastern Education and Library Board (“the Board”) shall prepare accounts for the financial year ended 31 March 2000 and subsequent years, comprising:-
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet;
  - d. a cash flow statement; and
  - e. a statement of total recognised gains and losses,including such notes as may be necessary for the purposes referred to in the following paragraphs.

**Date of Submission**

2. The accounts shall be submitted to the Comptroller and Auditor General by the 30 June immediately following the end of the financial year.

**Presentation of Accounts**

3. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.
4. Except where otherwise specified in this Direction, the accounts shall be prepared in accordance with:-
  - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
  - b. the disclosure and accounting requirements contained in the “Fees and Charges Guide” (in particular those relating to the need for appropriate segmental information for services or forms of services provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c. the accounting and disclosure requirements given in “Government Accounting Northern Ireland”, and in “Executive NDPBs: Annual Reports and Accounts Guidance”, as amended or augmented from time to time;

insofar as these are appropriate to the Board and are in force for the financial year for which the statement of accounts is to be prepared.

5. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order, and the accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
6. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of :-
  - a. fixed assets at their value to the business by reference to current costs; and
  - b. stock at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

## **Accounting Policies**

7. In preparing its accounts, the Board shall comply with the agreed statement of Accounting Policy approved by DENI and DFP, and adopted collectively by the Boards.
8. This Direction shall be reproduced as an Appendix to the accounts.

Signed by authority of the Department of Education for Northern Ireland.

**D Woods**

**Dated 26 November 1999**

## **SCHEDULE 1**

### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS**

#### **Companies (Northern Ireland) Order**

The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to the Board unless specifically approved by DFP.

The Companies (Northern Ireland) Order requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Board shall be contained in the foreword.

When preparing its income and expenditure account, the Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.

When preparing its balance sheet, the Board shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at "Total assets less current liabilities".

The Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.

The foreword and balance sheet shall be signed by the Accounting Officer and dated.

#### **Accounting Standards**

The Board is not required to include a note showing historical cost profits and losses as described in FRS 3.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The Foreword to the accounts shall, inter alia:-

State that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Article 119 of the Education and Libraries (Northern Ireland) Order 1986, and in accordance with this Direction;

Include a brief history of the Board and its statutory background.

The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

# Accounts of the South Eastern Education and Library Board

For Period 1 April 2001 to 31 March 2002

## FOREWORD TO THE ACCOUNTS

### 1 BACKGROUND INFORMATION

The South Eastern Education and Library Board (hereinafter referred to as 'the Board') is an executive non-departmental public body sponsored by the Department of Education, Department of Culture, Arts and Leisure and the Department for Employment and Learning. The Board's principal functions are the provision of education, library and youth services to the District Council areas of Ards, Castlereagh, Down, Lisburn and North Down.

These accounts have been prepared in a form directed by the Departments with the consent of the Department of Finance and Personnel in accordance with Article 119 of the Education and Libraries (N.I.) Order 1986. (A copy of the Accounts Direction can be found at Annex A.)

### 2 BRIEF HISTORY

#### *Business Review*

The Board produces an Annual Report of its activities and a full report is contained therein.

#### *Results for the Year*

The results for the year of the Board are set out in detail on page 99. The deficit for the year was £30,575,000 after charging notional costs of £20,760,000.

#### *Fixed Assets*

Details of the movement of fixed assets are set out in note 12 to the accounts.

The Board does not believe that there is any material difference between the market and book values of its land and buildings.

### 3 FUTURE DEVELOPMENTS

During the financial year 2002/03, the Board plans to:

- 1 Complete the building of the new Glenlola Collegiate School, West Hillsborough Primary School, Regent House and Victoria Primary School (Newtownards);
- 2 Commence the building of the new Clifton Special School, the new All Childrens Together Controlled Integrated Primary School, the new Dundonald Primary School, Clough/Downshire Primary School and Hillsborough/Newport Primary School;
- 3 Commence planning for the East Lisburn Amalgamation Primary School, Regent House, Newtownards Model Primary School, Kilmaine Primary School, Ballyholme Primary School, Saintfield High School and Knockbreda High School;
- 4 Continue with the planning of the PFI evaluation exercise for the new Comber High School and the new Bangor Academy High School;
- 5 Complete the PFI evaluation exercise for a new library in Lisburn;
- 6 Complete planning and provision of Nursery Unit projects approved under the Pre-School Education Expansion Programme with completion of units at Academy, Maghaberry, Millisle and Rathmore Primary Schools;
- 7 Commence the PFI process for Down High School, Tor Bank Special School and Lagan College;
- 8 Facilitate the development of Controlled Integrated Schools;
- 9 Complete condition surveys of all Board properties;
- 10 Implement further training programmes for Boards of Governors;
- 11 Submit and implement the statutory INSET Scheme and programme;
- 12 Support schools in the School Improvement Programme;
- 13 Continue the review of systems for:
  - the monitoring of employment and recruitment practices within the Board; and
  - the training of Board staff and members; and
  - ensuring members of School Boards of Governors meet the requirements of Fair Employment and Equal Opportunities legislation;
- 14 Improve the Health and Safety standards throughout all Board locations;
- 15 Introduce the Government's Eco Energy Strategy to ensure energy efficiency and reduce Greenhouse Gas Emissions in line with the Kyoto Agreement;
- 16 Upgrade the operational capabilities of the new computerised financial accounting system to facilitate the developing requirements of resource accounting;
- 17 Update area plans for prioritising Capital projects, including home to school transport and library vehicle replacements.

#### **4 IMPORTANT EVENTS OCCURRING AFTER THE YEAR END**

There have been no significant events since the year end, which would affect these accounts.

#### **5 CHARITABLE DONATIONS**

During the year the Board made no donations for charitable or political purposes.

#### **6 BOARD MEMBERS**

The following served as Board Members:

##### **1 April 2001 – 30 June 2001:**

Councillor W G Watson\*

*Chairman*

Mrs F M Reid

*Vice Chairman*

Rev R G Bagnall

Councillor Rev W J Beattie\*

Rev H S Boyd

Mrs J Campbell

Alderman Mrs B Chambers\*

Mr K Cleland

Mr S I Davidson

Rev Canon S M J Dickson

Councillor Gerard N Douglas\*

Councillor Mrs R M Dunlop\*

Mrs F A Gault

Councillor Robert Gibson\*

Councillor Cecil Hall\*

Mr R A Jones

Mr P McAleenan

Councillor F C McCammond\*

Mr P K McClenaghan

*(resigned 31 May 2001)*

Mr R J McFerran

Mrs M M McGoran

Miss M M McHenry

Rev J H McIntyre

Councillor Wilbert Magill\*

Councillor G Morrison\*

Councillor Mrs C O'Boyle\*

Rev Canon K J Smyth

Mrs D Tennis

Councillor Mrs Ann Thompson\*

Miss G Tigchelaar

Rev Dr D J Watts

Councillor Mrs Ann Wilson\*

\* - ceased to be Members on the fourth day after the Local Election (7 June 2001)

## 6 BOARD MEMBERS (cont'd)

### 1 July 2001 – 31 March 2002:

Rev Dr D J Watts	<i>Chairman (from 25 October 2001)</i>
	<i>Vice Chairman (2 August 2001 – 25 October 2001)</i>
Councillor Robert Gibson	<i>Vice Chairman (from 25 October 2001)</i>
Rev Dr J P O Barry	
Rev C W Bell	
Councillor P A Butler	
Mr D Cahill	
Councillor C Calvert	
Mrs J Campbell	
Mr K Cleland	<i>(resigned 4 February 2002)</i>
Mr J L Colgan	
Mr S I Davidson	
Councillor Gerard N Douglas	
Councillor Mrs R M Dunlop	
Alderman G Ennis	
Mr M P Flanagan	
Mrs F A Gault	
Councillor G H Gregory	
Rev G N Haire	<i>(appointed 12 March 2002)</i>
Alderman Cecil Hall	
Mrs J L Johnston	<i>(resigned 30 August 2001)</i>
Mr R A Jones	<i>(appointed 18 September 2001)</i>
Mr R J McFerran	
Mrs M M McGoran	
Miss M M McHenry	
Rev J H McIntyre	<i>(resigned 4 July 2001)</i>
Mr A J McReynolds	
Mr D G Mullan	
Councillor J Norris	
Councillor Mrs C O'Boyle	
Mrs E M Robinson	
Rev Dr R A Russell	<i>(appointed 26 July 2001)</i>
Councillor Mrs M Smith	
Miss G Tigchelaar	
Mr J D Uprichard	
Councillor W M Ward	
Councillor W G Watson	<i>Chairman (2 August 2001 – 25 October 2001)</i>
Ms J Williams	
Councillor Mrs A Wilson	

## 6 BOARD MEMBERS (cont'd)

Between the end of the financial year and the date on which these accounts were approved the following change took place to the composition of the Board:

Councillor G H Gregory *(resigned 1 July 2002)*

## 7 DISABLED EMPLOYEES

The Board actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

## 8 PAYMENTS TO SUPPLIERS

### *Public Sector Payment Policy – Measure of compliance:*

The Government requires that the Board pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. The Board's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 37 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. The measure of compliance is:

	<b>Based on Invoice Date</b>		<b>Based on Date Invoice Received</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
Total bills paid	158,899	98,636	158,899	98,636
Total bills paid within target	62,230	73,381	119,024	89,504
% of bills paid within target	39.2%		75.0%	

## 9 EMPLOYEE INVOLVEMENT

During the year the policy of providing employees with information about the Board has been continued through regular distribution of circulars. Regular meetings are held between staff at different levels to allow a free flow of information and ideas.

Chairman: Robert Gibson

Date: 26 February 2004

Chief Executive: JB Fitzsimons

Date: 26 February 2004

## **STATEMENT ON INTERNAL CONTROL 2001/2002**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEELB's policies, aims and objectives whilst safeguarding the public funds and other assets for which I am personally responsible. The acknowledgement is given in accordance with the responsibilities assigned to me in the Financial Memorandum and in compliance with DAO(DFP)5/01.

Systems on internal control are designed to manage rather than to eliminate the risk of failure to achieve policies, aims and objectives; they can therefore provide only reasonable and not absolute assurance of effectiveness.

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

Each year the SEELB publishes a corporate plan setting out our strategic objectives. During 2001/02 I carried out a series of interviews with my Senior Managers to identify the more significant risks attached to the achievement of those objectives. As a result I expect to have the procedures in place in March 2003 necessary to fully implement DFP guidance as contained in DAO (DFP) 5/01. This takes account of the time needed to fully embed the process and to improve its robustness.

The following actions will be taken in 2002/03 to ensure that the SEELB can carry out a full risk and control assessment before reporting on the year ending March 2003:

- A Risk Management Policy will be devised as the basis for an overall control strategy and for the allocation of risk ownership to appropriate staff;
- A series of workshops will be held with all managers to help embed the risk management process;
- A Risk Register will be created for each operational unit;
- An organisation-wide Risk Register will be developed and maintained;
- The Risk Management process will be reviewed for effectiveness.

The SEELB has an Internal Audit Unit which operates in accordance with Government Internal Audit standards. The head of Internal Audit submits to me an annual report which includes his independent opinion on the adequacy and effectiveness of the SEELB's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of Internal Audit and my Executive Managers 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.

***JB Fitzsimons***  
***Accounting Officer***

***Date 26 February 2004***

## **STATEMENT OF THE BOARD AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under Article 119 (2) of the Education and Libraries (N.I.) Order 1986 the Board is required to prepare a statement of account in the form and on the basis directed by the Departments with the consent of the Department of Finance and Personnel.

The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officers of the Departments have designated the Chief Executive of the Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers Memorandum, issued by the Department of Finance and Personnel.

*JB Fitzsimons*  
*Accounting Officer*

*Date 26 February 2004*

## **South Eastern Education and Library Board**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons**

I certify that I have audited the financial statements on pages 99 to 124 under the Education and Libraries (NI) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 103 to 107.

#### **Respective responsibilities of the South Eastern Education Library Board, the Chief Executive and Auditor**

As described on page 96, the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 95 reflects the Board's compliance with the Department of Finance and Personnel's guidance Corporate Governance: statement on internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

#### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the South Eastern Education and Library Board at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education and Libraries (NI) Order 1986 and directions made thereunder by the Department of Education; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**28<sup>th</sup> March 2006**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

<b>Income</b>	<b>Notes</b>	<b>2002</b>	<b>2001</b>
		<b>£000</b>	<b>£000</b>
Grant from Departments	2	209,468	203,557
Other grant income	3	1,164	1,106
Other operating income	4	6,392	6,353
<b>Total Income</b>		<b>217,024</b>	<b>211,016</b>
<b>Expenditure</b>			
Staff costs	6 & 7	156,167	143,613
Depreciation	12	9,578	8,680
Other operating expenses	8 & 11	61,094	55,109
Notional costs	9	20,760	18,767
<b>Total Expenditure</b>		<b>247,599</b>	<b>226,169</b>
<b>(Deficit) for the year</b>		<b>(30,575)</b>	<b>(15,153)</b>
Credit in respect of notional costs	9	20,760	18,767
<b>Amount Transferred (from)\to Reserves</b>	20	<b>(9,815)</b>	<b>3,614</b>

All amounts above relate to continuing activities.

The notes on pages 103 to 124 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED  
31 MARCH 2002**

	<b>Notes</b>	<b>2002 £000</b>	<b>2001 £000</b>
<b>(Deficit) for the year</b>		(30,575)	(15,153)
Unrealised surplus on revaluation of fixed assets	21	46,397	11,362
Backlog depreciation	21	(2,360)	(827)
<b>Total recognised gains for the year</b>		<u>13,462</u>	<u>(4,618)</u>

The notes on pages 103 to 124 form part of these accounts.

**BALANCE SHEET AS AT 31 MARCH 2002**

	Notes	2002 £ 000	2001 £000
<b>Fixed Assets</b>			
Tangible Assets	12	364,747	312,261
<b>Current Assets</b>			
Stocks	13	171	173
Debtors	14	12,910	12,684
Cash at bank and in hand	23(vii)	1,087	11,388
		<u>14,168</u>	<u>24,245</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	15	<u>13,209</u>	<u>13,186</u>
<b>Net Current Assets</b>		<b>959</b>	<b>11,059</b>
<b>Total Assets less Current Liabilities</b>		<u><b>365,706</b></u>	<u><b>323,320</b></u>
Creditors: amounts falling due after more than one year	16	290	251
Provisions for Liabilities and Charges	18	3,468	3,855
Deferred Income	19	591	671
<b>Net Assets</b>		<u><b>361,357</b></u>	<u><b>318,543</b></u>
<b>Reserves</b>			
Income and Expenditure Reserve	20	(12,740)	(66)
Other Reserves	21	374,097	318,609
		<u><b>361,357</b></u>	<u><b>318,543</b></u>

The Financial Statements on page 99 -124 were approved by the Board on 30 August 2002 and were signed on its behalf by:

Chairman: Robert Green

Date: 26 February 2004

Chief Executive: JB Fitzimmons

Date:26 February 2004

The notes on pages 103 to 124 form part of these accounts.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £000	2001 £000
Net cash (outflow)/inflow from operating activities	23(i)	(12,160)	5,053
Returns on investments and servicing of finance	23 (ii)	57	62
Capital expenditure and financial investment	23 (iii)	<u>1,727</u>	<u>591</u>
Net cash (outflow)/inflow before financing		(10,376)	5,706
Financing	23 (iv)	75	(38)
<b>(Decrease)/Increase in Cash and Cash equivalents</b>		<b><u>(10,301)</u></b>	<b><u>5,668</u></b>

The notes on pages 103 to 124 form part of these accounts.

**22. STATEMENT OF ACCOUNTING POLICIES**

**1.1 *Accounting Convention***

These financial statements have been prepared in accordance with the Accounts Direction issued by the Departments on 26 November 1999 and in accordance with applicable Accounting Standards under the modified historic cost convention.

Without limiting the information given the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

**1.2 *Recognition of Income***

The annual recurrent allocations from the Departments and the Department of Health and Social Services and Public Safety are intended to meet recurrent costs, which are credited to the income and expenditure account.

Income from other grants received for specific purposes, that is restricted income, are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

**1.3 *Foreign Currency Transactions***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**1.4 *Taxation***

The Board is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are net of recoverable VAT.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.5 *Fixed Assets*

All spending on a fixed asset which yields a benefit for a period of more than one year, is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the asset.

##### 1.5.1 *Land and Buildings*

All land and buildings are capitalised and stated in the balance sheet at valuation on the basis of depreciated replacement cost. Full valuations are made by the Valuation and Lands Agency (VLA) every five years and in the intervening years these valuations are updated by the VLA using appropriate indices. Land and buildings acquired during the year are included in the balance sheet. Completed building projects will be capitalised but not depreciated until commissioned. On-going building projects are categorised as assets in the course of construction and shown separately. Project costs capitalised include design and related fees as well as construction costs. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a Government Grant reserve and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

##### 1.5.2 *Maintained Schools*

Land and buildings shown in the financial statements do not include any voluntary maintained schools, the assets of which belong to their trustees. The Board, however, is responsible for buildings and grounds maintenance at these schools, as well as providing them with certain other services and with 100% funding for general running costs under LMS. These costs are reflected in the Board's Income and Expenditure Account.

##### 1.5.3 *Donated Assets*

Donated tangible fixed assets are capitalised at their valuation on receipt. This value is credited to the donated asset reserve. Subsequent re-valuations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Income and Expenditure Account.

##### 1.5.4 *Assets other than Land and Buildings*

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets are valued each year using appropriate indices or professional valuations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.5.5 Depreciation

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted prospectively over the revised economic life where appropriate.

All assets are depreciated on a straight line basis over their expected useful lives. A full months depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal. Assets in the course of construction are not depreciated until brought into use. Depreciation will not normally be provided for on freehold land unless subject to depletion or on assets which are identified as surplus to requirements and held pending disposal.

The following useful economic lives should where necessary be used as approximations to the levels estimated annually:

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers	Hardware and Software	3 years
Plant and Equipment	Reprographics	7 years
	Machinery	15 years
	Music	10 years
	General and Other	10 years
	Cleaning	7 years
Vehicles	Small Mini-buses	5 years
	33 Seater Mini-buses	10 years
	> 33 Seater Mini-buses	14 years
	Vans	5 years
	Grounds Maintenance	7 years
	Mobile Libraries	10 years
	Cars	4 years
Miscellaneous	Library Books - Books And Collections	Not Depreciated

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a Government Grant reserve and released to the income and expenditure account over the expected useful economic life of the related asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.6 *Stocks*

It is policy to carry stock for the meals service and maintenance and central depots.

Stocks are stated at the lower of current replacement cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### 1.7 *Pension Scheme*

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme. The scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel. The scheme is administered by the Department of Education, Balloo Road, Bangor.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme is of the defined benefits type, the assets of the schemes being held in separate trustee administered funds. The Board's contribution to the Northern Ireland Local Government Pension Scheme is determined by the fund's actuary based on a triennial Valuation. The scheme is administered by NILGOSC, Hollywood Road, Belfast.

The Pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

#### 1.8 *Nature of substantial reserves*

- The *Income and Expenditure Reserve* balance represents the surplus of revenue income over expenditure. It can be used to supplement income in future years.

#### *Other Reserves*

- The Schools Reserve is the cumulative unspent portion of schools' locally administered budgets. These were set up under the Local Management in Schools arrangements required by the Education Reform Northern Ireland Order 1989.
- The Grant Consolidated Revenue Account balance represents the surplus of grant income over expenditure.
- The Donated Assets Reserve and Revaluation reserve are used in accordance with the accounting guidance for Non Departmental Public Bodies issued on 18 January 2001.

- The Government Grant Reserve represents the movement of fixed assets in line with the accounting guidance for Non Departmental Public Bodies issued on 18 January 2001.
- The General Reserve represents the proceeds of the sale of assets, in line with the accounting guidance for Non Departmental Public Bodies issued on 18 January 2001.
- The Special Book Reserve represents the valuation of the special library book collection.

**1.9 *Finance and Operating Leases***

Operating lease rentals are charged to the Income and Expenditure account in equal annual amounts over the lease term. Leasing agreements which transfer to the Board substantially all benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright.

The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

**1.10 *Private Finance Initiative***

The Board follows HM Treasury's "Technical Note 1 (Revised) How to Account for PFI Transactions" which provides guidance for the application of the FRS 5 Amendment.

The Board's IT systems under the PFI scheme are treated as off balance sheet however the charges for commencement of the services are capitalised as a prepayment and amortised to the income and expenditure account as an expense over the term of the contract.

**1.11 *Cost of Capital***

The Board bases the cost of capital calculation on the total assets of the Board by cost of capital percentage issued by HM Treasury. For the year ended 31 March 2002 the cost of capital percentage was 6%.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**2. GRANT FROM DEPARTMENTS**

**DEPARTMENT OF EDUCATION, DEPARTMENT OF CULTURE, ARTS AND LEISURE  
AND DEPARTMENT FOR EMPLOYMENT AND LEARNING**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<i>Recurrent Grant</i>		
- Grant-in-Aid	194,270	184,895
- Recurrent Grant	311	-
- New Deal Maintenance	-	164
- New Deal NGFL	-	300
- Mandatory Awards	1,875	4,163
- Department for Employment and Learning	1,597	-
- Premature Retirement Compensation Pensions	979	868
- Premature Retirement Compensation Lump Sums	255	247
- Teachers' Threshold	-	3,220
- Job Evaluation Income	108	765
- Release of Government Grant Reserve	9,778	8,757
	<hr/> 209,173	<hr/> 203,379

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND PUBLIC SAFETY**

<i>Recurrent Grant</i>		
- Mandatory Awards	295	178
	<hr/> <b>209,468</b>	<hr/> <b>203,557</b>

**3. OTHER GRANT INCOME**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
European Funds	8	250
New Opportunities Fund	1,114	835
Other Funds	42	21
	<hr/> <b>1,164</b>	<hr/> <b>1,106</b>

**4. OTHER OPERATING INCOME**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Catering operations	3,312	3,099
Other income generating activities	1,504	1,735
Interest Receivable	87	87
Miscellaneous	1,489	1,432
	<hr/> <b>6,392</b>	<hr/> <b>6,353</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 5. FUNDING COMMITMENT/END YEAR FLEXIBILITY

The following funding commitment or end year flexibility from the Departments have not been accrued as income:

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
Amount of Grant formally committed:		
Department of Education	6,264	-
Department for Employment and Learning	-	-
Department of Culture, Arts & Leisure	-	-
	<u>6,264</u>	<u>-</u>

The funding commitment represents a guaranteed resource which will be added to the Board's approved spending limit in the next financial year.

### 6. STAFF COSTS

The average number of persons (including Senior Postholders) employed by the Board during the year expressed as Full-Time Equivalents (FTE) and staff costs are as follows:-

#### Staff costs:

	<b>2002</b> <b>£000</b>	<b>2001</b> <b>£000</b>
<i>Teaching</i>		
Gross Pay	95,037	88,352
NIC	7,201	6,721
Pension Costs	7,277	6,773
Other Employee Expenses	1,617	1,609
	<u>111,132</u>	<u>103,455</u>
<i>Non-Teaching (including Board Members)</i>		
Gross Pay	41,143	36,135
NIC	2,156	1,832
Pension Costs	1,630	1,366
Other Employee Expenses	106	825
	<u>45,035</u>	<u>40,158</u>
<b>Total</b>	<b><u>156,167</u></b>	<b><u>143,613</u></b>
<i>Average staff numbers:</i>		
	<b>Number</b>	<b>Number</b>
Teaching	3,556	4,044
Non-Teaching	5,547	5,410
	<u>9,103</u>	<u>9,454</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS**

**SENIOR POST HOLDERS**

	<b>Age</b>	<b>Salary including benefits in kind £</b>	<b>Real increase in pension at 65 £</b>	<b>Total accrued pension at 65 at 31/03/02 £</b>
Mr J B Fitzsimons <i>Chief Executive</i>	58	73,616	2,045	23,593
Mr M Graham <i>Senior Education Officer – Administration</i>	55	52,940	1,672	21,547
Mr S Sloan <i>Senior Education Officer – Curriculum</i>	49	52,792	1,532	18,670
Mr W McCarroll <i>Ass't Snr Education Officer – Administration</i>	57	31,364	830	18,328
Mr R Gilbert <i>Ass't Snr Education Officer – Curriculum</i>	44	41,560	869	11,039
Mrs A Hanratty* <i>Ass't Snr Education Officer – Property Services</i>	* consent for disclosure withheld			
Mr K Brown <i>Chief Finance Officer</i>	47	56,570	1,256	11,882
Mr M Brown <i>Chief Legal Adviser</i>	57	58,332	1,807	18,305
Mrs B Porter <i>Chief Librarian</i>	50	54,500	1,622	17,927
Mrs A Lennon <i>Ass't Senior Education Officer - Curriculum</i>	49	40,612	696	4,787
Mrs S Skelton <i>Ass't Senior Education Officer - Administration</i>	47	41,000	906	10,452
Mrs I Knox <i>Ass't Senior Education Officer - Special/Youth</i>	45	40,930	820	11,056

For each member of the NILGOSC pension scheme, a lump sum equal to three times the total accrued pension at 31 March 2002 is also payable on retirement.

**7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (cont'd)**

Where the requirements of a post include the use of a car, the Board offers a loan. Interest is payable at 4.45% on the initial amount of capital borrowed. Repayments of capital and interest are deducted from pay on a monthly basis.

There were three loans outstanding to senior postholders amounting to £11,675.

**BOARD MEMBERS**

The total emoluments (incl. honoraria) of the Chairman to 30 June 2001 were £3,946

The total emoluments (incl. honoraria) of the Chairman from 1 July 2001 were £3,532

The highest payment for any other Board member was £11,918

The aggregate amount of Board members emoluments was £66,859

No members waived emoluments.

The number of Board members who received emoluments falling within the range below:

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
£1 - £4,999	44	28
£5,000 - £5,999	-	-
£6,000 - £6,999	-	-
£7,000 - £7,999	-	1
£8,000 - £8,999	-	-
£10,000 - £14,999	1	-
£15,000 - £19,999	-	1

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**8. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (cont'd)**

The number of Board members who received emoluments falling within the range below:

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
£1 - £4,999	44	28
£5,000 - £5,999	-	-
£6,000 - £6,999	-	-
£7,000 - £7,999	-	1
£8,000 - £8,999	-	-
£10,000 - £14,999	1	-
£15,000 - £19,999	-	1

**9. OTHER OPERATING EXPENSES**

<b>THE DEPARTMENTS</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Premises, Fixed Plant & Grounds	20,396	17,197
Supplies & Services	21,816	16,232
Transport	11,424	10,936
Establishment	2,986	2,914
Grants to Persons/Bodies	3,655	5,359
Loss on disposal of fixed assets	200	69
Miscellaneous	322	2,224
	<hr/>	<hr/>
	60,799	54,931
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND PUBLIC SAFETY</b>		
Grants to Persons/Bodies	295	178
	<hr/>	<hr/>
	<b>61,094</b>	<b>55,109</b>
	<hr/> <hr/>	<hr/> <hr/>

Other operating expenses include:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Operating leases - hire of plant and machinery	162	167
Operating leases - property	-	-
Hospitality	17	21
P.F.I.	3,367	2,206
	<hr/>	<hr/>
	<b>3,546</b>	<b>2,394</b>
	<hr/> <hr/>	<hr/> <hr/>

**9. NOTIONAL COSTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Auditors Remuneration	44	44
Teacher's Payroll	311	304
Use of Capital	20,405	18,419
	<hr/>	<hr/>
	<b>20,760</b>	<b>18,767</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**10. INTER BOARD TRADING**

During the year the Board earned £nil from the selling of services and purchased £nil of services from the other Boards.

**11. INTEREST PAYABLE**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
On Finance Leases	1	1
Other	29	24
	<hr/> <b>30</b> <hr/>	<hr/> <b>25</b> <hr/>

These expenses are included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

12. TANGIBLE FIXED ASSETS

	Land & Buildings	Vehicles	Computers	Plant, Equipment & Miscellaneous	Assets in course of Construction	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Cost or Valuation</b>						
<b>At 1 April 2001</b>	312,734	3,586	649	2,239	10,485	329,693
Additions	135	48	87	247	17,726	18,243
Asset Transfer	11,944	523	-	-	(12,467)	-
Disposals	(236)	(45)	-	-	-	(281)
Revaluation	46,560	5	(164)	(4)	-	46,397
<b>At 31 March 2002</b>	<b>371,137</b>	<b>4,117</b>	<b>572</b>	<b>2,482</b>	<b>15,744</b>	<b>394,052</b>
<b>Depreciation</b>						
<b>At 1 April 2001</b>	15,464	1,434	253	281	-	17,432
Disposals	(21)	(44)	-	-	-	(65)
Charge for period	8,468	759	180	171	-	9,578
Backlog depreciation	2,427	3	(69)	(1)	-	2,360
<b>At 31 March 2002</b>	<b>26,338</b>	<b>2,152</b>	<b>364</b>	<b>451</b>	<b>-</b>	<b>29,305</b>
<b>Net Book value at 31 March 2002</b>	<b>344,799</b>	<b>1,965</b>	<b>208</b>	<b>2,031</b>	<b>15,744</b>	<b>364,747</b>
<b>Net Book value at 1 April 2001</b>	<b>297,270</b>	<b>2,152</b>	<b>396</b>	<b>1,958</b>	<b>10,485</b>	<b>312,261</b>

Land and buildings were valued as at 31 March 2000 and 31 March 1999 on a depreciated replacement cost basis. The valuations were performed independently by the Valuation and Lands Agency. The valuations as at 31 March 2002 were by way of approved government indices.

Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Department of Education.

The net book value of tangible fixed assets includes an amount of £4,742,000 (2001: £3,508,000) in respect of assets held in Reversionary Trusts ie if properties cease to be used as specified in the deeds they will revert to the ownership of the trustees.

As described in note 1.5.2, the amount of land and buildings noted does not include voluntary maintained schools. In 2001/2002 there were 74 such schools in the Board's area.

A policy on the relifing of assets has been developed and reflected in these Accounts.

A policy on the grouping of assets (valued individually at less than £3,000) is currently being developed and will be incorporated in the 2002/03 Accounts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**12. TANGIBLE FIXED ASSETS (cont'd.....)**

Fixed assets include £910,000 in relation to a special collection of library books which have been valued by Mr Jack Gamble FRGS of Emerald Isle Books, 539 Antrim Road, Belfast on 12 September 2002. The library books have been valued on an open market, existing use basis and have not been indexed or depreciated. The next revaluation will be performed in September 2005.

The net book value of tangible fixed assets includes an amount of £6,000 (2001: £58,000) in respect of assets held under finance leases.

The depreciation charge for the period is analysed as follows:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Owned assets	9,569	8,662
Assets held under finance leases and hire purchase arrangements	9	13
	<u>9,578</u>	<u>8,675</u>

**13. STOCK**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Catering	91	96
Maintenance and central depots	80	77
	<u>171</u>	<u>173</u>

**14. DEBTORS:**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade debtors	361	329
Amount owed by Boards	238	89
Prepayments and accrued income	1,661	3,637
Recoverable VAT	1,918	2,480
Amounts owed by Departments	4,852	249
	<u>9,030</u>	<u>6,784</u>

**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Prepayments	3,880	1,412
Amounts owed by Departments	-	4,488
	<u>3,880</u>	<u>5,900</u>
<b>Total</b>	<u><b>12,910</b></u>	<u><b>12,684</b></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	5,100	4,503
Obligations under finance leases	3	3
Amount owed to Boards	137	5
Other taxation and social security	975	946
Accruals	6,994	7,729
	<u>13,209</u>	<u>13,186</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases	-	3
Loans	290	248
	<u>290</u>	<u>251</u>

**17. ANALYSIS OF BORROWINGS OF THE BOARD: FINANCE LEASES**

The net finance lease obligations to which the Board is committed are:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
In one year or less	3	3
Between one and two years	-	3
Between two and five years	-	-
Over five years	-	-
	<u>3</u>	<u>6</u>

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Employer &amp; Public Liability Claims £000</b>	<b>Pensions £000</b>	<b>Job Evaluations £000</b>	<b>Total £000</b>
<b>At 1 April 2001</b>	1,309	1,780	766	3,855
Expenditure in the period	(171)	-	(766)	(937)
Transferred from Income and Expenditure Account	88	(19)	481	550
<b>At 31 March 2002</b>	<u>1,226</u>	<u>1,761</u>	<u>481</u>	<u>3,468</u>

As directed by the Department of Education, with the consent of the Department of Finance and Personnel a provision has not been included in Board accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teacher's Superannuation Account (part of the Departmental Accounting structure).

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

The in-year charge in respect of such cases as well as requisite employer superannuation contributions is charged to the Board's income and expenditure account. In that respect the number of premature retirement compensation cases is as follows.

2001-2002	43
CUMULATIVE	<u>1,034</u>

### 19. DEFERRED INCOME - DEFERRED GRANTS

	2002 £000	2001 £000
At 1 April 2001	671	403
Cash received	109	275
Disposals	(178)	-
Transfer to Government Grant Reserve	(11)	(7)
At 31 March 2002	<u>591</u>	<u>671</u>

Deferred income relates to capital receipts from EU and other non-Educational Government Departments.

### 20. INCOME AND EXPENDITURE RESERVE

	2002 £000	2001 £000
At 1 April 2001	(66)	394
Amount transferred from Income and Expenditure Account	(9,815)	3,614
Transfer to School Reserve	(2,095)	(4,125)
Transfer from Grant Reserve	(764)	51
At 31 March 2002	<u>(12,740)</u>	<u>(66)</u>

### 21. OTHER RESERVES

	Government Grant Reserve £ 000	General Reserve £ 000	Schools Reserve £ 000	Grant Reserve £ 000	Valuable Book Reserve £ 000	Total £ 000
At 1 April 2001	310,787	64	9,011	(2,163)	910	318,609
Transfer to/from Income & Expenditure Reserve	-	-	2,095	764	-	2,859
Capital Receipts	18,494	-	-	-	-	18,494
Revaluation of Tangible Fixed Assets	46,397	-	-	-	-	46,397
Release of Grants	(9,578)	-	-	-	-	(9,578)
Backlog Depreciation	(2,360)	-	-	-	-	(2,360)
Transfer from Deferred Income	11	-	-	-	-	11
Disposal of Fixed Assets	(335)	-	-	-	-	(335)
Transfer to/from General Reserve	(14)	14	-	-	-	-
At 31 March 2002	<u>363,402</u>	<u>78</u>	<u>11,106</u>	<u>(1,399)</u>	<u>910</u>	<u>374,097</u>

**22. PENSION AND SIMILAR OBLIGATIONS**

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

For 2001/2002 the contribution rates to the Teachers' Superannuation Scheme were 7.85% employers and 6.0% employees.

For 2001/2002 the employers contribution rate to the Northern Ireland Local Government Pension Scheme was 4.6%

The Board has included pension costs totalling £8,907,000 in relation to 2 schemes.

The latest actuarial valuation of the scheme was at 31 March 2001 (NILGOSC). The assumptions that have the most significant effect on the valuations and other relevant data are as follows:

	<b>TSS</b>	<b>NILGOSC</b>
Rate of return on investments - After Retirement	N/A	5.3%
- Before Retirement	N/A	6.3%
- Long Term	N/A	6.55%
Rate of increase in salaries	N/A	3.8%
Rate of increase in pensions	N/A	2.3%
Rate of dividend growth	N/A	2.3%
Market value of the assets at the date of the last valuation	N/A	£2,293.7m

The actuarial value of the assets of NILGOSC was sufficient to cover all of the benefits which had accrued to members after allowing for future increases in earnings.

23 NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating (deficit) to cashflow from operating activities

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Deficit for the year	(30,575)	(15,153)
Adjust for:		
Depreciation (note 12)	9,578	8,675
Government grant release (note 21)	(9,578)	(8,675)
Loss on disposal of fixed assets	200	69
Government grant disposal of fixed assets (note 21)	(200)	(69)
Interest payable (note 11)	30	25
Interest receivable (note 4)	(87)	(87)
Notional costs (note 9)	20,760	18,767
Decrease in stock	2	5
Decrease/(Increase) in debtors	4,556	(2,126)
(Increase)/Decrease in prepayments & accrued income	(5,139)	810
Increase in creditors	730	60
(Decrease)/Increase in accruals	(2,079)	2,916
Increase/(Decrease) in other tax & social security	29	(249)
(Decrease)/Increase in provisions	(387)	85
Net cash (outflow)/inflow from operating activities	<u><u>(12,160)</u></u>	<u><u>5,053</u></u>

(ii) Returns on investment and servicing of finance

Interest received	87	87
Interest paid on finance leases	(1)	(1)
Other interest paid	(29)	(24)
	<u>57</u>	<u>62</u>

(iii) Capital expenditure and financial investment

Purchase of tangible fixed assets	(16,894)	(13,490)
Capital grants received	18,603	14,025
Proceeds from disposal of tangible fixed assets	18	56
	<u><u>1,727</u></u>	<u><u>591</u></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT (cont'd ...)**

**(iv) Financing**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Capital element of finance lease payments	(3)	(21)
Issue of loans	(94)	(158)
Receipt of loan repayments	130	141
Inception of loan	42	-
	<u>75</u>	<u>(38)</u>

**(v) Analysis of net funds**

	<b>1 April 2001</b>	<b>Cash flow</b>	<b>31 March 2002</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash	11,388	(10,301)	1,087
Debt within one year	-	-	-
Debt due after one year	(248)	(42)	(290)
Finance Leases	(6)	3	(3)
	<u>(254)</u>	<u>(39)</u>	<u>(293)</u>
	<u><b>11,134</b></u>	<u><b>(10,340)</b></u>	<u><b>794</b></u>

**(vi) Reconciliation of net cash to movement in net funds**

	<b>2002</b>
	<b>£000</b>
Decrease in cash	(10,301)
Cash outflow from increase in debt	(39)
Change in net debt resulting from cash flows	<u>(10,340)</u>
Other non cash items	-
Movement in net funds	<u>(10,340)</u>
Net funds at 1 April 2001	11,134
Net funds at 31 March 2002	<u><b>794</b></u>

**(vii) Cash and Cash Equivalents**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<i>Changes in the year</i>		
At 1 April 2001		11,140
Net cash flow		<u>(10,301)</u>
At 31 March 2002		<u><b>839</b></u>
<i>Analysis of balances</i>		
	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Cash at bank & in hand	1,087	(10,301)
Bank loan	(248)	-
	<u>839</u>	<u>(10,301)</u>
		<u><b>11,140</b></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**24. CAPITAL COMMITMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Contracted	17,641	22,581
Authorised but not contracted	12,303	10,935
	<u><b>29,944</b></u>	<u><b>33,516</b></u>

**25. FINANCIAL COMMITMENTS**

At 31 March 2002 the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Expiring within one year	19	19
Expiring between 1 and 5 years inclusive	162	157
	<u><b>181</b></u>	<u><b>176</b></u>

**26. PRIVATE FINANCE TRANSACTIONS**  
**PFI Schemes deemed to be off Balance Sheet**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Amounts included within Other Operating Expenses in respect of PFI transactions deemed to be off Balance Sheet	3,367	2,206
	<u><b>3,367</b></u>	<u><b>2,206</b></u>

The Board is committed to make the following payments until completion of the contract:

	<b>£000</b>	<b>£ 000</b>
PFI Scheme which expires within 1 year	1,855	3,367
2 to 5 years (inclusive)	7,910	7,875
6 to 10 years (inclusive)	9,283	9,078
11 to 15 years (inclusive)	-	2,095
	<u><b>19,048</b></u>	<u><b>22,415</b></u>
	<b>£000</b>	<b>£ 000</b>
Estimated capital value of the PFI Scheme	<u><b>25,409</b></u>	<u><b>25,409</b></u>

**26. PRIVATE FINANCE TRANSACTIONS (cont'd)**

Contract start date - January 1999

Contract end date - March 2012

The PFI Scheme relates to the installation, implementation and technical support of hardware and software for each of the five Education and Library Boards within Northern Ireland over the duration of the contract. This PFI Scheme enables each Board to report financial issues under the Accruals Accounting concept.

**27. CONTINGENT LIABILITIES**

The impact of Job Evaluation pay awards is currently under negotiation. The amounts, which are probable and ascertainable, have been accrued within Provisions for Liabilities and Charges.

**28. POST BALANCE SHEET EVENTS**

Details of post balance sheet events are given in the Annual Report of the Board.

**29. RELATED PARTY TRANSACTIONS**

The South Eastern Education and Library Board is a Non-Departmental Public Body (NDPB) sponsored by the Department of Education, Department of Culture, Arts and Leisure and the Department for Employment and Learning.

The Departments are regarded as related parties. During the year, the South Eastern Education and Library Board has had various material transactions with the Departments and with other entities for which the Departments are regarded as the parent Department. These include:

- Belfast Education and Library Board;
- North Eastern Education and Library Board;
- Southern Education and Library Board;
- Western Education and Library Board;
- Staff Commission for Education and Library Boards;
- Council for Catholic Maintained Schools;
- Voluntary Grammar Schools;
- Grant Maintained Integrated Schools;
- Northern Ireland Council for the Curriculum Examinations and Assessment; and
- Colleges of Further Education.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**29. RELATED PARTY TRANSACTIONS (cont'd)**

In addition, the South Eastern Education and Library Board has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- (a) Department of Health and Social Services and Public Safety;
- (b) Health and Social Services Boards which are sponsored by the Department of Health and Social Services and Public Safety; and
- (c) Probation Board for Northern Ireland, a body sponsored by the Northern Ireland Office.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the South Eastern Education and Library Board during the year other than those disclosed in Note 7.

**30. EUROPEAN UNION FUNDING**

	<b>2002 Income £ 000</b>	<b>2002 Expenditure £ 000</b>	<b>2002 Total £ 000</b>	<b>2001 Total £000</b>
Received via Department of Education Applicant:				
(a) Board	-	-	-	-
(b) Schools	-	-	-	-
(c) Other Services	8	-	8	-
	<hr/> 8	<hr/> -	<hr/> 8	<hr/> -
Received from Other Sources:				
(a) Milk Subsidy	54	54	-	-
(b) Others	-	-	-	-
	<hr/> 54	<hr/> 54	<hr/> -	<hr/> -
<b>Total</b>	<hr/> <b>62</b>	<hr/> <b>54</b>	<hr/> <b>8</b>	<hr/> <b>-</b>

**31. NEW OPPORTUNITIES FUND**

	<b>2002 Income £ 000</b>	<b>2002 Expenditure £ 000</b>	<b>2002 Total £000</b>	<b>2001 Total £ 000</b>
(a) Schools	1,035	1,203	(168)	389
(b) Public Libraries	22	35	(13)	-
(c) Other Services	57	9	48	31
	<hr/> 1,114	<hr/> 1,247	<hr/> (133)	<hr/> 420

**32. STATEMENT OF LOSSES**

	<b>2002 £000</b>	<b>2001 £000</b>
(a) Cash Losses	7	4
(b) Claims Abandoned	-	-
(c) Fruitless Payments	-	-
(d) Stores Losses	309	258
	<hr/> 316	<hr/> 262

**33. FINANCIAL TARGET**

The Board's financial targets for 2001/02 were to contain expenditure within the accrued limits for the Department of Education and Department for Employment and Learning and within the cash limits approved by the Department of Culture, Arts and Leisure. These targets have been achieved.

**Accounts Direction given by the Department of Education for Northern Ireland (DENI) with the approval of the Department of Finance and Personnel (DFP) in accordance with Article 119 of the Education and Libraries (NI) Order 1986.**

1. The South Eastern Education and Library Board (“the Board”) shall prepare accounts for the financial year ended 31 March 2000 and subsequent years, comprising:-
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet;
  - d. a cash flow statement; and
  - e. a statement of total recognised gains and losses,including such notes as may be necessary for the purposes referred to in the following paragraphs.

**Date of Submission**

2. The accounts shall be submitted to the Comptroller and Auditor General by the 30 June immediately following the end of the financial year.

**Presentation of Accounts**

3. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.
4. Except where otherwise specified in this Direction, the accounts shall be prepared in accordance with:-
  - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
  - b. the disclosure and accounting requirements contained in the “Fees and Charges Guide” (in particular those relating to the need for appropriate segmental information for services or forms of services provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c. the accounting and disclosure requirements given in “Government Accounting Northern Ireland”, and in “Executive NDPBs: Annual Reports and Accounts Guidance”, as amended or augmented from time to time;

insofar as these are appropriate to the Board and are in force for the financial year for which the statement of accounts is to be prepared.

5. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order, and the accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
6. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of :-
  - a. fixed assets at their value to the business by reference to current costs; and
  - b. stock at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

## **Accounting Policies**

7. In preparing its accounts, the Board shall comply with the agreed statement of Accounting Policy approved by DENI and DFP, and adopted collectively by the Boards.
8. This Direction shall be reproduced as an Appendix to the accounts.

Signed by authority of the Department of Education for Northern Ireland.

**D Woods**

**Dated 26 November 1999**

## **SCHEDULE 1**

### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS**

#### **Companies (Northern Ireland) Order**

The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to the Board unless specifically approved by DFP.

The Companies (Northern Ireland) Order requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Board shall be contained in the foreword.

When preparing its income and expenditure account, the Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.

When preparing its balance sheet, the Board shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at "Total assets less current liabilities".

The Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.

The foreword and balance sheet shall be signed by the Accounting Officer and dated.

#### **Accounting Standards**

The Board is not required to include a note showing historical cost profits and losses as described in FRS 3.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The Foreword to the accounts shall, inter alia:-

State that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Article 119 of the Education and Libraries (Northern Ireland) Order 1986, and in accordance with this Direction;

Include a brief history of the Board and its statutory background.

The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

# Accounts of the Southern Education and Library Board

For the Period 1 April 2001 to 31 March 2002

# FOREWORD TO THE ACCOUNTS

## 1 BACKGROUND INFORMATION

The Southern Education and Library Board (hereinafter referred to as the Board) is an executive non-departmental public body sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department for Employment and Learning (hereinafter referred to as the Departments). The Board's principal functions are the provision of education, library and youth services to the District Council areas of Armagh, Banbridge, Cookstown, Craigavon, Dungannon and South Tyrone and Newry and Mourne.

These accounts have been prepared in a form directed by the Departments with the consent of the Department of Finance and Personnel in accordance with Article 119 of the Education and Libraries (NI) Order 1986. A copy of the Accounts Direction can be found at Annex A.

## 2 BRIEF HISTORY

### *Business Review*

The Board produces an Annual Report of its activities and a full report is contained therein.

### *Results for the Year*

The results for the year of the Board are set out in detail on page 137.  
The deficit for the year was £17,498,287, after charging notional costs.

### *Fixed Assets*

Details of the movement of fixed assets are set out in note 12 to the accounts.

The Board does not believe that there is any material difference between the market and book values of its lands and buildings.

## 3 FUTURE DEVELOPMENTS

The Board will continue to function in its present form for the foreseeable future.

## 4 IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

There have been no significant events since the year end, which would affect these accounts.

## 5 CHARITABLE DONATIONS

During the year the Board made no donations for charitable or political purposes.

## 6 BOARD MEMBERS

The following served as Board Members during the year:

<p>Mr P H Aiken BA DMS MILAM  Mrs M Alexander MBE BA Dip Ed  Councillor J F Bell BA MSW Dip SW  Councillor P Brannigan  Mrs S R Brownlee MSc RGN RM  Rev J Byrne CC  Mr M P Campbell BEd DipPhyEd  Councillor Miss E B Corry MBE  Alderman F E Crowe  Dr P Cunningham BEd Msc  Mrs M E Donnell BEd MA(Ed)  Councillor J Feehan  Mrs S M B Fitzpatrick BSSc MSc MBA  CQSW  Mrs E Gill  Very Rev A Canon Hamill Adm  Councillor I E B Hanna  Councillor J Hanna BSc DipEd PGCTE  Alderman G A Hatch  Councillor A B Lewis  Mr C Mackin BEd CertEd ECDL  Councillor W J Martin  Mr W Mayne  Mr P C McAleavey OBE BA MSc  Dip Ed Dip Soc Studs Dip Ed Man  Councillor P P McAleer</p>	<p>Mrs C O McAnerney  Mrs D A McBride BSc Dip Ed  Councillor J V McCart  Mrs C M McCaul MBE BEd  Rev C D McClure BSc BD MSSc  Mrs E McClurg  Councillor W G J McCracken MSSc  Councillor P R McElroy  Councillor P McGinn BA HdipFS  PGCFHE  Councillor W J McIlwrath  Mr J H McParland  Councillor Mrs S McRoberts  Very Rev L M McVeigh PP BSc BD  Dip CL  Mr W J Mitchell OBE BEd  Councillor B Monteith  Mr R J Mullan OBE BSc MSc MBIM  Councillor R L Mulligan  Mrs M E Niblock  Very Rev S Rice PP BA  Mr J W Saunders BA Dip Ed  Mr A G Sleator BA FICS  Rev Canon F D Swann  Alderman J W Trueman JP BA  Rev Canon W R Twaddell</p>
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### ***Disabled Employees***

The Board actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

### **PAYMENT TO SUPPLIERS**

#### ***Public Sector Payment Policy – Measure of compliance:***

The Government requires that the Board pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. The Board's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 37 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. The measure of compliance is:

	<b>Based on Invoice Date Number</b>	<b>£000s</b>	<b>Based on Invoice Received Number</b>
Total bills paid	248,441	92,696	248,441
Total bills paid within target	142,750	72,719	219,884
% of bills paid within target	60%	78%	93%
2000/2001	49%	N/A	88%

#### ***Employee Involvement***

During the year the policy of providing employees with information about the Board has been continued through regular distribution of circulars. Regular meetings are held between staff at different levels to allow a free flow of information and ideas.

***Helen McClenaghan***

***Date 16 June 2005***

## **STATEMENT OF INTERNAL CONTROL : TRANSITIONAL STATEMENT**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Board policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum and Management Statement for the SELB.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the procedures in place in March 2003 necessary to implement DFP guidance. This takes account of time needed to fully embed the processes which the Board has agreed should be established and improve their robustness.

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

The Board has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management is being incorporated more fully into the corporate planning and decision making processes of the Board.

The Audit Committee and the Board receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Board's key objectives and risks, further work has been done to bring about more consistency in the way in which the Board treats risks.

In addition to the actions mentioned above, in the coming year the Board plans to:

- regularly review and update the record of risks facing the Board;
- set up a system of key performance and risk indicators;
- develop and maintain an organisation-wide risk register; and
- arrange for reports from each head of department within the Board, on internal control activities, be forwarded to me.

The Board has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports which include the HIA's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Board 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.

***Helen McClenaghan***  
***Accounting Officer***

***Date 16 June 2005***

## STATEMENT OF THE BOARD AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Article 119 (2) of the Education and Libraries (NI) Order 1986 the Board is required to prepare a statement of accounts in the form and on the basis directed by the Departments with the consent of the Department of Finance and Personnel.

The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officers of the Departments have designated the Chief Executive of the Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers Memorandum, issued by the Department of Finance and Personnel.

*Helen McClenaghan*  
*Accounting Officer*

*Date 16 June 2005*

## **Southern Education and Library Board**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly.**

I certify that I have audited the financial statements on pages 137 to 164 under the Education and Libraries (NI) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 141 to 145.

#### **Respective responsibilities of the Belfast Education and Library Board, the Chief Executive and Auditor**

As described on page 134, the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education and Libraries (NI) Order 1986 and Department of Education's directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 133 reflects the Board's compliance with the Department of Finance and Personnel's guidance on the transitional Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the entity's corporate governance procedures or its risk and control procedures.

#### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Southern Education and Library Board at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education and Libraries (NI) Order 1986 and directions made thereunder by the Department of Education; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

## **Report**

I have reported separately on Accountability to parliament by Education and Library Boards in my General Report: Financial Auditing and Reporting 2003-04 (HC 96, Session 2004-05). The report deals with delays in finalising Board accounts and related matters.

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**8th July 2005**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £000	2001 £000
<b>Income</b>			
Grant from Departments	2	237,454	232,465
Other grant income	3	2,144	953
Other operating income	4	9,327	8,938
<b>Total Income</b>		<u>248,925</u>	<u>242,356</u>
Staff costs	6 & 7	182,798	171,252
Depreciation	12	7,794	6,807
Other operating expenses	8 & 11	63,000	64,882
Notional costs	9	12,831	11,647
<b>Total Expenditure</b>		<u>266,423</u>	<u>254,588</u>
<b>Deficit for the year</b>		(17,498)	(12,232)
Credit in respect of notional costs	9	12,831	11,647
<b>Amount transferred to Reserves</b>	20	<u>(4,667)</u>	<u>(585)</u>

All amounts above relate to continuing activities.

The notes on pages 141 to 164 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2002**

	<b>Notes</b>	<b>2002</b>	<b>2001</b>
		<b>£000</b>	<b>£000</b>
<b>Deficit for the year</b>		(17,498)	(12,232)
Unrealised surplus on revaluation of fixed assets	<b>21</b>	27,411	11,109
Backlog depreciation	<b>21</b>	(1,823)	(622)
<b>Total recognised gains/(losses) for the year</b>		<u>8,090</u>	<u>(1,745)</u>

The notes on pages 141 to 164 form part of these accounts.

**BALANCE SHEET AS AT 31 MARCH 2002**

	<b>Notes</b>	<b>2002</b>	<b>2001</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed Assets</b>			
Tangible Assets	<b>12</b>	221,295	192,799
<b>Current Assets</b>			
Stocks	<b>13</b>	637	686
Debtors	<b>14</b>	11,616	13,662
Cash at bank and in hand	<b>23(v)</b>	<u>1,118</u>	<u>3,136</u>
		13,371	17,484
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	<b>15</b>	11,652	12,232
<b>Net Current Assets</b>		<u>1,719</u>	<u>5,252</u>
<b>Total Assets less Current Liabilities</b>		<u>223,014</u>	<u>198,051</u>
Creditors: amounts falling due after more than one year	<b>16</b>	63	199
Provisions for Liabilities and Charges	<b>18</b>	2,513	2,531
Deferred Income	<b>19</b>	1,109	480
<b>Net Assets</b>		<u>219,329</u>	<u>194,841</u>
<b>Reserves</b>			
Income and Expenditure Reserve	<b>20</b>	(6,962)	(1,210)
Other Reserves	<b>21</b>	<u>226,291</u>	<u>196,051</u>
		<u>219,329</u>	<u>194,841</u>

The Financial Statements on pages 137 - 164 were approved by the Board on 16 June 2005 and were signed on its behalf by:

Chairman: Moira Alexander

Chief Executive: Helen McClenaghan

The notes on pages 141 to 164 form part of these accounts.

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2002**

	<b>Notes</b>	<b>2002</b>	<b>2001</b>
		<b>£000</b>	<b>£000</b>
Net cash inflow/(outflow) from operating activities	<b>23 (i)</b>	(3,661)	450
Returns on investments and servicing of finance	<b>23 (ii)</b>	(7)	20
Capital expenditure and financial investment	<b>23 (iii)</b>	898	110
Net cash inflow/(outflow) before financing		<u>(2,770)</u>	<u>580</u>
Financing	<b>23 (iv)</b>	752	(1)
(Decrease)/Increase in cash		<u><u>(2,018)</u></u>	<u><u>579</u></u>

The notes on pages 141 to 164 form part of these accounts.

## **1 STATEMENT OF ACCOUNTING POLICIES**

### ***1.1 Accounting Convention***

These financial statements have been prepared in accordance with the Accounts Direction issued by the Departments on 26 November 1999 and in accordance with applicable Accounting Standards under the modified historical cost convention.

Without limiting the information given the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

### ***1.2 Recognition of Income***

The final approved resource allocations (recurrent) from the Department of Education and the Department for Employment and Learning are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Where expenditure incurred exceeds cash received a Departmental debtor is created. Where expenditure incurred is less than the final approved resource allocation (recurrent) a funding commitment is disclosed. However, reference should be made to Note 5 for further detail.

The annual recurrent allocations from the Department of Culture, Arts and Leisure and the Department of Health, Social Services and Public Safety are intended to meet recurrent costs, which are credited to the income and expenditure account.

Income from other grants received for specific purposes, that is restricted income, are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### ***1.3 Foreign Currency Transactions***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### ***1.4 Taxation***

The Board is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are net of recoverable VAT.

### ***1.5 Fixed Assets***

All spending on a fixed asset which yields a benefit for a period of more than one year, is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the asset.

## 1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED ....)

### 1.5.1 *Land and buildings*

All land and buildings are capitalised and stated in the balance sheet at valuation on the basis of depreciated replacement cost. Full valuations are normally made by the Valuation and Lands Agency (VLA) every 5 years and in the intervening years these valuations are updated by the VLA using appropriate indices. As a result of work pressures, VLA has not been able to complete a full valuation, which was due to be carried out at 31 March 2002. It has been necessary, therefore, for the purposes of the 2001/2002 accounts to include valuations updated by the VLA using appropriate indices. A full revaluation is being sought from VLA for inclusion in the 2002/2003 accounts. Land and buildings acquired during the year are included in the balance sheet. Completed building projects will be capitalised but not depreciated until commissioned. Ongoing building projects are categorised as assets in the course of construction and shown separately. Project costs capitalised include design and related fees as well as construction costs. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a government grant reserve account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

### 1.5.2 *Maintained Schools*

**Land and buildings shown in the financial statements do not include any maintained schools, the assets of which belong to their trustees. The Board, however, is responsible for buildings and grounds maintenance at these schools, as well as providing them with certain other services and with 100% funding for general running costs under LMS. These costs are reflected in the Board's Income and Expenditure Account.**

### 1.5.3 *Donated Assets*

Donated tangible fixed assets are capitalised at their valuation on receipt. This value is credited to the donated asset reserve. Subsequent re-valuations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Income and Expenditure Account.

### 1.5.4 *Assets other than land and buildings*

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets are valued each year using appropriate indices or professional valuations.

### 1.5.5 *Depreciation*

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted prospectively over the revised economic life.

All assets are depreciated on a straight line basis over their expected useful lives. A full months depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal. Assets in the course of construction are not depreciated until brought into use. Depreciation will not normally be provided for on freehold land unless subject to depletion or on assets which are identified as surplus to requirements and held pending disposal.

## 1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED ....)

**1.5.5** Capitalised assets are depreciated over their useful economic lives. The following useful economic lives should, where necessary, be used as approximations to the levels estimated annually.

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers	Hardware and Software	3 years
Plant and Equipment	Reprographics	7 years
	Machinery	15 years
	Music	10 years
	Grounds Maintenance	7 years
	General and Other	10 years
	Cleaning	7 years
Vehicles	Small Mini-buses	5 years
	33 Seater mini-buses	10 years
	> 33 Seater Mini-buses	14 years
	Vans	5 years
	Grounds Maintenance	7 years
	Mobile Libraries	10 years
	Cars	4 years
Miscellaneous	Library Books -Books And Collection	not depreciated

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a government grant reserve account and released to the income and expenditure account over the expected useful economic life of the related asset.

### **1.6 Stocks**

It is policy to carry stock for the meals service and maintenance and central depots.

Stocks are stated at the lower of current replacement cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **1.6 Pension Scheme**

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

## 1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED ....)

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme. The scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel. The scheme is administered by the Department of Education, Balloo Road, Bangor.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme is of the defined benefits type, the assets of the schemes being held in separate trustee administered funds. The Board's contribution to the Northern Ireland Local Government Pension Scheme is determined by the fund's actuary based on a triennial Valuation. The scheme is administered by NILGOSC, Holywood Road, Belfast.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

### **1.8 Nature of substantial reserves**

- The **Income and Expenditure Reserve** balance represents the surplus of revenue income over expenditure. It can be used to supplement income in future years.

### **Other Reserves**

- The Government Grant Reserve represents the movement on fixed assets in line with the accounting guidance for NDPBs published on 18 January 2001 in respect of assets financed by grant.
- The Special Book Reserve represents the valuation of the Local Studies library collection.
- The General Reserve represents the proceeds of the sale of non property assets.
- The Schools Reserve is the cumulative unspent portion of schools' locally administered budgets. These were set up under the Local Management in Schools arrangements required by the Education Reform Northern Ireland Order 1989.
- The Grant Consolidated Reserve represents the surplus of grant income over expenditure.
- The PFI Reserve represents the unamortised portion of the surplus land granted to the PFI Operator.
- The introduction of a Revaluation Reserve will depend on the application of the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001, to appropriate circumstances.
- The introduction of a Donated Asset Reserve will depend on the application of the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001, to appropriate circumstances.

## **1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED ....)**

### ***1.9 Finance and Operating Leases***

Operating lease rentals are charged to the Income and Expenditure account in equal annual amounts over the lease term. Leasing arrangements which transfer to the Board substantially all benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright.

The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

### ***1.10 Private Finance Initiative***

The Board follows HM Treasury's 'Technical Note 1 (Revised) How to Account for PFI Transactions' which provides guidance on the application of the FRS 5 Amendment.

The provision of accommodation and related services at Drumglass High School in Dungannon is accounted for in accordance with this guidance. The scheme is treated as off balance sheet, however the provision of surplus land is classified as a prepayment and amortised to the income and expenditure account as an expense over the term of the contract. This is offset by an equal and opposite release from the PFI reserve.

The Western Education and Library Board has responsibility on behalf of all five Boards for the Classroom 2000 Project. This is a PFI scheme, the purpose of which is to design, develop and operate an ICT infrastructure to support the curriculum, management and information needs of the major bodies within the Education Service in Northern Ireland.

The North Eastern Education and Library Board has responsibility for the Electronic Libraries for Northern Ireland (ELFNI) Project. This is a PFI Scheme to deliver public access to electronic information through the public library network and to provide new Library management systems.

The South Eastern Education and Library Board has responsibility on behalf of all 5 Board for the Board's Oracle financial IT system. This is a PFI scheme, the purpose of which is to provide an IT system to support the financial and management needs of the Boards in light of the requirements of Resource Accounting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**2. GRANT FROM DEPARTMENTS**

**DEPARTMENT OF EDUCATION, DEPARTMENT OF CULTURE, ARTS AND LEISURE  
AND DEPARTMENT FOR EMPLOYMENT AND LEARNING**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Recurrent Grant		
Grant-in-Aid	226,136	218,509
New Deal Maintenance	0	192
New Deal - National Grid for Learning	0	300
Mandatory Awards	1,750	4,791
Premature Retirement Compensation Pensions	947	922
Premature Retirement Compensation Lump Sums	344	441
Release of Government Grant Reserve:		
Depreciation in value of Fixed Assets	7,794	6,859
	<u>236,971</u>	<u>232,014</u>

**DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY**

Recurrent Grant		
Mandatory Awards (Vote 14)	<u>483</u>	<u>451</u>
<b>TOTAL</b>	<u><u>237,454</u></u>	<u><u>232,465</u></u>

<b>3. OTHER GRANT INCOME</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
European funds	309	428
New opportunities fund	1,688	457
Other funds	147	68
	<u>2,144</u>	<u>953</u>

<b>4. OTHER OPERATING INCOME</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Catering operations	7,333	7,030
Other income generating activities	1,200	1,198
Interest Receivable	33	49
Miscellaneous	761	661
	<u>9,327</u>	<u>8,938</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**5. FUNDING COMMITMENT**

The following funding commitments from the Departments have not been accrued as income:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Amount of Grant formally committed:		
Department of Education	5,543	0
Department for Employment and Learning (GIA)	481	0
	<u>6,024</u>	<u>0</u>

The funding commitment or end year flexibility represents a guaranteed resource which will be added to the Board's approved spending limit in the next financial year. In establishing whether the Board has achieved financial targets set, this funding commitment or year end flexibility is added to the reserves position reported in these accounts.

**6. STAFF COSTS**

The average number of persons (including Senior Postholders) employed by the Board during the year expressed as Full-Time Equivalents (FTE) and staff costs are as follows:-

		<b>2002</b>	<b>2001</b>
		<b>£000</b>	<b>£000</b>
Staff costs:			
Teaching			
	Gross Pay	110,764	105,926
	NIC	8,699	7,838
	Pension Costs	8,744	7,877
	Other Employee Expenses	1,931	2,344
		<u>130,138</u>	<u>123,985</u>
Non-Teaching (including Board Members)			
	Gross Pay	48,228	43,344
	NIC	2,264	2,069
	Pension Costs	1,677	1,469
	Other Employee Expenses	491	385
		<u>52,660</u>	<u>47,267</u>
<b>TOTAL</b>		<u>182,798</u>	<u>171,252</u>
Average staff numbers:		<b>2002</b>	<b>2001</b>
		<b>No</b>	<b>No</b>
Teaching		4,768	4,596
Non-Teaching		6,895	6,800
		<u>11,663</u>	<u>11,396</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**7. EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS**

<b>Name</b>	<b>Age</b>	<b>Salary incl benefits in kind</b>	<b>Real increase in pension at 65</b>	<b>Total pension accrued at 65 at 31.3.02</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Mrs H McClenaghan <i>Chief Executive</i>	58	66,000	2,060	23,247
Mr R Whitford* <i>Senior Education Officer</i>	54	45,502	n/a	n/a
Mr T Heron <i>Head of Corporate Services</i>	48	55,800	978	5,930
Mr A McGee <i>Chief Architect</i>	58	55,800	1,885	22,805
Mr A Morrow*** <i>Chief Librarian</i>	57	55,800	1,964	24,311
Mr J Curran <i>Inter Board Services Manager</i>	50	46,200	1,137	13,300
Mr W Burke** <i>Senior Education Officer</i>	54	42,754	1,032	11,005

\* *Mr R Whitford retired on the 30 November 2001.*

\*\* *Mr W Burke was appointed on 25 February 2002.*

\*\*\**Mr A Morrow was appointed as Programme Director in the Electronic Libraries (ELFNI) Programme on 1 March 2002.*

For each of these members of the NILGOSC Pension Scheme, a lump sum equal to 3 times the total Accrued Pension at 31 March 2002 is also payable on retirement. Where the requirements of a post include the use of a car, the Board offers a loan. Interest is payable at 4.45% on the initial amount of capital borrowed. Repayments of capital and interest are deducted from pay on a monthly basis. There were no loans made to senior postholders in the year.

The capital element outstanding of car loans made to senior postholders is as follows:

	<b>31 March 2002</b>	<b>31 March 2001</b>
	<b>£</b>	<b>£</b>
Mr J Curran	0	6,333
Repayments made during the year:		
	<b>31 March 2002</b>	<b>31 March 2001</b>
	<b>£</b>	<b>£</b>
Mr J Curran	0	667

The total emoluments (incl. honoraria) of the Chairman were £8,281

The highest payment for any other Board member was £4,508

The aggregate amount of Board members emoluments was : £52,013

No members waived emoluments. However, 9 members made no claim for emoluments during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**7. EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS (cont'd)**

The number of Board members who received emoluments falling within the range below:

	<b>2001/02</b>	<b>2000/01</b>
	<b>No</b>	<b>No</b>
£1 - 4,999	38	28
£5,000 - 5,999	nil	1
£6,000 - 6,999	nil	Nil
£7,000 - 7,999	nil	Nil
£8,000 - 8,999	1	1
£9,000 - 9,999	nil	nil
£10,000 - 10,999	nil	nil
£11,000 - 11,999	nil	nil

**8. OTHER OPERATING EXPENSES**

**2002**      **2001**  
**£000**      **£000**

**DEPARTMENTS**

Premises, Fixed Plant & Grounds	21,725	21,235
Supplies & Services	18,614	19,393
Transport	13,690	13,130
Establishment	3,749	2,804
Grants to Persons/Bodies	4,162	7,463
(Profit)/Loss on disposal of fixed assets	(15)	40
Miscellaneous	592	364
	<u>62,517</u>	<u>64,429</u>

**DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY**

Grants to Persons/Bodies	<u>483</u>	<u>453</u>
	<u>483</u>	<u>453</u>
	<u><b>63,000</b></u>	<u><b>64,882</b></u>

**2002**      **2001**  
**£000**      **£001**

**Other Operating Expenses include:**

Operating leases - hire of plant and machinery	119	144
Operating leases - property	0	0
Hospitality	12	6
PFI	<u>727</u>	<u>597</u>
	<u>858</u>	<u>747</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

<b>9. NOTIONAL COSTS</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Auditors Remuneration	44	44
Teacher's Payroll	362	354
Land & Buildings Valuation	0	0
Use of Capital	<u>12,425</u>	<u>11,249</u>
	<u>12,831</u>	<u>11,647</u>

**10. INTER BOARD TRADING**

During the year the Board earned £0 from the selling of services and purchased £0 of services from the other Boards.

<b>11. INTEREST PAYABLE</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
On finance leases	1	2
Other	<u>39</u>	<u>27</u>
	<u>40</u>	<u>29</u>

These expenses are included in other operating expenses.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**12. TANGIBLE FIXED ASSETS**

	<b>Land &amp; Vehicles Buildings</b>		<b>Computers</b>	<b>Plant Equip &amp; Misc</b>	<b>Valuable Books</b>	<b>Payments on Account and Assets in Course of Construction</b>	<b>TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>							
At 1 April 2001	192,045	4,889	357	1,722	1,398	6,226	206,637
Additions	6,463	533	47	330	0	3,463	10,836
Asset Transfers	5,068	953	0	0	0	(6,021)	0
Disposals	(136)	(11)	0	(20)	0	0	(167)
Revaluation	27,499	8	(90)	(6)	0	0	27,411
Impairment of value							0
At 31 March 2002	<u>230,939</u>	<u>6,372</u>	<u>314</u>	<u>2,026</u>	<u>1,398</u>	<u>3,668</u>	<u>244,717</u>
<b>Depreciation</b>							
At 1 April 2001	11,810	1,491	144	393	0	0	13,838
Disposals	(12)	(11)	0	(10)	0	0	(33)
Charge for period	6,667	781	88	258	0	0	7,794
Backlog Depreciation	<u>1,859</u>	<u>3</u>	<u>(38)</u>	<u>-1</u>	<u>0</u>	<u>0</u>	<u>1,823</u>
At 31 March 2002	<u>20,324</u>	<u>2,264</u>	<u>194</u>	<u>640</u>	<u>0</u>	<u>0</u>	<u>23,422</u>
Net Book value at 31 March 2002	<u>210,615</u>	<u>4,108</u>	<u>120</u>	<u>1,386</u>	<u>1,398</u>	<u>3,668</u>	<u>221,295</u>
Net Book value at 1 April 2001	<u>180,235</u>	<u>3,398</u>	<u>213</u>	<u>1,329</u>	<u>1,398</u>	<u>6,226</u>	<u>192,799</u>

\* Payments on account at 31 March 2002 include £307,811 ( 31 March 2001 nil) relating to the PFI residual asset at Drumglass High School.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**12. TANGIBLE FIXED ASSETS (cont'd ...)**

Land and buildings were valued as at 31 March 2000 on a depreciated replacement cost basis. The valuations were performed independently by the Valuation and Lands Agency. The valuations as at 31 March 2002 were by way of approved government indices.

Fixed assets include £1,398,505 in relation to Local Studies collection of library books, which have been valued by Mr Jack Gamble, FRGS of Emerald Isle Books, 539 Antrim Road, Belfast. The valuation survey took place between 19 May 2001 and 9 August 2001. They have not been indexed or depreciated. The library books have been valued on an open market existing use basis. The next revaluation will be performed for the year ended 31 March 2004.

Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Departments.

As described in note 1.5.2, the amount of land and buildings noted does not include maintained schools. In 2001/2002 there were 159 such schools in the Board's area.

The net book value of tangible fixed assets includes an amount of £1,943 (2001 : £5,807) in respect of assets held under finance leases.

The depreciation charge for the period is analysed as follows:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Owned assets	7,790	6,803
Assets held under finance leases and hire purchase arrangements	4	4
Permanent decrease in value of assets	<u>0</u>	<u>0</u>
	<u>7,794</u>	<u>6,807</u>

**13. STOCK**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Catering	180	189
Maintenance and central depots	<u>457</u>	<u>497</u>
	<u>637</u>	<u>686</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

<b>14. DEBTORS</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	1,138	895
Amount owed by Boards	36	4
Prepayments and accrued income	3,098	2,963
Recoverable VAT	1,441	1,515
Amounts owed by Departments -		
Department of Education	<u>5,843</u>	<u>3,390</u>
	11,556	8,767
<b>Amounts falling due after more than one year</b>		
Trade Debtors	60	86
Amounts owed by Departments	<u>0</u>	<u>4,809</u>
	<u>60</u>	<u>4,895</u>
	<u><b>11,616</b></u>	<u><b>13,662</b></u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	5,035	4,181
Obligations under finance leases	2	4
Amount owed to Boards	134	9
Taxation and social security	1,480	1,371
Accruals	3,789	6,166
Other creditors -		
Miscellaneous	1,125	501
Department of Employment and Learning	<u>87</u>	<u>0</u>
	<u>11,652</u>	<u>12,232</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases	0	2
Retentions	<u>63</u>	<u>197</u>
	<u>63</u>	<u>199</u>

**17. ANALYSIS OF BORROWINGS OF THE BOARD: FINANCE LEASES**

The net finance lease obligations to which the Board is committed are:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
In one year or less	2	4
Between one and two years	<u>0</u>	<u>2</u>
	<u>2</u>	<u>6</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Employer &amp; Public Liability Claims £000</b>	<b>Pensions £000</b>	<b>Job Evaluation £000</b>	<b>Total £000</b>
<b>At 1 April 2001</b>	560	1,173	798	2,531
Expenditure in the period	(211)	(81)	(797)	(1,089)
Transferred from Income and Expenditure Account	184	147	740	1,071
<b>At 31 March 2002</b>	533	1,239	741	2,513

**Premature Retirement for Teachers**

As directed by the Department of Education, with the consent of the Department of Finance and Personnel a provision has not been included in Board accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teachers' Superannuation Account (part of the Departmental accounting structure). The in year charge in respect of such cases as well as requisite employer superannuation contributions is charged to the Board's income and expenditure account. In that respect the number of teacher premature retirement compensation cases is as follows:

	<b>No</b>
2001/02	49
Cumulative	1,134

**Employer and Public Liability Claims**

These are claims against the board submitted by members of staff and or the public in relation to accidents or incidents which have happened before the balance sheet date. Claims which are not considered dormant or statute barred by the passage of time since being lodged, but have progressed sufficiently to allow an estimated "settlement" figure to be calculated, are included in the provision. Estimates are calculated by reference to; analysis of previous claims of a similar type, the previous history of successful settlements and professional judgement.

The possible timing of payments in settlement of such cases is uncertain; it is plaintiff driven and the case's progress is dependant on the individual circumstances of that case. As a case progresses and more information becomes available the amount of the estimated "settlement" figure may in subsequent years be revised up or down.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**18. PROVISIONS FOR LIABILITIES AND CHARGES (cont'd ...)**

**Pension Provison**

This provision refers to previous employees of the board who have retired and are in receipt of current pension benefits. The provision is calculated by reference to their current age at the balance sheet date, an actuarial indexation factor which anticipates future life expectancy, and the actual current pension being paid in the current year. The product of this calculation is an estimate of the future liability of the board in respect of these former employees. Payments in relation to this provision will be ongoing on a monthly basis.

**Job Evaluation**

This provision refers to employees, whose posts are due to be evaluated under the job evaluation scheme. As a result employees may be regraded to a higher grade and therefore entitled to a higher salary from the date additional duties were undertaken. The provision is made only in respect of those employee categories, whose job evaluations have progressed to the stage of agreed revised job descriptions, where the board is able to make a reasonable estimation of the arrears liability

The timing of such payments is likely to vary for the different categories of staff. However, the board makes every effort to process payments as soon as possible, once union and individual agreement has been formally reached.

The level of information available on which to base estimates for arrears, increases the closer a staff category is to completion of the job evaluation process.

**19. DEFERRED INCOME -  
DEFERRED GRANTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Deferred Grants	<u>1,109</u>	<u>480</u>

Deferred income relates to receipts from EU and other non-Educational Government Departments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

<b>20. INCOME AND EXPENDITURE RESERVE</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April 2001</b>	(1,210)	(606)
Amount transferred from Income and Expenditure account	(4,667)	(585)
Transfer to/from Schools Reserve	(1,455)	76
Transfer to/from Grant Reserve	336	(95)
Drawdown of Deficit Grant-In-Aid	34	0
<b>At 31 March 2002</b>	<b>(6,962)</b>	<b>(1,210)</b>

**21. OTHER RESERVES**

	<b>Government Grant Reserve £000</b>	<b>Special Book Reserve £000</b>	<b>General Reserve £000</b>	<b>Schools Reserve £000</b>	<b>Grant Reserve £000</b>	<b>PFI Reserve £000</b>	<b>Total £000</b>
<b>At 1 April 2001</b>	191,401	1,398	23	3,116	(287)	400	196,051
Transfer to/from Income and Expenditure Reserve	0	0	0	1,455	(336)	0	1,119
Drawdown of Deficit	0	0	0	0	720	0	720
Capital grants received for tangible fixed assets	10,528	0	0	0	0	0	10,528
Capitalisation of PFI Residual Asset	308	0	0	0	0	0	308
Capital grants received for tangible fixed assets - unallocated	0	0	0	0	(105)	0	(105)
Release of government grant reserve - depreciation	(7,794)	0	0	0	0	0	(7,794)
Revaluation of tangible fixed assets	27,411	0	0	0	0	0	27,411
Backlog depreciation	(1,823)	0	0	0	0	0	(1,823)
Disposal of fixed assets	(108)	0	0	0	0	0	(108)
trsf to/from General reserve	(26)	0	26	0	0	0	0
Amortisation of PFI reserve	0	0	0	0	0	(16)	(16)
<b>At 31 March 2002</b>	<b>219,897</b>	<b>1,398</b>	<b>49</b>	<b>4,571</b>	<b>(8)</b>	<b>384</b>	<b>226,291</b>

221,295

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**22. PENSION AND SIMILAR OBLIGATIONS**

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

For 2001/2002 the contribution rates to the Teachers' Superannuation Scheme were 7.85% employers and 6% employees.

For 2001/2002 the employers contribution rate to the Northern Ireland Local Government Pension Scheme was 4.6%.

The Board has included pension costs totalling £10,420,371 in relation to 2 schemes.

The latest actuarial valuation of the scheme was at 31 March 2001 (NILGOSC). The assumptions that have the most significant effect on the valuations and other relevant data are as follows:

	TSS	NILGOSC
Rate of return on investments		
- after retirement	N/A	5.30%
- before retirement	N/A	6.30%
- long term	N/A	6.55%
Rate of increase in salaries	N/A	3.89%
Rate of increase in pensions	N/A	2.30%
Rate of dividend growth	N/A	2.30%
Market value of the assets at the date of the last valuation	N/A	£2293.7m

The actuarial value of the assets of NILGOSC was sufficient to cover all of the benefits which had accrued to members after allowing for future increases in earnings.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT**

**(i) Reconciliation of operating deficit to cashflow from operating activities**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Deficit for the year	(17,498)	(12,232)
Depreciation (note 12)	7,794	6,807
Government Grant Release (note 21)	(7,794)	(6,807)
Impairment of assets (note 12)	0	0
Government grant impairment release (note 21)	0	0
Loss/(Profit) on disposal of assets other than land and buildings	(15)	40
Government grant release relating to the disposal of assets other than land and buildings (note 21)	15	(40)
Notional Costs (note 9)	12,831	11,647
Decrease in stocks	49	61
Interest payable (note 11)	40	29
Increase in debtors	(217)	(710)
Increase/(decrease) in prepayments and accrued income	1,656	(1,766)
Increase in creditors	854	1,219
Increase/(Decrease) in other taxation and social security	109	(16)
(Decrease)/Increase in accruals	(2,062)	2,150
Decrease in provisions	(18)	(340)
Increase in deferred income	628	457
Interest receivable (note 4)	(33)	(49)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(3,661)</u>	<u>450</u>

**(ii) Returns on investment and servicing of finance**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Interest received	33	49
Interest paid on finance leases	(1)	(2)
Other interest paid	(39)	(27)
	<u>(7)</u>	<u>20</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT  
(cont'd ...)**

<b>(iii) Capital expenditure and financial investment</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Purchase of tangible fixed assets	(10,141)	(9,699)
Capital grants received	11,013	9,799
Proceeds from disposal of tangible fixed assets	26	10
	<u>898</u>	<u>110</u>

<b>(iv) Financing</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Capital element of finance lease payments	(2)	(1)
Decrease in Deficit Grant	754	0
	<u>752</u>	<u>(1)</u>

<b>(v) Analysis of net debt</b>	<b>1 April</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>31 March</b>
	<b>2001</b>	<b>Flow</b>	<b>Changes</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash	<u>3,136</u>	<u>-2,018</u>	<u>0</u>	<u>1,118</u>
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Finance leases	<u>-6</u>	<u>4</u>	<u>0</u>	<u>(2)</u>
	<u>-6</u>	<u>4</u>	<u>0</u>	<u>(2)</u>
	<u>3,130</u>	<u>-2,014</u>	<u>0</u>	<u>1,116</u>

**(vi) Reconciliation of Net Cash Flow to Movement  
in Net Funds**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Increase/(Decrease) in cash	(2,018)	579
Cash inflow/(outflow) from increase/(decrease) in debt and finance leases	<u>4</u>	<u>3</u>
Change in net debt resulting from cash flows	(2,014)	582
Other non cash items	<u>0</u>	<u>(9)</u>
Movement in net funds	(2,014)	573
Net funds at 1 April 2001	<u>3,130</u>	<u>2,557</u>
Net funds at 31 March 2002	<u>1,116</u>	<u>3,130</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**24. CAPITAL COMMITMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Contracted	7,333	5,577
Authorised but not contracted	3,972	5,427
	<u>11,305</u>	<u>11,004</u>

**25. FINANCIAL COMMITMENTS**

At 31 March 2002 the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Expiring within one year	19	37
Expiring between 1 and 5 years inclusive	97	89
	<u>116</u>	<u>126</u>

**26. PRIVATE FINANCE TRANSACTIONS**

**PFI schemes deemed to be off Balance Sheet**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Amounts included within Operating Expenses in respect of PFI transactions deemed to be off Balance Sheet	<u>727</u>	<u>597</u>

The Board is committed to make the following payments under a PFI scheme:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
within 1 year	1,047	1,023
2 to 5 years (inclusive)	4,187	4,092
6 to 10 years (inclusive)	5,233	5,115
11 to 15 years (inclusive)	5,233	5,115
16 to 20 years (inclusive)	5,233	5,115
21 to 25 years (inclusive)	5,233	5,115
	<u>26,166</u>	<u>25,575</u>

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Estimated capital value of the PFI Scheme	<u>6,000</u>	<u>6,000</u>

Contract start date - September 2000

Contract end date - September 2025

The PFI scheme relates to the provision of accommodation and related services at Drumglass High School in Dungannon. This PFI Scheme enables the Board to deliver specific curricular areas for some 500 pupils aged 11 - 18 under a design, build, finance and operate (DBFO) agreement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**27. CONTINGENT LIABILITIES**

Teacher salary award agreement 2000: The Board expects a liability may arise for teachers who qualify for assessment for upgrade to the second point on the upper pay spine (Cohort 1 threshold). Until the report from the independent inquiry into teachers' pay and conditions is received and negotiations with Unions are concluded, we cannot estimate, with any certainty, the value of the liability to the Board.

Job Evaluation : Headquarters' staff and classroom assistants: Whilst the Board expects a liability will arise, until the relevant job descriptions and evaluations have been agreed, we cannot estimate, with any certainty, the value of the liability to the Board.

Legal cases public and employers' liability: Proceedings against the Board have been initiated in a number of public and employer liability cases. The likelihood of the board being found liable and the amount of the resulting settlements cannot yet be estimated as the cases concerned have not progressed sufficiently to allow assessment by the Board's solicitors. Those amounts which are probable and ascertainable have been accrued within provisions for liabilities and charges.

Craigavon Senior High School (CSHS) Land at Enniscroe Park, Portadown: In May 2001 the Upper Bann Institute of Further and Higher Education (UBIFHE) vacated their portion of the CSHS/UBIFHE shared site, known as the "Blue Block" which had up until then been the Institute's catering training facility. Subsequently, the school occupied Blue Block. To enable the Institute to fund a replacement catering facility, the Board's surplus land noted above was to transfer to UBIFHE. The land has not yet transferred because of ongoing issues with planning permission and valuation. Negotiations are continuing to agree the value of the land to be transferred, but at this time it is not possible to accurately estimate this amount.

**28. POST BALANCE SHEET EVENTS**

Details of post balance sheet events are given in the Annual Report of the Board.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**29. RELATED PARTY TRANSACTIONS**

The Southern Education and Library Board is a Non-Departmental Public Body (NDPB) sponsored by the Department of Education, Department of Culture, Arts and Leisure and the Department for Employment and Learning.

The Departments are regarded as related parties. During the year, the Southern Education and Library Board has had various material transactions with the Departments and with other entities for which the Departments are regarded as the parent Departments. These include:

- Belfast Education and Library Board;
- North Eastern Education and Library Board;
- South Eastern Education and Library Board;
- Western Education and Library Board;
- Staff Commission for Education and Library Boards;
- Council for Catholic Maintained Schools;
- Voluntary Grammar Schools;
- Grant Maintained Integrated Schools;
- Northern Ireland Council for the Curriculum Examinations and Assessment;
- Colleges of Further Education.

In addition, the Southern Education and Library Board has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- a. Department of Health, Social Services and Public Safety;
- b. Health and Social Services Boards which are sponsored by the Department of Health, Social Services and Public Safety; and
- c. Probation Board for Northern Ireland, a body sponsored by the Northern Ireland Office.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Southern Education and Library Board during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**30. EUROPEAN UNION FUNDING**

	<b>Income</b>	<b>Expenditure</b>	<b>Income</b>	<b>Expenditure</b>
	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Received via Department of Education				
Applicant				
(a) Board	13	12	54	46
(b) Schools	219	225	480	470
(c) Other Services	1	1	8	7
	<u>233</u>	<u>238</u>	<u>542</u>	<u>523</u>

Received from Other Sources

(a) Milk Subsidy	76	76	80	80
(b) Others	0	0	0	0
	<u>309</u>	<u>314</u>	<u>622</u>	<u>603</u>

**31. NEW OPPORTUNITIES FUND**

	<b>Income</b>	<b>Expenditure</b>	<b>Income</b>	<b>Expenditure</b>
	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(a) Schools	1,659	1,659	457	457
(b) Public Libraries	13	13	0	0
(c) Other Services	16	16	0	0
	<u>1,688</u>	<u>1,688</u>	<u>457</u>	<u>457</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**32. STATEMENT OF LOSSES**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
(a) Cash Losses	2	14
(b) Claims Abandoned	1	1
(c) Fruitless Payments	0	0
(d) Stores Losses	294	207
	<u>297</u>	<u>222</u>

**33. STATEMENT OF SPECIAL PAYMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
(a) Ex-Gratia Payments	3	1
(b) Extra Statutory Payments	0	0
	<u>3</u>	<u>1</u>

**34. KEY FINANCIAL TARGETS**

The Board's only financial target for 2001/2002 was to contain expenditure within the accrued limit approved by the Departments. This target was achieved.

**35. FINANCIAL INSTRUMENTS**

FRS 13, (Derivatives and Other Financial Instruments), requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which it is financed, the Southern Education and Library Board is not exposed to the degree of financial risk faced by business entities. The Board has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the department in undertaking its activities.

**Liquidity Risk**

The Board's net revenue and capital resource requirements are largely financed by grants from its sponsoring Departments. The Board is not therefore exposed to significant liquidity risks.

**Interest Rate Risk**

The Board's financial assets and liabilities carry Nil or fixed rates of interest. The Board is not, therefore, exposed to significant interest rate risk.

**Foreign Currency Risk**

The Board's exposure to foreign currency risk is not significant. Foreign currency income and expenditure are negligible.

**THE SOUTHERN EDUCATION AND LIBRARY BOARD**

**Accounts Direction given by the Department of Education for Northern Ireland (DENI) with the approval of the Department of Finance and Personnel (DFP) in accordance with Article 119 of the Education and Libraries (NI) Order 1986.**

1. The Southern Education and Library Board ("the Board") shall prepare accounts for the financial year ended 31 March 2000 and subsequent years, comprising:-
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet;
  - d. a cash flow statement; and
  - e. a statement of total recognised gains and losses,

including such notes as may be necessary for the purposes referred to in the following paragraphs.

**Date of Submission**

2. The accounts shall be submitted to the Comptroller and Auditor General by the 30 June immediately following the end of the financial year.

**Presentation of Accounts**

3. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.
4. Except where otherwise specified in this Direction, the accounts shall be prepared in accordance with:-
  - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
  - b. the disclosure and accounting requirements contained in the "Fees and Charges Guide" (in particular those relating to the need for appropriate segmental information for services or forms of services provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c. the accounting and disclosure requirements given in "Government Accounting Northern Ireland", and in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time;

insofar as these are appropriate to the Board and are in force for the financial year for which the statement of accounts is to be prepared.
5. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order, and the accounting standards is given in Schedule 1 attached.
 

Additional disclosure requirements are set out in Schedule 2 attached.
6. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:-

- a. fixed assets at their value to the business by reference to current costs; and
- b. stock at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

### **Accounting Policies**

7. In preparing its accounts, the Board shall comply with the agreed statement of Accounting Policy approved by DENI and DFP, and adopted collectively by the Boards.
8. This Direction shall be reproduced as an Appendix to the accounts.

**Signed by authority of the Department of Education for Northern Ireland**

**D WOODS**

**Dated 26 NOVEMBER 1999**

## **SCHEDULE 1**

### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS**

#### **Companies (Northern Ireland) Order**

The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to the Board unless specifically approved by DFP.

The Companies (Northern Ireland) Order requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Board shall be contained in the foreword.

When preparing its income and expenditure account, the Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.

When preparing its balance sheet, the Board shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at "Total assets less current liabilities".

The Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.

The foreword and balance sheet shall be signed by the Accounting Officer and dated.

#### **Accounting Standards**

The Board is not required to include a note showing historical cost profits and losses as described in FRS 3.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The Foreword to the Accounts shall, inter alia:

state that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Article 119 of the Education and Libraries (Northern Ireland) Order 1986, and in accordance with this Direction;

include a brief history of the Board and its statutory background.

The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

# Accounts of the Western Education and Library Board

For Period 1 April 2001 to 31 March 2002

**FOREWORD TO THE ACCOUNTS**

**1 BACKGROUND INFORMATION**

The Western Education and Library Board (hereinafter referred to as the Board) is an executive non-departmental public body sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department for Employment and Learning (hereinafter referred to as 'the Departments')(prior to 1 December 1999 the Board was sponsored by the Department of Education for Northern Ireland). The Board's principal functions are the provision of education, library and youth services to the local Council areas of Derry, Fermanagh, Limavady, Omagh and Strabane.

These accounts have been prepared in a form directed by the Departments with the consent of the Department of Finance and Personnel in accordance with Article 119 of the Education and Libraries (N.I.) Order 1986. A copy of the accounts direction can be found as an annex.

**BRIEF HISTORY**

**Business Review**

The Board produces an Annual Report of its activities and a full report is contained therein. A copy of the Annual Report can be obtained from Board Headquarters in Omagh.

**Results for the Year**

The results for the year of the Western Education and Library Board are set out in detail on page 176. The deficit for the year was £17,320,910 after charging notional costs of £11,220,920

**Fixed Assets**

Details of the movement of fixed assets are set out in note 12 to the accounts.

The Board does not believe that there is any material difference between the market and book values of its lands and buildings.

**Future Developments**

These are set out in detail within the Western Education and Library Boards Business Plan for 2002/2003.

The Board will continue to function in its present form for the foreseeable future.

**Important Events Occurring After the Year End**

There have been no significant events since the year-end, which would affect these accounts.

**Charitable Donations**

During the year the Board made no donations for charitable or political purposes.

## **Board Members**

The following served as Board Members during the year:

Mr H Faulkner	<b>Chairman</b>
Mr J H Mullan	<b>Vice-Chairman</b>

Rev R Herron  
Archdeacon C T Pringle  
Mr N W Lambert  
Mrs F G Durkan  
Mr J P Martin  
Mr D N McElholm  
Mr P Duffy  
Miss D M McNamee  
Mrs E F Brunt  
Mr S Morrow  
Miss E M Cunningham  
Mr S Mac Cionnaith  
Ms B Mc Cusker  
Mr D Donnelly  
Dr J Cornyn  
Mr D Rainey  
Mr W D Reilly  
Mr E McCaffrey  
Mrs E Watterson

### **Members Representative of District Councils**

Mrs M Bradley  
Mr W Hay(resigned in May 2002: replaced by Mrs M Garfield)  
Mr J J Kerr  
Mr C McHugh(resigned during the year)  
Mr C McGill(replaced Mr C McHugh)  
Mrs A Brolly  
Mr E Stevenson  
Mr D Hussey  
Mr S Shields  
Mr R Irvine  
Mr J O’Kane  
Mr B McElduff  
Mrs M McLaughlin  
Mr P Fleming  
Mr T O’Reilly

### **Members Not Re-Appointed Following Local Elections**

Mr G O’hEara  
Mr G Peoples  
Mr T J Gallagher  
Mr W C Noble  
Mr D Nixon  
Mr M Gault  
Mr A C McFarland  
Mr T E Mullan

## Disabled Employees

The Board actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees become disabled it is the Board's policy wherever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

## Payment to Suppliers

### *Public Sector Payment Policy – Measure of compliance:*

The Government requires that the Board pays its trade creditors in accordance with the Better Payment Practice Code and Government Accounting Rules. The Board's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. The measure of compliance is:

	<b>Based on Invoice Date</b>	
	<b>Number</b>	<b>£000s</b>
Total bills paid	180,642	94,582
Total bills paid within target	136,168	77,268
% of bills paid within target	75.38	

## Employee Involvement

During the year the policy of providing employees with information about the Board has been continued through regular distribution of circulars. Regular meetings are held between staff at different levels to allow a free flow of information and ideas.

## STATEMENT ON INTERNAL CONTROL 2001/2002 – TRANSITIONAL STATEMENT

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Board policies, aims and objectives, whilst safeguarding the public funds and Board assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Financial Memorandum and Management Statement for the WELB.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Board policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the procedures in place in March 2003 necessary to implement DFP guidance. This takes account of time needed to fully embed the processes which the Board has agreed should be established and improve their robustness.

We are developing appropriate procedures to ensure that we have identified the Board's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership will be allocated to the appropriate staff and the Board will set out its attitude to risk to the achievement of the Board objectives.

The Board will ensure that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management will be incorporated more fully into the business planning and decision making processes of the Board.

The Board, via the Audit Committee, receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Board's key objectives and risks, further work will be done to bring about more consistency in the way in which the Board treats risks.

In addition to the actions mentioned above, in the coming year the Board plans to:

- implement risk management awareness training and workshops;
- regularly review and update the record of risks facing the organisation;
- set up a system of key performance and risk indicators; and
- develop and maintain an organisation-wide risk register.

The Board has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports which include the HIA's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board 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.

**Joseph Martin**  
*Accounting Officer*

*Date 25 September 2006*

## **Statement of the Board and Chief Executive's Responsibilities**

Under Article 119 (2) of the Education and Libraries (N.I.) Order 1986 the Board is required to prepare a statement of accounts in the form and on the basis directed by the Departments with the consent of the Department of Finance and Personnel.

The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Board is required to:

- Observe the Accounts Direction issued by the Departments 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officers of the Departments have designated the Chief Executive of the Board as the Accounting Officer for the Board. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers Memorandum, issued by the Department of Finance and Personnel.

*Joseph Martin*  
*Accounting Officer*

*Date 25 September 2006*

## **The Certificate of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly**

I certify that I have audited the financial statements on pages 176 to 202 under the Education and Libraries (NI) Order 1986. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 180 to 184.

### **Respective responsibilities of the Accounting Officer and Auditor**

As described on page 174 the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Education and Libraries (NI) Order 1986 and the Department of Education's directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the ethical guidance applicable to the auditing profession's ethical guidance.

I report in my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Education and Libraries (NI) Order 1986 and the Department of Education's directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 173 reflects the Board's compliance with the Department of Finance and Personnel's guidance 'Corporate Guidance' Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Western Education and Library Board at 31 March 2002 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Education and Libraries (NI) Order 1986 and directions made thereunder by the Department of Education; and
- in all material respects the expenditure and income have been applied for the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**3 March 2004**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2002**

<b>Income</b>	<b>Notes</b>	<b>2002 £000s</b>	<b>2001 £000s</b>
Grant from Departments	2	215,969	201,959
Other grant income	3	1,414	1,395
Other operating income	4	8,612	17,616
<b>Total Income</b>		<b>225,995</b>	<b>220,970</b>
Staff costs	6 & 7	157,773	146,285
Depreciation	12	6,969	6,272
Other operating expenses	8 & 11	67,353	67,044
Notional costs	9	11,221	10,335
<b>Total Expenditure</b>		<b>243,316</b>	<b>229,936</b>
<b>(Deficit) for the year</b>		<b>(17,321)</b>	<b>(8,966)</b>
Credit in respect of notional costs	9	11,221	10,335
<b>Amount Transferred to Reserves</b>	20	<b>(6,100)</b>	<b>1,369</b>

All amounts above relate to continuing activities.

The notes on pages 180 to 202 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2002**

	<b>Notes</b>	<b>2002 £000s</b>	<b>2001 £000s</b>
<b>(Deficit) for the year</b>		(17,321)	(8,966)
Unrealised surplus on revaluation of fixed assets	21	23,826	9,658
<b>Total recognised gain (loss) for the year</b>		<b>6,505</b>	<b>692</b>

The notes on pages 180 to 202 form part of these accounts.

**BALANCE SHEET  
AS AT 31 MARCH 2002**

	Notes	2002 £000s	2001 £000s
<b>Fixed Assets</b>			
Tangible Assets	12	190,365	168,660
<b>Current Assets</b>			
Stocks	13	246	229
Debtors	14	22,085	10,480
Cash at bank and in hand	23(v)	(5,985)	7,536
		<u>16,346</u>	<u>18,245</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	15	(9,443)	(8,981)
<b>Net Current Assets</b>		6,903	9,264
<b>Total Assets less Current Liabilities</b>		197,268	177,924
Creditors: amounts falling due after more than one year	16	-	5
Provisions for Liabilities and Charges	18	3,345	4,284
Deferred Income	19	4,610	378
<b>Net Assets</b>		<u><b>189,313</b></u>	<u><b>173,257</b></u>
<b>Reserves</b>			
Income and Expenditure Reserve	20	(6,164)	(64)
Other Reserves	21	195,477	173,321
		<u><b>189,313</b></u>	<u><b>173,257</b></u>

The Financial Statements on page 176-202 were approved by the Board on 25 September 2002 and were signed on its behalf by:

Chairman: H Faulkner

Date: 25 September 2003

Chief Executive: Joseph Martin

Date: 25 September 2003

The notes on pages 184 to 202 form part of these accounts.

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2002**

	<b>Notes</b>	<b>2002 £000s</b>	<b>2001 £000s</b>
Net cash inflow from operating activities	23 (i)	(14,046)	1,437
Returns on investments and servicing of finance	23 (ii)	17	37
Capital expenditure and financial investment	23 (iii)	<u>508</u>	<u>(127)</u>
Net cash inflow before financing		(13,521)	1,347
Financing	23 (iv)	-	-
<b>Increase in Cash and Net Funds</b>		<u>(13,521)</u>	<u>1,347</u>

The notes on pages 184 to 202 form part of these accounts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES

#### 1.1 *Accounting Convention*

These financial statements have been prepared in accordance with the Accounts Direction issued by the Departments on 26 November 1999 and in accordance with applicable Accounting Standards under the modified historical cost convention.

Without limiting the information given the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

#### 1.2 *Recognition of Income*

The annual recurrent allocations from the Departments and the Department of Health and Social Services and Public Safety are intended to meet recurrent costs, which are credited to the income and expenditure account.

Income from other grants received for specific purposes, that is, restricted income, are included in the income and expenditure account to the extent of matching the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet.

Income from services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

#### 1.3 *Foreign Currency Transactions*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

#### 1.4 *Taxation*

The Board is exempt from corporation tax on income it receives.

Items in the Income and Expenditure account are net of recoverable VAT.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.5 *Fixed Assets*

All spending on a fixed asset which yields a benefit for a period of more than one year, is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the asset.

#### 15.1 *Land and Buildings*

All land and buildings are capitalised and stated in the balance sheet at valuation on the basis of depreciated replacement cost. Full valuations are normally made by the Valuation and Lands Agency (VLA) every five years and in the intervening years these valuations are updated using appropriate indices. As a result of work pressures, VLA has not been able to complete a full valuation, which was due to be carried out as at 31 March 2002. It has been necessary, therefore, for the purposes of the 2001/2002 accounts to include valuations updated by the VLA using appropriate indices. A full revaluation is being sought from VLA for inclusion in the 2002/2003 accounts. Land and buildings acquired during the year are included in the balance sheet. Completed building projects will be capitalised but not depreciated until commissioned. On going building projects are categorised as assets in the course of construction and shown separately. Project costs capitalised include design and related fees as well as construction costs. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a Government Grant Reserve and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

#### 1.5.2 *Maintained Schools*

Land and buildings shown in the financial statements do not include any maintained schools, the assets of which belong to their trustees. The Board, however, is responsible for buildings and grounds maintenance at these schools, as well as providing them with certain other services and with 100% funding for general running costs under LMS. These costs are reflected in the Board's Income and Expenditure Account. In 2001/2002 there were 146 such schools in the Board's area.

#### 1.5.3 *Donated Assets*

Donated tangible fixed assets are capitalised at their valuation on receipt. This value is credited to the donated asset reserve. Subsequent re-valuations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Income and Expenditure Account.

#### 1.5.4 *Assets other than Land and Buildings*

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets are valued each year using appropriate indices or professional valuations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

#### 1.5.5 Depreciation

Depreciation is provided for all fixed assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted prospectively over the revised economic life.

All assets are depreciated on a straight line basis over their expected useful lives. A full months depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal. Assets in the course of construction are not depreciated until brought into use. Depreciation will not normally be provided for on freehold land unless subject to depletion or on assets which are identified as surplus to requirements and held pending disposal.

Capitalised assets are depreciated over their useful economic lives as follows:

<b>Asset Class</b>	<b>Asset Sub-Class</b>	<b>Asset Life</b>
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers	Hardware and Software	3 years
Plant and Equipment	Reprographics	7 years
	Machinery	15 years
	Music	10 years
	General and Other	10 years
	Cleaning	7 years
Vehicles	Small Mini-buses	5 years
	33 Seater mini-buses	10 years
	> 33 Seater Mini-buses	14 years
	Vans	5 years
	Grounds Maintenance	7 years
	Mobile Libraries	10 years
	Cars	4 years
Miscellaneous	Valuable Book Collection	Not Depreciated

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a Government Grant Reserve and released to the income and expenditure account over the expected useful economic life of the related asset.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd...)

1.6 *Stocks*

It is policy to carry stock for the meals service and maintenance and central depots.

Stocks are stated at the lower of current replacement cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.7 *Pension Scheme*

The Board has included pension costs totalling £10,158,288 in relation to 2 schemes.

The Board contributes 7.85% of salary to the Teachers Pension Scheme. This scheme is administered by the Department of Education, Balloo Road, Bangor.

The Board contributes 4.60 % to the Northern Ireland Local Government Pension Scheme. The contribution is determined by the funds actuary based on a triennial Valuation. The scheme is administered by NILGOS, Holywood Road, Belfast.

1.8 *Nature of substantial reserves*

- The *Income and Expenditure Reserve* balance represents the surplus of revenue income over expenditure. It can be used to supplement income in future years.

*Other Reserves*

- The Schools Reserve is the cumulative unspent portion of schools' locally administered budgets. These were set up under the Local Management in Schools arrangements required by the Education Reform Northern Ireland Order 1989.
- The Grant Consolidated Revenue Account balance represents the surplus of grant income over expenditure.
- The introduction of a Revaluation Reserve will depend on the application of the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001, to appropriate circumstances.
- The introduction of a Donated Asset Reserve will depend on the application of the accounting guidance for Non Departmental Public Bodies, issued on 18 January 2001, to appropriate circumstances.
- The Government Grant Reserve represents the movement of fixed assets in line with the accounting guidance for Non Departmental Public Bodies issued on 18 January 2001
- The General Reserve represents the proceeds of the sale of non-property assets, in line with the accounting guidance for Non Departmental Public Bodies issued on 18 January 2001.
- The Special Book Reserve represents the valuation of the local library collection.

### **1.9 *Finance and Operating Leases***

Operating lease rentals are charged to the Income and Expenditure account in equal annual amounts over the lease term. Leasing agreements which transfer to the Board substantially all benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

### **1.10 *PRIVATE FINANCE INITIATIVE***

The Board follows HM Treasury's "Technical Note 1 (Revised) How to Account for PFI Transactions" which provides guidance for the application of the FRS 5 Amendment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

2. GRANT FROM DEPARTMENTS

DEPARTMENTS OF EDUCATION, CULTURE, ARTS AND LEISURE AND HIGHER AND FURTHER EDUCATION, TRAINING AND EMPLOYMENT

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
<i>Recurrent Grant</i>		
- Grant-in-Aid	205,625	189,745
- New Deal Maintenance	-	157
- New Deal NGFL	-	300
- Mandatory Awards	1,700	4,024
- Premature Retirement Compensation Pensions	913	818
- Premature Retirement Compensation Lump Sums	360	365
- Release of Government Grant Reserve	7,039	6,269
	<hr/> 215,637	<hr/> 201,678

DEPARTMENT OF HEALTH, SOCIAL SERVICES AND PUBLIC SAFETY

*Recurrent Grant*

- Mandatory Awards	332	281
	<hr/> 215,969	<hr/> 201,959

3. OTHER GRANT INCOME

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
European Funds	38	991
New Opportunities Fund	1,376	404
Other Funds	-	-
	<hr/> 1,414	<hr/> 1,395

4. OTHER OPERATING INCOME

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Catering operations	5,277	4,868
Other income generating activities	780	660
Interest Receivable	58	75
Miscellaneous	2,497	12,013
	<hr/> 8,612	<hr/> 17,616

**5. FUNDING COMMITMENT**

The following funding commitments from the Departments have not been accrued as income:

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
<b>Amount of Grant formally committed:</b>		
Department of Education	14,661	-
Department of Employment and Learning		

The funding commitment represents a guaranteed resource which will be added to the Board's approved spending limit in the next financial year. This adjustment has taken place for the first time in this years accounts and as agreed with the Department of Education has required adjustment to the net asset position of the Board as reported.

**6. STAFF COSTS**

The average number of persons (including Senior Post-holders) employed by the Board during the year expressed as Full-Time Equivalents (FTE) and staff costs are as follows:-

**Staff costs:**

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
<i>Teaching</i>		
Gross Pay	90,849	85,543
NIC	7,086	6,373
Pension Costs	7,088	6,394
Other Employee Expenses	2,067	1,981
	<hr/> 107,090	<hr/> 100,291
<i>Non-Teaching (including Board Members)</i>		
Gross Pay	46,328	41,955
NIC	2,422	2,234
Pension Costs	1,643	1,459
Other Employee Expenses	290	346
	<hr/> 50,683	<hr/> 45,994
<b>Total</b>	<hr/> <b>157,773</b> <hr/>	<hr/> <b>146,285</b> <hr/>

*Average staff numbers:*

	<b>2002</b> <b>Number</b>	<b>2001</b> <b>Number</b>
Teaching	3,783	3,697
Non-Teaching	5,866	5,684
	<hr/> 9,649 <hr/>	<hr/> 9,381 <hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

	*Age	Salary including benefits in kind £	Real increase in pension at 65 £	Total accrued pension at 65 at 31/03/02 £
Mr P J Martin <i>Chief Executive</i>		79,495	4,160	38,437
Mrs S McCaul <i>Head of Curriculum Services</i>		56,275	3,130	25,709
Mr C P Doran <i>Chief Finance Officer</i>		54,706	1,723	11,951
Mr J A Stewart <i>Director of Services-Classroom 2000</i>		48,691	2,344	19,267
Mr R Beattie <i>Central Support Manager-Classroom 2000</i>		49,078	2,390	19,919
Mr S A Rainey <i>Head of Services</i>		48,325	2,508	20,309
Ms H Osborn <i>Chief Librarian</i>		48,325	638	954

\*Consent for disclosure of age has been withheld.

### EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS – BOARD MEMBERS

The total emoluments (incl. honoraria) of the Chairman for the year ended 31 March 2002 were £7,680.

The highest payment for any other Board member was £2,872.

The aggregate amount of Board members emoluments was £26,195

No members waived emoluments.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (cont'd)**

The number of Board members who received emoluments falling within the range below:

	<b>2001/02 Number</b>	<b>2000/01 Number</b>
£1 - £4,999	35	31
£5,000 - £5,999	-	-
£6,000 - £6,999	-	1

**8. OTHER OPERATING EXPENSES**

<b>DEPARTMENTS</b>	<b>2002 £000s</b>	<b>2001 £000s</b>
Premises, Fixed Plant & Grounds	18,972	15,782
Supplies & Services	29,350	31,388
Transport	9,055	8,456
Establishment	3,369	2,864
Grants to Persons/Bodies	3,804	6,145
Miscellaneous	2,471	2,128
	67,021	66,763

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND PUBLIC SAFETY**

Grants to Persons/Bodies	332	281
	67,353	67,044

Miscellaneous expenses include:

	<b>2002 £000s</b>	<b>2001 £000s</b>
Operating leases - hire of plant and machinery	144	181
Operating leases - property	-	-
	-	-
	144	181

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**9. NOTIONAL COSTS**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Auditors Remuneration	44	44
Teacher's Payroll	300	294
Land & Buildings Valuation	-	-
Use of Capital	10,877	9,997
	<u>11,221</u>	<u>10,335</u>

**10. INTER BOARD TRADING**

During the year the Board earned £NIL from the selling of services and purchased £NIL of services from the other Boards.

**11. INTEREST PAYABLE**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
On Finance Leases	1	1
Other	40	37
	<u>41</u>	<u>38</u>

These expenses are included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

12. TANGIBLE FIXED ASSETS

	Land & Buildings	Vehicles	Computers	Plant, Equipment & Miscellaneous	Total
	£000s	£000s	£000s	£000s	£000s
<b>*Cost or Valuation</b>					
<b>At 1 April 2001</b>	172,011	6,184	295	3,012	181,502
Additions	3,817	2,330	148	296	6,591
Disposals	(184)	(106)	-	-	(290)
Revaluation	23,902	8	(79)	(4)	23,827
Impairment of value	-	-	-	-	-
<b>*At 31 March 2002</b>	<b>199,546</b>	<b>8,416</b>	<b>364</b>	<b>3,304</b>	<b>211,630</b>
<b>Depreciation</b>					
<b>At 1 April 2001</b>	10,414	1,808	185	435	12,842
Disposals	(55)	(80)	-	-	(135)
Charge for period	5,816	830	65	258	6,969
Backlog	1,634	3	(47)	(1)	1,589
Depreciation					
<b>At 31 March 2002</b>	<b>17,809</b>	<b>2,561</b>	<b>203</b>	<b>692</b>	<b>21,265</b>
<b>Net Book value at 31 March 2002</b>	<b>181,737</b>	<b>5,855</b>	<b>161</b>	<b>2,612</b>	<b>190,365</b>
<b>Net Book value at 1 April 2001</b>	161,597	4,376	110	2,577	168,660

\*Costs include building in the course of construction at 31 March 2002 of £1,878,366 and at 01 April 2001 of £5,862,574.

Land and buildings were valued as at 31 March 2000 on a depreciated replacement cost basis. The valuations were performed independently by the Valuation and Lands Agency. The valuations as at 31 March 2002 were by way of approved government indices.

Should fixed assets be sold, proceeds from the sale can only be retained with the approval of the Departments and otherwise must be surrendered to the Department of Education.

The net book value of tangible fixed assets includes an amount of £1,972,540 (2001:£1,790,988) in respect of assets held in Reversionary Trusts i.e. if properties cease to be used as specified in the deeds they will revert to the ownership of the trustees.

As described in note 1.5.2, the amount of land and buildings noted does not include voluntary maintained schools. In 2001/2002 there were 146 such schools in the Board's area.

Fixed assets include £1,355,925 in relation to a special collection of library books which have been valued by Mr Jack Gamble FRGS of Emerald Isle Books, 539 Antrim Road, Belfast on 9 May 2000. The library books have been valued on an open market existing use basis and have not been indexed or depreciated. The next revaluation will be performed for year ended 31 March 2003.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**12. TANGIBLE FIXED ASSETS (cont'd...)**

A policy on the Grouping of Assets (valued less than £3000 individually) is currently being developed and these assets may be included on the balance sheet for 2002/2003 if material.

The net book value of tangible fixed assets includes an amount of £8,896.99 in respect of assets held under finance leases.

The depreciation charge for the period is analysed as follows:

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Owned assets	6,965	6,267
Assets held under finance leases and hire purchase arrangements	4	5
Permanent decrease in value of assets		-
	<u>6,969</u>	<u>6,272</u>

**13. STOCK**

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Catering	86	90
Maintenance and central depots	160	139
	<u>246</u>	<u>229</u>

**14. DEBTORS:**

<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Trade debtors	586	404
Amount owed by Boards	17	154
Departmental debtors	0	0
Prepayments and accrued income	16,990	4,238
Recoverable VAT	4,334	1,711
	<u>21,927</u>	<u>6,507</u>

**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Trade debtors	158	245
Amounts owed by Departments	-	3,728
	<u>158</u>	<u>3,973</u>
	<u>22,085</u>	<u>10,480</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Obligations under finance leases	4	5
Trade creditors	4,869	2,746
Amount owed to Boards	161	1
Other taxation and social security	738	1,495
Accruals	3019	4,886
Other Creditors	652	(152)
	<hr/>	<hr/>
	<b>9,443</b>	<b>8,981</b>
	<hr/> <hr/>	<hr/> <hr/>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Obligations under finance leases	-	5
PFI Commitment	-	-
	<hr/>	<hr/>
	<b>-</b>	<b>5</b>
	<hr/> <hr/>	<hr/> <hr/>

**17. ANALYSIS OF BORROWINGS OF THE BOARD: FINANCE LEASES**

The net finance lease obligations to which the Board is committed are:

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
In one year or less	5	4
Between one and two years	-	5
Between two and five years	-	-
	<hr/>	<hr/>
	<b>5</b>	<b>9</b>
	<hr/> <hr/>	<hr/> <hr/>

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Employer &amp; Public Liability Claims</b>	<b>Pensions</b>	<b>Job Evaluations</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2001</b>	926	1,315	2,043	4,284
Transferred from I&E Account	328	141	604	1,073
Expenditure in the Period	(298)	(105)	(1,609)	(2,012)
<b>At 31 March 2002</b>	<hr/> <b>956</b> <hr/>	<hr/> <b>1,351</b> <hr/>	<hr/> <b>1,038</b> <hr/>	<hr/> <b>3,345</b> <hr/>

As directed by the Department of Education, with the consent of the Department of Finance and Personnel a provision has not been included in Board accounts for future liabilities in respect of existing teacher premature retirement cases. It is agreed that any assessment of future financial liabilities in this regard should be reflected in the Teacher's Superannuation Account (part of the Departmental Accounting structure). The in-year charge in respect of such cases as well as requisite employer superannuation contributions is charged to the Board's income and expenditure account. In that respect the number of teacher Premature retirement compensation cases is as follows:

	<b>No.s</b>
2001/2002	59
Cumulative	1,013

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

19. DEFERRED INCOME - DEFERRED GRANTS

	2002 £000s	2001 £000s
EU and NOF Projects	155	378
Other	4,455	-
	4,610	378

20. INCOME AND EXPENDITURE RESERVE

	2002 £000s	2001 £000s
At 1 April 2001	(64)	(149)
Amount transferred from Income and Expenditure Account	(6,100)	1,369
Transfer to School Reserve	-	(1,284)
Transfer from Grant Reserve	-	-
At 31 March 2002	(6,164)	(64)

21. OTHER RESERVES

	Governme nt Grant Reserve £000s	General Reserve £000s	Schools Reserve £000s	Grant Reserves £000s	Total £000s
At 1 April 2001	169,242	3	4,076	-	173,321
Deficit on Grant Debtor	-	-	-	(56)	(56)
Capital Receipts	7,092	-	-	-	7,092
Revaluation of Tangible Fixed Assets	23,826	-	-	-	23,826
Release of Grants	(6,969)	-	-	-	(6,969)
Backlog Depreciation	(1,589)	-	-	-	(1,589)
Disposal of Fixed Assets	(155)	-	-	-	(155)
Transfer to/from General Reserve	-	7	-	-	7
At 31 March 2002	191,447	10	4,076	(56)	195,477

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 22. PENSION AND SIMILAR OBLIGATIONS

The Board's employees belong to two principal schemes, the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1977 and subsequent amendments apply to the scheme. The scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government actuary and advised by the Department of Finance and Personnel. For 2001/2002 the contribution rates were 7.85% employers and 6% employees.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme is of the defined benefits type, the assets of the scheme being held in separate trustee administered funds.

The total pension cost was £10,158,288

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the schemes were at 31 March 2001. The assumptions that have the most significant effect on the valuations and other relevant data are as follows:

	<b>TSS</b>	<b>NILGOSC</b>
Rate of return on investment - After Retirement	<b>N/A</b>	5.3%
- Before Retirement	<b>N/A</b>	6.3%
- Long Term	<b>N/A</b>	6.55%
Rate of increase in salaries	<b>N/A</b>	3.8%
Rate of increase in pensions	<b>N/A</b>	2.3%
Rate of dividend growth	<b>N/A</b>	2.3%
Market value of the assets at the date of the last valuation	<b>N/A</b>	£2,293.7m

The actuarial value of the assets of NILGOSC was sufficient to cover all of the benefits which had accrued to members after allowing for future increases in earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

23. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus/(deficit) to cash flow from operating activities

	2002 £000s	2001 £000s
Deficit for the year	(17,321)	(8,966)
Adjust for:		
Depreciation (note 12)	6,969	6,272
Government grant release	(7,039)	(6,272)
Impairment on assets	0	0
Government grant impairment release	0	0
(Gain)/Loss on disposal of vehicles	70	(2)
Interest Payable	41	38
Interest receivable	(58)	(75)
Notional Costs	11,221	10,335
Decrease /(Increase) in Stocks	(17)	16
Decrease/(Increase) in debtors	1,147	647
(Increase)/Decrease in Prepayments and accrued income	(12,752)	(2,867)
(Decrease)/Increase in creditors	3,081	(684)
Increase/(Decrease) in accruals	(1,867)	1,866
Increase/(Decrease) in other taxation and social security	(757)	325
Increase/(Decrease) in provisions	(939)	660
Deferred Income EU Projects	4,232	144
Reduction in Grant Reserve	(57)	-
<b>Net cash inflow from operating activities</b>	<u><u>(14,046)</u></u>	<u><u>1,437</u></u>

(ii) Returns on investment and servicing of finance

Interest Received	58	75
Interest paid on finance leases	(1)	(1)
Other interest paid	(40)	(37)
	<u>17</u>	<u>37</u>

(iii) Capital expenditure and financial investment

Purchase of tangible fixed assets	(6,591)	(7,819)
Capital grants received	7,092	7,689
Proceeds from disposal of tangible fixed assets	7	3
	<u>508</u>	<u>(127)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**23. NOTES TO THE CASH FLOW STATEMENT (cont'd ...)**

**(iv) Financing**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Capital element of Finance lease payments	-	-
Issue of loans	-	-
Receipt of loan payments	-	-
	<u>-</u>	<u>-</u>

**(v) Analysis of Net Debt**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Cash	(5,985)	7,536
Debt due within one year	-	-
Finance Leases	(5)	(9)
	<u>(5,990)</u>	<u>7,527</u>

**(vi) Reconciliation of Net Cash Flow to Movement in Net Funds**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
Increase/(Decrease) in cash	(13,521)	1,347
Cash inflow/(Cash Outflow) from Increase/(Decrease) in debt	4	5
Change in net debt resulting from cash flows	<u>(13,517)</u>	<u>1,352</u>
Movement in net funds	(13,517)	1,352
Net Funds at 1 April 2001	<u>7,527</u>	<u>6,175</u>
Net Funds at 31 March 2002	<u>(5,990)</u>	<u>7,527</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 24. CAPITAL COMMITMENTS

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Contracted	9,559	10,940
Authorised but not contracted	1,189	1,666
	<hr/> <b>10,748</b> <hr/>	<hr/> <b>12,606</b> <hr/>

### 25. FINANCIAL COMMITMENTS

At 31 March 2002 the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2002</b> <b>£000s</b>	<b>2001</b> <b>£000s</b>
Expiring within one year	26	15
Expiring between 1 and 5 years inclusive	256	365
	<hr/> <b>282</b> <hr/>	<hr/> <b>380</b> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 26. CONTINGENT LIABILITIES

The impact of Job Evaluation pay awards is currently under negotiation. Those amounts which are probable and ascertainable have been accrued within provisions for liabilities and charges.

### 27. POST BALANCE SHEET EVENTS

Since the year end Classroom 2000 Public Private Partnership contracts to the value of £20,000,000 have been let.

### 28. RELATED PARTY TRANSACTIONS

The Western Board is a Non-Departmental Public Body (NDPB) sponsored by the Department of Education, the Department of Culture, Arts and Leisure and the Department for Employment and Learning

The Departments are regarded as related parties. During the year, the Western Board has had various material transactions with the Departments and with other entities for which the Departments are regarded as the parent Department. These include;

- Belfast ELB;
- North Eastern ELB;
- Southern ELB;
- South Eastern ELB;
- Staff Commission for Boards;
- CCMS;
- Voluntary Grammar Schools;
- Grant Maintained Integrated Schools;
- CCEA; and
- Colleges of Further Education.

In addition, the Western Board has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- (d) Department of Health and Social Services and Public Safety;
- (e) Health and Social Services Boards which are sponsored by the Department of Health and Social Services and Public Safety;
- (f) Probation Board for Northern Ireland, a body sponsored by the Northern Ireland Office;
- (g) Customs and Excise; and
- (h) Inland Revenue.

Included within debtors at note 14 are loans to 49 employees with a value of £180,958. Apart from the above mentioned loans to employees, none of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Western Education and Library Board during the year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**29. EUROPEAN UNION FUNDING**

	<b>2002 Income</b>	<b>2002 Expenditure</b>	<b>2001 Income</b>	<b>2001 Expenditure</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Received via Department of Education				
Applicant:				
(a) Board	38	38	531	531
(b) Schools	-	-	50	50
(c) Other Services	-	-	-	-
	<hr/> 38	<hr/> 38	<hr/> 581	<hr/> 581
Received from Other Sources:				
(a) Milk Subsidy	188	188	150	150
(b) Others	-	-	411	411
	<hr/> 188	<hr/> 188	<hr/> 561	<hr/> 561

**30. NEW OPPORTUNITIES FUND**

	<b>2002 Income</b>	<b>2002 Expenditure</b>	<b>2001 Income</b>	<b>2001 Expenditure</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
(a) Schools	1,365	1,365	404	404
(b) Public Libraries	11	11	-	-
(c) Other Services	-	-	-	-
	<hr/> 1,376	<hr/> 1,376	<hr/> 404	<hr/> 404

**30. STATEMENT OF LOSSES**

	<b>2002 £000s</b>	<b>2001 £000s</b>
(a) Cash Losses	13	17
(b) Claims Abandoned	3	1
(c) Fruitless Payments	-	-
(d) Stores Losses	202	139
	<hr/> 218	<hr/> 157

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002**

**32. STATEMENT OF SPECIAL PAYMENTS**

	<b>2002</b>	<b>2001</b>
	<b>£000s</b>	<b>£000s</b>
(a) Ex-Gratia Payments	12	4
(b) Extra Statutory Payments	-	-
	12	4

**33. CLASSROOM 2000 EXPENDITURE**

Expenditure incurred during the year on the Classroom 2000 project is as follows :

	WELB	BELB	NEELB	SEELB	SELB	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Classroom 2k Spend	3,590	1,679	4,093	3,030	3,585	15,977
School Grants	137					137
Classroom 2k Lot 1	97	23	102	69	126	417
Classroom 2k Lot 2	26	26	35	30	28	145
Classroom 2k Lot 3						
<b>TOTAL</b>	<b>3,850</b>	<b>1,728</b>	<b>4,230</b>	<b>3,129</b>	<b>3,739</b>	<b>16,676</b>

**Private Finance Transactions**

**Lot 1 Contract**

On 29 October 2001 the Western Education and Library Board entered into a Public Private arrangement for the provision of an Information and Communications Technology Service to all primary schools in Northern Ireland with an enrolment of less than 190 pupils. The service will be delivered to each school for a period of 3 years and the arrangement was entered into on behalf of all of the Education and Library Boards and the Department of Education. The last school was installed in December 2002.

**Lot 2 Contract**

On 27 March 2002 the Western Education and Library Board entered into a Public Private Partnership arrangement for the provision of an Information and Communications Technology Service to all primary schools in Northern Ireland with an enrolment of more than 190 pupils. The service will be delivered to each school for a period of three years and the arrangement was entered into on behalf of all of the Education and Library Boards and the Department of Education. The last school was installed in March 2003. Under the arrangement the Western Education and Library Board has made a service prepayment to the Service Provider of £10m(of which the accrued spend for 2001/2002 is £0.145m) and this service prepayment will be utilised over the first two years of the contract against invoices raised by the Service Provider for services delivered until the value of the prepayment is reduced to zero.

	<u>Lot1</u> <u>£000s</u>	<u>Lot2</u> <u>£000s</u>
Amounts included in Other Operating Expenses in respect of PFI transactions	417	145
The Board is committed to make the following payments		
Within one year	-	-
2 to 5 years inclusive	4,171	4,229
6 to 10 years inclusive	-	-
10 to 15 years inclusive	-	-
	<u>4,171</u>	<u>4,229</u>
Estimated Capital Value of PFI scheme	<u>9,429</u>	<u>15,724</u>

Under the terms of the Classroom 2000 project a number of software licenses were paid for during this year. These payments (totalling £5.558m) have been capitalised as a prepayment and will be amortised to the income and expenditure account over the terms of the agreements.

#### 34. FINANCIAL TARGET

The Board's only financial target for 2001-2002 was to contain expenditure within the accrued limits for the Department of Education and Department for Employment and Learning and within the cash limits approved by the Department of Culture, Arts and Leisure. These targets have been achieved.

**Accounts Direction given by the Department of Education for Northern Ireland (DENI) with the approval of the Department of Finance and Personnel (DFP) in accordance with Article 119 of the Education and Libraries (NI) Order 1986.**

1. The Western Education and Library Board (“the Board”) shall prepare accounts for the financial year ended 31 March 2000 and subsequent years, comprising:-
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet;
  - d. a cash flow statement; and
  - e. a statement of total recognised gains and losses,

including such notes as may be necessary for the purposes referred to in the following paragraphs.

**Date of Submission**

2. The accounts shall be submitted to the Comptroller and Auditor General by the 30 June immediately following the end of the financial year.

**Presentation of Accounts**

3. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.
4. Except where otherwise specified in this Direction, the accounts shall be prepared in accordance with:-
  - a. generally accepted accounting practice in the United Kingdom (UK GAAP);
  - b. the disclosure and accounting requirements contained in the “Fees and Charges Guide” (in particular those relating to the need for appropriate segmental information for services or forms of services provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c. the accounting and disclosure requirements given in “Government Accounting Northern Ireland”, and in “Executive NDPBs: Annual Reports and Accounts Guidance”, as amended or augmented from time to time;

insofar as these are appropriate to the Board and are in force for the financial year for which the statement of accounts is to be prepared.

5. Clarification of the application of the accounting and disclosure requirements of the Companies (Northern Ireland) Order, and the accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
6. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of :-
  - a. fixed assets at their value to the business by reference to current costs; and
  - b. stock at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

## **Accounting Policies**

7. In preparing its accounts, the Board shall comply with the agreed statement of Accounting Policy approved by DENI and DFP, and adopted collectively by the Boards.
8. This Direction shall be reproduced as an Appendix to the accounts.

Signed by authority of the Department of Education for Northern Ireland.

**D Woods**

**Dated 26 November 1999**

## **SCHEDULE 1**

### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS**

#### **Companies (Northern Ireland) Order**

The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to the Board unless specifically approved by DFP.

The Companies (Northern Ireland) Order requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to the Board shall be contained in the foreword.

When preparing its income and expenditure account, the Board shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.

When preparing its balance sheet, the Board shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at "Total assets less current liabilities".

The Board is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.

The foreword and balance sheet shall be signed by the Accounting Officer and dated.

#### **Accounting Standards**

The Board is not required to include a note showing historical cost profits and losses as described in FRS 3.

## **SCHEDULE 2**

### **ADDITIONAL DISCLOSURE REQUIREMENTS**

The Foreword to the accounts shall, inter alia:-

State that the Accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Article 119 of the Education and Libraries (Northern Ireland) Order 1986, and in accordance with this Direction;

Include a brief history of the Board and its statutory background.

The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.