



Arts Council of Northern Ireland

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2015



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**The Arts Council of Northern Ireland
Annual Report and Accounts
FOR THE YEAR ENDED 31 MARCH 2015**

*Laid before the Northern Ireland Assembly under
Article 8 (2) (c) and Article 9 of the
Arts Council (Northern Ireland) Order 1995
by the Department of Culture, Arts and Leisure*

2 July 2015

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Chairman's Foreword

A great many inspiring events took place this year, from the opening of Echo Dance Theatre's new dance studios, through to the Laureate na nOg introducing professional storytelling to schools in remote areas across the island, and Field Day promoting the best of Northern Ireland theatre with their production of 'A Particle of Dread' in New York.

There were also a number of strategic developments of note, such as the publication of the ACNI's Five-Year Plan for the arts, 'Ambitions for the Arts', publication of a Disability Action Plan and an audit of the Traditional Music sector to assess opportunities for structured learning. In each case, progress has been predicated on the impetus to deepen the value of arts to individuals and wider society, target resources to meet social and community challenges, deliver improved access, reach new audiences and enhance community engagement.

However, despite these and many other achievements, the year was marred by escalating funding difficulties. Difficulties that will have very serious longer-term consequences for arts provision in Northern Ireland.

In July Finance Minister Hamilton announced an immediate cut to departmental budgets following the June Monitoring Round, with a further proposed cut to follow the October Monitoring Round. The ACNI asked its Regularly Funded clients to plan for cuts of up to five percent in-year, although it managed to protect the sector by absorbing the majority of these cuts.

In November the NI Executive went out to public consultation on its draft budget 2015-16, which included a proposed cut to the arts budget that would set arts funding back a decade, to below the level last seen in 2005.

The ACNI responded with the '13p – No More Cuts to the Arts' campaign. The PR campaign succeeded in creating high visibility for the case for the arts - generating one third of total responses to the budget consultation. Disappointingly the campaign and the high level of public support failed to stay the hand of government and DCAL imposed an 11.2 percent cut to the ACNI's budget.

The Council undertook the most challenging budget planning phase in recent times, taking the difficult decisions necessary under the circumstances to stabilise the arts sector as a whole. This it has done with a strategic perspective designed in the coming year to protect the core elements of each

art form against an uncertain future, so that in better times they will be able to grow again.

A handwritten signature in black ink, appearing to read "Bob Collins", with a horizontal line underneath.

Bob Collins
Chairman

Chief Executive's Introduction

Annual Reports provide an opportunity to look back on the past year's activities and to acknowledge the most notable achievements. This year the ACNI looked a little further back, to the late 1960s, with the development and launch of the Troubles Archive. The Troubles Archive is an online archive of art relating to the 30-year period of the Northern Ireland Troubles, covering the main art forms from visual arts to TV and film. It offers a compelling picture of artists' responses to this defining chapter in our recent times and will be a valuable research resource for anyone with an interest in the arts and this period of history. Containing artists' biographies, authoritative essays, analysis, film and audio clips and a timeline of key events, the archive highlights the contribution the arts make to our understanding of the Troubles, the impact that the conflict has had upon the development of the arts, and the contribution of the arts to the more inclusive and tolerant society that we recognise in Northern Ireland today.

Thirty years of conflict leaves its mark and the consequences of living in a divided society continue to colour perceptions. Art is not created in a vacuum and the place in which artists live and work will often contribute to the distinctiveness of their art and of a region's arts. Fifteen years on from the signing of the Belfast/Good Friday Agreement and the dawning of a new era of relative peace and opportunity, artists' expectations and ambitions have similarly grown and expanded. In response, the ACNI developed a number of international opportunities that are currently enabling artists and arts organisations from Northern Ireland to develop and showcase their work in an international context. Strengthening international opportunities for artists continues to be a priority development area for the ACNI. This year, the Council was delighted to support Stephen Rea and Field Day theatre company to take their highly-acclaimed production of Sam Shepard's 'A Participle of Dread (Oedipus Variations)', for a six-week run in New York. The production had premiered the previous year at the UK City of Culture in Derry-Londonderry. Despite holding a particularly significant place in the history and development of Northern Ireland theatre, this was Field Day's first visit to the USA.

Twenty-one international artists participating on the transnational programme, 'CORNERS – Turning Europe Inside Out' arrived in March to participate in the first CORNERS' residency to take place in Northern Ireland. The programme aims to take artists out of their usual contexts, out of the culturally-busy centre of Europe and to its corners, then to bring these experiences back to the rest of Europe's cultural landscape through new interdisciplinary work created with new partners. It connects artists from

different backgrounds and from different disciplines and provides them with inspiring surroundings for co-creation. At the Northern Ireland residency, international artists joined participating artists from the region to develop proposals for international co-productions for European touring and presentation. The status of this ambitious programme was further enhanced this year by the award of a grant by the EU/Creative Europe, matching existing funding by local CORNERS partners, including the ACNI.

Now into its fourth year, the Brussels Platform continued to provide artists and arts organisations with opportunities to showcase their work in front of an international audience, which includes MEPs and European decision makers, at the capital of the European Union. This year's offering included a celebration of contemporary Scottish and Irish song and music, and Brassneck Theatre Company's 'Man In The Moon', which had garnered such accolades when it played with ACNI support at last year's Origin's First Irish Theatre Festival in New York. These events in Brussels, hosted in partnership with the Northern Ireland Executive Office, are making an appreciable contribution to promoting a positive, progressive image of Northern Ireland through its diverse culture and creativity.

Reviewing the journey from the difficult decades of the Troubles, with their narrowing of opportunity, through to the present-day successes of our artists at home and on the international stage, we see how much our artists and arts organisations contribute to how we tell our story, how we can change perceptions and how, creatively, we can define our future.



Roisín McDonough
Chief Executive

Date: 24 June 2015

Directors Report

Corporate Governance

Board Members of the ACNI and members of its Audit and Risk, Grants and Finance and Capital Committees

The ACNI performed its functions during the year ending on 31 March 2015 by making grants to organisations engaged in the arts either on an annual or a project basis; by granting awards and bursaries to individuals engaged in the arts; by organising tours of performing and creative artists; by organising and participating in the Forum for Local Government and the Arts; and by advising the Department of Culture, Arts and Leisure and various other public and private bodies on a range of issues relating to the arts. The ACNI is also one of the distributing bodies of National Lottery funding. Lottery distributing activities are reported upon separately under the National Lottery Etc. Act 1993. Appointments to the Board are made by the Minister of Culture, Arts and Leisure. The Chair and members of the Board have individual and collective responsibility to the Minister as Head of Department.

The Board of the ACNI for the year ended 31 March 2015 is shown below.

Board: 1 April 2014 to 31 March 2015

Mr Bob Collins (Chairman)
Mr Damien Coyle (Vice-Chairman)
Mr David Alderdice
Ms Anna Carragher
Ms Noelle McAlinden
Ms Katherine McCloskey
Prof Ian Montgomery
Mr Paul Mullan
Prof Paul Seawright
Mr Brian Sore
Ms Nisha Tandon
Mr Conor Shields
Ms Eibhlín Ní Dhochartaigh
Mr Leon Litvack (from 1 November 2014)
Ms Siún Hanrahan (from 1 November 2014)

The members of the Audit and Risk Committee for the year ended 31 March 2015 were:

Ms Anna Carragher (Chairman)
Ms Katherine McCloskey
Mr Paul Mullan

The members of the Grants Committee for the year ended 31 March 2015 were:

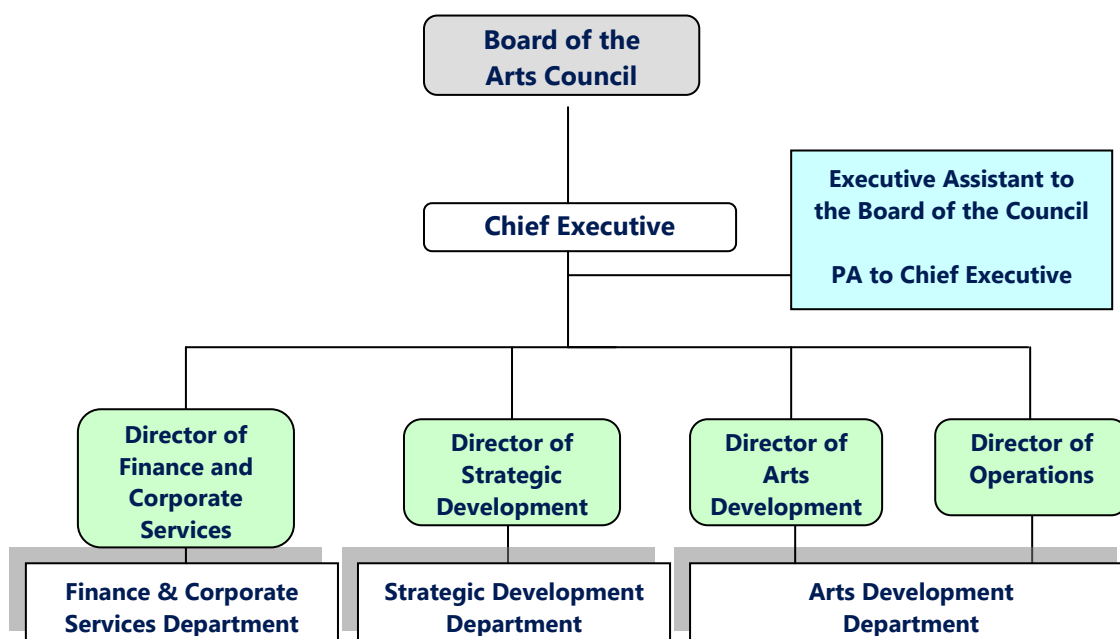
Mr Damien Coyle (Chairman)
Ms Katherine McCloskey
Mr Paul Mullan
Prof Paul Seawright

The members of the Finance and Capital Committee until 31 March 2015 were:

Mr Brian Sore (Chairman)
Mr Damien Coyle
Prof Ian Montgomery
Mr Leon Litvack (from 1 November 2014)
Mr Billy Lyttle (co-opted member resigned 12 February 2015)

Several members of the Board of the ACNI and members of key management staff are also involved with other arts organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. All individuals make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest. A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed in Note 18. All of the transactions relating to the organisations were conducted at arm's length by the ACNI.

Organisational Structure



Non-Current Assets

The movement on non-current assets is reported upon in Notes 5 and 6. Assets to the value of £104,822 (2013-14: £174,612) were purchased during the year. 3 pianos were gifted to clients during the year. The cumulative value of these was £64,500.

Research and Development

The ACNI has no activities in the defined field of research and development.

Interest rate and currency risk

The ACNI has no borrowing, relying primarily on Departmental grants for its cash requirements and is therefore not exposed to liquidity risks. It has also no material deposits. As all significant assets and liabilities are determined in sterling, it is not exposed to material interest rate or currency risk.

Political and Charitable Donations

The ACNI made no political or charitable donations during the year.

Employee Consultation

On matters of policy and procedure which affect the employees of the ACNI, the ACNI normally consults with the recognised trade union of which many staff are members. This trade union is also a member of the Whitley Council which negotiates on the terms and conditions of members with the Northern Ireland Department of Finance and Personnel.

Policy on Disabled Persons and Equality of Opportunity

The ACNI is committed to equality of opportunity between persons of different religious belief, political opinion, gender, marital status, disability, ethnic origin, age, dependants, sexual orientation or trade union membership. The ACNI has implemented equality legislation and codes of practice to ensure that procedures and policies are fair and lawful. The ACNI actively encourages this within its client/partner network.

Sickness Absence

The number of sick days reported in 2014-15 was 425 (2013-14: 402). This equates to an average lost working days per employee of 7.6 days (2013-14: 7.1 days), which is well within the target set by the Northern Ireland Civil Service Target to reduce working days lost to 10 days per employee.

Health and Safety

The ACNI is committed to providing staff with an environment that is as far as possible, safe and free from risk to health. In accordance with this commitment, the ACNI has complied with the relevant legislation.

Personal Data

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

Off Payroll Engagements

Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. In line with HM Treasury requirements, the Department of Finance and Personnel requires disclosure of such engagements that were in place during 2014-15 costing over £58,200. ACNI had no off-payroll engagements commencing, ending or operating during 2013-14 or 2014-15.

Payment of Suppliers

The ACNI is committed to the prompt payment of bills for goods and services in accordance with the Confederation of British Industry's Prompt Payment Code. The target for payment of bills is 10 days from receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. A review conducted at the end of the year to measure how promptly the ACNI paid its bills found that 95% of the bills were paid within this standard. The comparative figure for 2013-14 was 93%. A review of payment of bills in 30 days from receipt of goods or services found that 99.6 % of the bills were paid within 30 days (2013-14: 100%).

Overall for the year the average number of days taken to pay invoices was 4 days (2013-14: 5 days).

Pension Fund

All assets, liabilities and operating costs of the ACNI's pension scheme are recorded in the accounts of the ACNI Exchequer entity. The salary charges to Lottery in-year include a recharge of employer pension costs of £143,842 (2013-14: £128,148).

The market value of the ACNI's share of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme's assets (excluding Additional Voluntary Contributions) at 31 March 2015 was £12.676m (31 March 2014: £11.173m) and the present value of the ACNI's share of the scheme liabilities was £16.182m (31 March 2014: £14.124m). The ACNI's share of the Scheme recorded net pension liabilities at 31 March 2015 was £3.506m (31 March 2014: £2.951m).

The accounting policy for pensions is disclosed at Note 1.16 below.

Accounts and Appointment of Auditors

The Accounts of the ACNI are prepared in a form directed by the Department of Culture, Arts and Leisure with the consent of the Department of Finance and Personnel in accordance with Article 8 of the Arts Council (Northern Ireland) Order 1995.

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Arts Council (Northern Ireland) Order 1995. He is Head of the Northern Ireland Audit Office and he and his staff are wholly

independent of the ACNI. He reports his findings to the Northern Ireland Assembly.

The fee for the audit of these financial statements is £13,000 (2013-14: £13,000). This cost is included in other expenditure Note 3(b) in the financial statements. The ACNI did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office or its subcontractors during the year.

So far as the Accounting Officer is aware, there is no relevant audit information of which the ACNI's auditors are unaware. The Accounting Officer has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the ACNI's auditors are aware of that information.

Complaints Handling

The ACNI has a Service Charter which outlines the standard of service the public should expect. The Council operates a Service Complaints Procedure to handle general complaints about our service.

Complaints can be made informally by telephone or formally in writing to the Complaints Administrator. There are different procedures depending on whether the complaint is

- about a direct ACNI service,
- about a third party organisation or individual funded by the ACNI or
- an anonymous complaint.

Further information on complaints can be found on the ACNI website at <http://www.artscouncil-ni.org/about-us/customer-service/complaints>

A bi-monthly report is provided to the Board on the number of complaints received and the outcome within the period.

There were no direct complaints received in the 2014-15 financial year.

Events after Reporting Period

There is one non-adjusting event after the reporting period that could materially affect the ACNI since 31 March 2015.

The Expenditure on the Arts Figure of £13,321,741 (Note 3a) and the Other Payables figure of £2,226,737 (Note 11) include accrual of spend for Reimaging Community Grants of £624,420.

The Other Income figure of £2,435,790 (Note 4a) and the Prepayments and Accrued Income figure of £1,308,552 (Note 9) includes an accrual of Income from an external funder the Special EU Programmes Body (SEUPB) of £909,376.

The receipt of this accrued income from SEUPB is contingent upon spend of 45% being incurred from other funders which includes the Arts Council of Northern Ireland's National Lottery Distribution Fund.

As Reimaging Community project clients have until 30 June 2015 to claim these monies the amount of spend, match funding and consequently the ultimate receipt of monies from SEUPB are not known with certainty at the date of sign off.



Roisín McDonough
Accounting Officer

Date: 24 June 2015

Strategic Report

This Strategic Report focuses on matters relevant to all users of Financial Statements. Although it is designed to be a self-standing document, much of the information contained in it is simply a summary of information provided in other documents and is therefore cross-referenced as appropriate.

Background Information

The Arts Council of Northern Ireland (ACNI), is the statutory body through which public funding for the arts in Northern Ireland is channelled. It was established by the Arts Council (Northern Ireland) Order 1995 and came into existence on 1 September 1995. The Council took over the assets and liabilities of the Arts Council of Northern Ireland Limited which was a company limited by guarantee established in 1994 as an interim body between the previous Arts Council (established in 1943) and the new statutory body.

The origins of ACNI date from 1943 when the Council for the Encouragement of Music and the Arts in Northern Ireland was set up. Initially funds were provided by the Pilgrim Trust and matched by the Ministry of Education for Northern Ireland. At the present time the ACNI is funded via grant-in-aid by the Department of Culture, Arts and Leisure. The affairs of the ACNI are managed by a Board consisting of the members listed above in the Directors Report. The Chief Executive, Roisin McDonough is the Principal Executive Officer of the ACNI and is supported by a professional staff responsible for subject and functional areas of the ACNI's programme.

Nature of Business

The Arts Council of Northern Ireland (ACNI) is the statutory body through which public funding for the arts in Northern Ireland is channelled.

Principal Functions Related to Grant-in-Aid Activities

The ACNI is charged with four statutory functions under the Arts Council (Northern Ireland) Order 1995. These objectives are:

- (a) to develop and improve the knowledge, appreciation and practice of the arts;
- (b) to increase public access to, and participation in, the arts;

(c) to advise the Department of Culture, Arts and Leisure and other government departments, district councils and other bodies on matters relating to the arts; and,

(d) such other functions as are conferred on the ACNI by any other statutory provision.

Review of Grant-in-aid Activities

During the year 2014-15, the ACNI's Expenditure on the Arts totalled £13,321,741 (2013-14: £13,028,957). This represents an increase of £0.3m on the previous year (2013-14: decrease of £0.4m). Excluding in-year capital grants to arts organisations, the increase falls to £0.1m (2013-14: decrease of £0.5m) on the prior year. Regularly funded organisations were awarded £9.7m (2013-14: £9.8m) – a commendable achievement given the difficult funding environment.

Future Grant-in-aid Activities

In anticipation of a reduction in Exchequer funding for 2015-2016, the Board undertook a detailed review of its strategic options to determine the appropriate way forward. In the event, the reduction of 11.2% in its baseline budget required considerable adjustments in its Annual Funding Programme for 2015-16.

The ACNI's vision is to 'place the arts at the heart of our social, economic and creative life'.

In 2014 the ACNI published its new five-year development plan, 2013-18, *Ambitions for the Arts*, following approval and endorsement of the document by the Minister for Culture, Arts and Leisure. The main themes of the plan and the themes which inform the ACNI's Business Plan for 2014-15, are:

- Champion the Arts
- Promote Access
- Create a Resilient Sector

Champion the Arts

In summary, this theme describes the ACNI's objectives to place the arts at the heart of society.

Strengthening international opportunities for artists from Northern Ireland continued to be a priority area for artist development. The transnational Platform 'CORNERS – turning Europe inside out', which creates opportunities for artists to work on multidisciplinary collaborative projects, was awarded a grant by EU/Creative Europe, 2014–2018, matching existing funding by local CORNERS partners, including the ACNI, and bringing the total budget up to €2,566,000. Now in its fourth year, the ACNI in collaboration with the Northern Ireland Executive in Brussels ran the 'Brussels Platform', promoting the Culture and Creativity of Northern Ireland and providing opportunities for artists representing all art forms to showcase their work at a series of monthly events at the capital of the European Union. Three highlights of this year's Brussels Platform were a Celebration of Contemporary Scottish and Irish Song and Music featuring Gráinne Holland & Maeve MacKinnon; singer-songwriter Hannah McPhillimy and novelist Jan Carson with a performance inspired by Jan Carson's debut novel, 'Malcolm Orange Disappears'; and Brassneck Theatre Company's award-winning production, 'Man in the Moon'. With the support of the ACNI, Stephen Rea and Field Day theatre company were able to bring their production of 'A Particle of Dread' to New York's Signature Theatre.

Now in its third year, the Artists International Development Fund, a joint initiative between the British Council and the ACNI offering grants of up to £5,000, continued to provide artists and arts organisations with opportunities to bring their work to international audiences.

Following the Finance Minister's announcement on 31st July of an immediate in-year cut to all government departments (exempting Health and Education) following the NI Executive's June Monitoring Round, with a further proposed cut in the October Monitoring Round, the ACNI met with clients in receipt of exchequer annual funding to discuss the possible implications. The sector was faced with cuts of 4.4% but the ACNI were able to absorb this cut.

In the months of November and December, the ACNI delivered a high-visibility PR and advocacy campaign to challenge the NI Executive's proposed cut to its Exchequer funding for the arts in the next financial year, 2015-16. The campaign to engage the public in the consultation process and support the existing arts budget line, '13p - No More Cuts to the Arts', generated approximately 17,000 responses and contributed significantly to the estimated

23,000 responses submitted in support of Culture, Arts and Leisure, the highest level of support recorded in the public consultation. However, in January the Finance Minister and the DCAL Minister confirmed that the ACNI would receive an 11.2% reduction, with significant funding implications for ACNI clients.

In addition to raising the case for the arts through this targeted campaign, over the course of the year ACNI's Corporate Communications contributed to an increase over the previous year of 5.7% in volume of newspaper coverage and 39% in broadcast coverage. News releases and social media output covered the full range of funded activity. Social Media was again a priority development area for ACNI communications, and audience engagement across social media increased significantly, up 167% on Facebook and 68% on Twitter.

Promote Access

In summary, this theme describes the ACNI's objectives, through its annual funding to arts organisations, to encourage more people and communities to become engaged in the arts, tackling barriers such as poverty and social exclusion.

This year the ACNI published its Disability Action Plan 2015-18, providing a clear statement of the ACNI's ongoing commitment to promote positive attitudes towards people with disabilities and to encourage participation in all aspects of the arts. The plan builds on measures already taken by the ACNI to promote inclusion and access, including funding the core costs for several Arts and Disability organisations, supporting artists through the Individual Disabled/Deaf Artists grants programme and ensuring equality of access to the arts through the Arts & Disability Equality Charter.

An audit of the Traditional Music sector was undertaken in December to obtain an accurate overview of the provision of structured opportunities for learning traditional music in Northern Ireland. The audit will inform future planning and development of the sector.

Following the comprehensive review of Community Arts in 2013-14, the ACNI submitted its new draft Community Arts Strategy to the Department of Culture Arts and Leisure in June 2014 for ministerial approval.

The ACNI organised the third year of the 'One City One Book' global concept, promoting local writing through a popular programme of free readings and associated events in venues and libraries. The month-long programme, which

featured David Park's 'The Poets' Wives', included talks, films and readings in Belfast and Derry-Londonderry, organised around the theme of the book.

As part of efforts to enhance the profile of music-making in Northern Ireland and increase access and participation opportunities, the ACNI partnered with Belfast City Council to establish the new post of Belfast Music Laureate. The first Laureate, award-winning composer, Brian Irvine, commenced a series of ambitious artistic activities in December that, over the coming year, will promote music that reflects the character of the city.

Working with the Ulster Bank Belfast Festival at Queen's, the ACNI introduced a new city-wide programme of participatory and learning activities to the festival programme. The Embrace programme of free family and schools workshops, talks and opportunities to engage with festival artists was designed to enhance audience appreciation of the productions and encourage active participation in the arts.

Towards the end of the year under review, the ACNI launched the Troubles Archive, an online learning resource about the impact of the Northern Ireland Troubles on the development of the arts. With 500 examples of work by over 100 artists, covering the full range of the arts, the archive provides a vivid picture of artists' responses to this defining chapter in Northern Ireland's recent history and sheds light on the contribution of the arts to the development of a more inclusive and tolerant society.

Create a Resilient Sector

In summary, this theme describes the ACNI's objectives for supporting artists, arts organisations and the physical infrastructure.

The ACNI awarded £9.695 million to 31 arts organisations to cover their year-round running and programming costs for 2014-2015. This year marked the final year of awards from a planned three-year funding programme through the Annual Funding Programme. The majority of Annually Funded organisations were maintained on standstill funding, despite the challenging financial climate.

The North South Touring and Dissemination of Work programme, introduced at the tail-end of 2013-14, gained real momentum in 2014-15. To date 25 organisations have received funding support through the scheme. The programme is the result of a partnership between the two arts councils on the island and is intended to incentivise touring and redress a noted decline in

recent years in artistic work being performed and exhibited on both sides of the border.

The ACNI continued to host information sessions during the year for artists and arts organisations on accessing EU funding and opportunities. The Creative Europe Desk UK-Northern Ireland, a free advice desk to support the cultural, creative and audio-visual sectors in accessing Creative Europe funding, officially opened at the ACNI. Creative Europe is the European Union’s new funding programme to support and strengthen the cultural, creative and audio-visual sectors and runs from 2014-2020 with a budget of €1.46 billion. The funding builds on the experience and success of the previous Culture and MEDIA programmes, which ran from 2007-2013.

The Creative Industries Innovation Fund (CIIF) achieved its Programme for Government target to support 200 projects between 2011 and 2015. The £1.95 million CIIF 2 fund, led by the Department of Culture, Arts and Leisure and administered by the ACNI, has supported a wide range of projects across creative industry sectors including digital as well as more traditional industry forms such as textiles and literature.

Key Performance Indicators (KPIs)

The ACNI has two main financial key performance indicators (KPIs) and both were met. They were:

Governance and Accountability	
Target	Outcome
98% of resource programme spend by year end	Resource out-turn 100%
97% of capital programme spend by 31/03/2015	Capital out-turn 98.7%

Principal Risks

The Board manages risk by ensuring that procedures are in place to verify risk management is regularly reviewed and reported. The Audit and Risk Committee receive and review quarterly risk reports prepared by senior management. These reports are in turn considered at the subsequent Board meeting. Risk management is fully incorporated into organisational and business planning.

The principal risks considered in the risk register are:

- Reduced Government Funding environment and impact on frontline services
- Fraud

The Board considers how these risks are managed, the residual risk and action plans as appropriate.

Financial Results

The ACNI's key financial target is to operate within the allocated Budget for the year. At the end of the year the ACNI realised total net expenditure of £13,999,320 (2013-14: £14,248,676). The taxpayer equity at the year-end is in deficit of £2,508,561 (2013-14: £1,734,252).

Sustainability Report

The ACNI is committed to ensuring that sustainable development becomes an integral part of our business. We are committed to ensuring that future generations enjoy the opportunity to visit arts venues in well-designed buildings.

Our sustainable actions include:

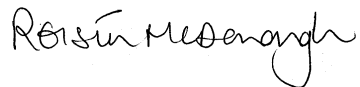
- Sustainable development: Sustainable development is a guiding principle of the Architecture and Build policy published by DCAL in 2006. Consistent with this policy our Capital programmes complied with the Government's Achieving Excellence in Construction Initiative which promoted design quality and sustainability in construction, while achieving best value of money
- Reducing our waste and increasing recycling levels
- Reducing our contribution to climate change in terms of energy consumption and related CO₂ emissions
- Reducing paper by use of tablet pcs and encouraging duplex printing and printing two pages on A4 paper
- Participating in the Governments "Cycle to work" scheme
- Reducing business travel, where possible, through greater use of video/teleconferencing
- Encouraging all tendered ACNI suppliers to devise and implement Social Clauses/Corporate Social Responsibility (CSR) policies.

Social and community issues

The ACNI supports generous charitable giving by staff through payroll giving.

Going Concern Basis

The financial statements of the ACNI are produced on the Going Concern Basis. This was formally considered by the Board at its Board meeting on Wednesday 25th March 2015. The ACNI is not aware of any reason to adopt a different basis.



Roisín McDonough
Accounting Officer

Date: 24 June 2015

Remuneration Report

Remuneration Policy

The ACNI Remuneration Committee is a Committee of the Board of the ACNI. The Committee is authorised by the Board to undertake any activity within its terms of reference. Its membership is made up of 4 Board members as follows:

Mr Damien Coyle (Chairman)

Mr Bob Collins

Ms Katherine McCloskey

Mr Brian Sore

Within the ACNI, the Chief Executive is employed at a Senior Civil Service grade. The remuneration of senior civil servants is set by the Minister of Finance and Personnel.

The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The Commitment to a Pay and Grading Review for SCS was the second phase of an equal pay settlement approved by the Executive.

The Remuneration Committee is responsible for assessing the Chief Executive's performance and making recommendations on achievement to DCAL. The Chief Executive has a staff appraisal meeting with the Chairman on the basis of objectives set the previous year in consultation with DCAL. The appraisal meeting also includes discussion of objectives for the incoming year. These are further discussed by the Chairman with DCAL. Subsequent proposed objectives approved by the Remuneration Committee are discussed and agreed with the Chief Executive as appropriate for the year.

All other executive directors within the ACNI are employed at Grade 7. The ACNI's Management Statement directs that approval of the Department is required to re-grade/create posts at DP level and above, unless otherwise advised by the Department. Staff are appointed on Northern Ireland Civil Service pay scales.

All staff costs are incurred by the ACNI and an appropriate amount is recharged to the Lottery Distribution Account. The apportionment is made at full economic cost and calculated on the basis of the proportion of activity funded by Lottery.

Service Contracts

Appointments in the ACNI are made with reference to the Equality Commission's Advice and Guidance. Policy relating to notice periods and termination payments are contained in individual terms and conditions of employment. Unless otherwise stated below, the employees covered by this report hold appointments, which are open-ended until they reach retirement age. The Chief Executive (Roisin McDonough) was appointed on 16th October 2000. This position is permanent within the definition above as are the executive director positions.

Salary

'Salary' includes gross salary and performance pay or bonuses, to the extent that they are subject to UK taxation. This report is based on payments made by the ACNI before any recharge of costs is made to the Lottery fund.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. No benefits in kind were paid to any employee noted below.

Board Members' Honoraria

No emoluments were paid to members of the Board of the ACNI except for Honoraria to the Chairman and Vice Chairman.

The rate of honorarium for the Chairman is £10,000 per annum with effect from 1 July 2007 and the Vice Chairman is £3,500 per annum with effect from 1 December 2007. The Chairman's actual Honorarium for 2014-15 is £9,750. The total cost of honoraria paid in 2014-15 was therefore £13,498 (2013-14: £13,821) as shown in staff costs. This includes £248 (2013-14: £321) of employer's National Insurance Contributions. The amounts received by the Chairman and Vice-Chairman are detailed below:

	Chairman	Vice- Chairman
	£	£
B Collins	9,750	
D Coyle		3,500

Of the total cost of honoraria £6,074 (2013-14: £6,081) was apportioned to the Lottery Distribution Account. No emoluments were paid to other Board members in respect of Lottery activities. The ACNI does not pay any pension contributions on behalf of the Chairman and Vice-Chairman. These individuals are not included, therefore, in the following pension note.

Bonuses

The Special Bonus Scheme allows ACNI to reward exceptional performance in particularly demanding tasks or situations at any time in the year. In 2014-15 no staff received a performance bonus.

Salary, Bonus, Benefit-in-kind and Pension Entitlements - Senior Staff (Audited Information)

	2014-15					2013-14				
	Salary	Bonus	Benefit in kind	Pension Benefits*	Total	Salary	Bonus	Benefit in kind	Pension Benefits*	Total
Officials	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R McDonough (Chief Executive)	80-85	-	-	19	100-105	80-85	-	-	26	105-110
N McKinney (Director of Arts Development)	50-55	-	-	10	60-65	50-55	-	-	10	60-65
G Troughton (Director of Finance and Corporate Services)	45-50	-	-	11	55-60	45-50	-	-	12	55-60
N Livingston (Director of Strategic Development)	50-55	-	-	9	60-65	50-55	-	-	10	60-65
L McDowell (Director of Operations)	50-55	-	-	12	60-65	50-55	-	-	16	65-70
Band of Highest Paid Director's Total Remuneration		80-85							80-85	
Median Total Remuneration		23,948							24,116	
Ratio		3.4							3.4	

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation and does not include any increase or decreases due to a transfer of pension rights.

Median Remuneration

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

Total remuneration includes salary, performance pay and bonuses. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid director's pay band}}{\text{Median remuneration of ACNI's staff}}$$

ACNI Pensions

The pension benefits of all staff are provided through the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme which provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service (1/80th before 1 April 2009). In addition, a tax free lump sum may be payable on retirement. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and also provides a service enhancement on computing the spouse's pension. Medical retirement is possible in the event of serious ill- health. In this case pensions are brought into payment early.

During the year the ACNI made contributions for 60 (2013-14: 62) employees (not all 60 were employed throughout the year). The NILGOSC scheme is a "multi-employer", defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. During the year ended 31 March 2015 the ACNI contributed 20% (2013-14: 20%) of gross salary.

	2014-15	2013-14
	£	£
Employer's Contribution	512,723	568,252

Pension Entitlements (Audited Information)

	ACCRUED PENSION AT AGED 65 AS AT 31/03/15 AND RELATED LUMP SUM £'000	REAL INCREASE IN PENSION AT AGE 65 AND RELATED LUMP SUM £'000	CETV AT 31/03/15 £'000	CETV AT 31/03/14 £'000	REAL INCREASE IN CETV £'000
R McDonough	30-35 plus lump sum of 75-80	0-2.5 plus lump sum of (0-2.5)	712	695	9
N McKinney	15-20 Plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	359	336	18
G Troughton	5-10 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	110	96	12
N Livingston	20-25 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	498	466	26
L McDowell	20-25 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	508	473	30

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and

from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Exit Packages

No executive directors of the ACNI received any compensation for loss of office during the year.

Off Payroll Engagements

Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. In line with HM Treasury requirements, the Department of Finance and Personnel requires disclosure of such engagements that were in place during 2014-15 costing over £58,200. ACNI had no off-payroll engagements commencing, ending or operating during 2013-14 or 2014-15.



Roisín McDonough
Accounting Officer

Date: 24 June 2015

Statement of the Council's and Accounting Officer's Responsibilities

Under Section 8 of The Arts Council (Northern Ireland) Order 1995 the ACNI is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Department of Culture, Arts and Leisure with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must show a true and fair view of the ACNI's state of affairs at the year end and of its income and expenditure, total changes in taxpayers' equity and cash flows for the financial year.

In preparing accounts the ACNI is required to:

- observe the accounts direction issued by the Department of Culture, Arts and Leisure including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- observe the current version of the Government Financial Reporting Manual (FReM);
- 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 a going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department of Culture, Arts and Leisure has designated the Chief Executive of the ACNI as the Accounting Officer for the ACNI. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, which is issued by the Department of Finance and Personnel and published in Managing Public Money Northern Ireland.

ARTS COUNCIL OF NORTHERN IRELAND

Governance Statement

Scope of Responsibility

As Accounting Officer, I have responsibility for ensuring the ACNI's business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, I am responsible for ensuring the existence of a robust framework of governance and accountability designed to instil a sound system of internal control, manage risk and support the achievements of the ACNI's objectives whilst safeguarding public funds and Departmental assets in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. I am also personally responsible for ensuring compliance with the requirement of the ACNI's Management Statement, Financial Memorandum and Statement of Financial Requirements.

This responsibility is supported by the functions of the ACNI; Board; Committees (particularly the Audit and Risk Committee); internal and external audit; the ACNI's risk register as well as accountability meetings with the Department of Culture, Arts and Leisure (DCAL).

I also combine my Accounting Officer role with my responsibilities to the Department including any Ministerial directions. There were no Ministerial directions in the 2014-15 financial year.

Corporate Governance Code

The ACNI complies with the principles of good practice detailed in Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 issued by DFP under cover of their letter DAO (DFP) 06/13.

The Board has reviewed and discussed the six principle areas of the code and was content that the ACNI has adopted the practices set out in the code wherever they were relevant, practical and consistent with business needs.

Two principal areas were less relevant to the ACNI:

- (a) Board composition as the DCAL Minister makes appointments to the Board. However, the Board has the authority to co-opt to its committees where it deems a skill or experience is required.

(b) Arm's Length Bodies. This principle has negligible relevance as the principle was directed towards Departments and their governance arrangements with ALB Boards.

There were no departures in the 2014-15 financial year from the application of relevant principles.

Conflicts of Interest

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 also requires the Board to publish how it identified any conflicts of interest and potential conflicts and how these have been managed.

Several members of the Board of the ACNI and members of key management staff are also involved with other arts organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. All individuals make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest.

A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed in Note 18. All of the transactions relating to the organisations were conducted at arm's length by the ACNI.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the ACNI is directed and controlled and the activities through which it accounts to and engages with all stakeholders. It enables the ACNI to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and value for money services and facilities.

The system of internal control is a significant part of that framework and designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place in the ACNI for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Governance Framework

The key elements of the systems and processes that comprise the ACNI's governance arrangements are:

1. Identifying and communicating the ACNI's vision of its purpose and intended outcomes;
2. Reviewing the ACNI's vision and its implications for the ACNI's governance arrangements;
3. Measuring the quality of service, ensuring delivery in accordance with the ACNI's objectives and for ensuring that they represent the best use of resources;
4. Defining and documenting the roles and responsibilities of the Executive, Non-Executive, scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
5. Developing, communicating and embedding Codes of Conduct, defining the standards of behaviour for members and staff;
6. Reviewing and updating the Management Statement and Financial Memorandum, Financial Instructions, Scheme of Delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
7. Undertaking the core functions of an Audit and Risk Management Committee;
8. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
9. Implementing procedures for Whistle-blowing and for receiving and investigating complaints from internal and external sources;
10. Identifying the development needs of members and senior officers in relation to their strategic roles, supported by training;
11. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Board Membership

The ACNI is vested in and administered by a body corporate known as the Board of ACNI, consisting of a Chair, Vice-Chair and 13 members (as at 31 March 2015) appointed by the DCAL Minister, as set out in the Arts Council (Northern Ireland) Order 1995. Two Board members were appointed during the year.

I am supported by the Board of ACNI. The Chair and members of the Board have individual and collective responsibility to the Minister as Head of Department:

- to provide effective leadership for the ACNI, in particular in defining and developing its strategic direction and in setting challenging objectives;
- to act in a way that promotes high standards of public finance, including the promotion of regularity, propriety and value for money;
- to ensure that the ACNI's activities are conducted in an efficient and effective manner;
- to ensure that strategies are developed for meeting the ACNI's overall objectives in accordance with the policies and priorities established by the Minister;
- to monitor the ACNI's performance to ensure that it fully meets its aims, objectives and performance targets;
- to ensure that the ACNI's control, regulation and monitoring of its activities as well as those of any other bodies which it may sponsor or support, ensure value for money within a framework of best practice, regularity and propriety;
- to participate in the corporate planning process; and
- to appoint a Chief Executive.

The Board held 13 meetings during the year to determine policy for ACNI and make decisions in line with that policy. These meetings were held in my presence and that of my colleagues in senior management who produced papers and information to assist Board decision making. On 25 March 2015 the Board reviewed its effectiveness. The review provided the opportunity for reflection not available at regular Board meetings and a number of areas for improvement have been identified. The overall opinion was that engagement had been good, the discussion rewarding and there was a consensus that the

Board, management and the organisation as a whole were functioning effectively.

The Board has a rolling work-plan and achieved its objectives, which were set out during the year. The overall average attendance rate of members was 74%.

2014/15 Board/Committee Attendance

	Board Meetings			Committee Meetings			Total Meetings		
	Act	Poss*	%	Act	Poss	%	Act	Poss	%
David Alderdice	11	13	85	N/A	N/A	N/A	11	13	85
Anna Carragher	10	13	77	5	5	100	15	18	83
Bob Collins	13	13	100	2	2	100	15	15	100
Damien Coyle	7	13	54	5	6	83	12	19	63
Siún Hanrahan	7	7	100	N/A	N/A	N/A	7	7	100
Leon Litvack	4	7	57	0	2	0	4	9	44
Noelle McAlinden	13	13	100	N/A	N/A	N/A	13	13	100
Katherine McCloskey	11	13	85	5	7	71	16	20	80
Ian Montgomery	6	13	46	2	4	50	8	17	47
Paul Mullan	7	13	54	4	6	67	12	19	63
Eibhlín Ní Dhocharthaigh	8	13	62	N/A	N/A	N/A	9	13	69
Paul Seawright	9	13	69	0	1	0	9	14	64
Conor Shields	8	13	62	N/A	N/A	N/A	8	13	62
Brian Sore	12	13	92	5	5	100	17	18	94
Nisha Tandon	7	13	54	N/A	N/A	N/A	7	13	54

Members of the Board have delegated some of their tasks to four sub-committees which oversee the activities of management and provide support:

- Audit and Risk
- Finance and Capital
- Remuneration
- Grants

The minutes of committee meetings are standing items on the agenda of Board meetings and the Committee Chairs provide full report on their activities.

Audit and Risk Committee

The Audit and Risk Committee comprises four members and is chaired by a member. It met 5 times during the year. I attend each meeting along with the Director of Finance and Corporate Services. The Audit and Risk Committee has a rolling work-plan and measures its performance by the achievement of its objectives.

Its terms of reference include supporting the Board and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and by reviewing the reliability and integrity of these assurances; the activities of the internal and external auditors and overseeing the risk culture of ACNI; and also reviewing its own effectiveness, constitution and terms of references and reporting the results of that review to the Board.

The Committee makes regular reports to the Board. Board Members are satisfied that the Committee is providing them with assurance.

Other Committees

The Finance and Capital Committee comprises four members and one co-opted member, and is chaired by a member. Two of my directors also attend each meeting. This committee met 4 times during the year.

Its terms of reference cover the proposal to the Board of the annual budget of the ACNI; ensuring comprehensive financial advice is provided to the Board; reviewing the detailed information relating to the financial resources including the Statement of Comprehensive Net Expenditure, Statement of Financial Position and cash flow statements; monitoring financial expenditure against targets set throughout the year making recommendations as necessary; reviewing the programmes, policies and procedures relating to the payment of capital grants and where appropriate, to propose changes to the above for Board approval; and to advise on policy and the strategic deployment of capital resources.

The Remuneration Committee comprises four members and is chaired by the Vice Chair. It met once during the year and was quorate. Its terms of reference include assessing and agreeing targets, standards of performance, goals and objectives in respect of the Chief Executive. In consultation with the Department it sets the remuneration terms related to the performance of the Chief Executive, giving due weight to the proper management and use of public monies. It monitors the performance of the Chief Executive within the

terms and conditions of the contract of employment. It reviews its own Terms of Reference annually to ensure it is operating to maximum effect and recommends any changes considered necessary to the Board for approval. During the year the Remuneration Committee reviewed the performance of the Chief Executive and her remuneration terms.

The Grants Committee comprises 4 members and is chaired by a member. It met once during the year. I attended this meeting along with the Director of Operations.

Its terms of reference include reviewing the programmes, policies and procedures relating to the payment of Exchequer and Lottery grants, and where appropriate, proposing changes to the above for approval by the Board; taking decisions on grant aid within delegated financial limits set by the Board; advising on decisions on National Lottery Distribution Fund (NLDF) balance policy matters.

The Board has delegated its grant-decision-making for grants under £25,000 to staff. All decisions made by staff and committees are reported to the Board.

Business Planning

Each year of the five year strategic plan, amplified as necessary, forms the basis of the business plan for the forthcoming year. The business plan includes key performance indicators, milestones and targets linked to the Programme for Government and Public Service Agreements for the forthcoming year. It also links to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. The five-year strategy and annual business plan takes into account the Minister's priorities and is framed in that context.

The draft business plan is submitted to the Department as early as possible, but no later than 31 January each year. The ACNI's plans are submitted to the Department for approval and include measures of performance and annual targets in respect of each of those measures and the proposed annual efficiency. Progress against targets is reported quarterly to the Board and bi-annually to DCAL's governance and accountability meetings.

A five year strategic plan for the arts in Northern Ireland 2013 – 2018, entitled "Ambitions for the Arts" has been developed by the Board and it elaborates on three key themes as follows:

- Champion the Arts
- Promote Access
- Create a more Resilient Sector

These key themes are discharged by a number of business areas with 2 key financial performance indicators and the results for the year are:

Milestones achieved	100%	(2)	
Milestones still progressing	-		-
Milestones not achieved	-		-

Risk Management

The identification and impact of risk is incorporated into the corporate planning and decision making processes of the ACNI. Consequently the ACNI ensures that there are procedures in place for verifying that internal control and aspects of risk management are regularly reviewed and reported on and are supplemented by detailed best practice guidelines on Public Interest Disclosure (whistle-blowing) and Fraud Management policies among others. The Board receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. A system of risk management is maintained to inform the Board's decisions and all reputational risks to the ACNI are drawn to the attention of the Chairman and are properly managed. The Risk Register is presented to the Audit and Risk Committee and to the Board on a quarterly basis. Responsibility for risk management has been assigned to appropriate members of the executive team and officers and is reported on routinely to the Chief Executive and Director of Finance and Corporate Services.

On an annual basis, risks are categorised by considering the likelihood of occurrence should no risk-mitigation activity occur and the impact should the risk happen. The risks where the potential impact is deemed high are detailed in the ACNI risk register. The risk register forms part of the annual business plan of the Board, having been previously endorsed by the Audit and Risk Committee. The Senior Management Team assigns to managers (the 'risk owners') the task of putting procedures in place to monitor and, where possible, mitigate the risk.

The Audit and Risk Committee has lead responsibility for the periodic review of the risk register. The ACNI consider the following to be the most significant areas of risk:

- Inability to deliver the Business Plan in 2015/16 due to budget and staff cuts;
- Impact of economic downturn on arts organisations resulting in a loss of frontline services;
- Reduction in DCAL / National Lottery funding of the arts resulting in a loss of frontline services;
- Fraudulent activity within client organisation resulting in a loss of public funds;

In 2011 DCAL completed an ALB sponsorship risk assessment for ACNI. The overall rating assigned to the ACNI by that process was Medium/Low and remains unchanged.

Fraud Risk and Information Risk

ACNI has a fraud policy that is reviewed on an annual basis. It is given to all new staff at their induction, and staff receive training appropriate to their grade and duties. ACNI also has an information risk policy to be followed by all staff, which new staff read as part of their induction. The policy requires all data to be held securely. ACNI is compliant with the Security Policy Framework and with the mandatory measures of the Data Handling Review.

The ACNI maintains a register of related party transactions in order to ensure that opportunities for conflict of interest are avoided. The register is maintained centrally and is updated regularly. It features as a supplementary report in the decision making process on relevant grants, to ensure the exclusion of parties with a perceived conflict of interest. The NIAO publication "Conflicts of Interest – A Good Practice Guide" March 2015 has been circulated to the Board to assist members recognise actual and perceived conflicts of interest.

All staff have been provided with a copy of the ACNI Information and IT Security Policy to ensure that they are aware of best practice on how to protect the data and assets held by the organisation. Additionally, to gain access to the ACNI's computer network, staff are required to acknowledge acceptance of IT policies when they log into their workstations.

Governance & Accountability within ACNI

The annual internal audit plan is created on a risk basis; KPMG our internal auditors were provided with a copy of the draft risk register for 2014 when preparing their plan. The Audit and Risk Committee reviewed and approved the internal audit plan. I ensured that there was sufficient flexibility in the plan to allow for changes to be made during the year to reflect any significant changes in the risk environment and the emergence of new risks. However, there were none.

All reports of the internal auditors were discussed by the Audit and Risk Committee with senior members of staff in attendance, including those whose departments were reported upon by the auditors. This gave me and members of the committee the opportunity to discuss, in detail, the findings, recommendations and proposed management actions. Directors that had failings identified by the internal auditors were required to devise corrective action and set a completion date for that action in consultation with the internal auditors. I receive regular reports from the auditors notifying me of

the progress my Department Directors have achieved in clearing up points raised by both internal and external auditors in previous years.

Sources of Independent Assurance

KPMG is the Internal Auditor for ACNI. KPMG issued an internal audit assurance statement to the Audit and Risk committee of the ACNI in respect of the year ended 31 March 2015. The internal audit assurance statement stated that on the basis of work performed during the year, KPMG can conclude that ACNI has established procedures that are adequate to meet management's control objectives in the systems audited and consequently KPMG provided a satisfactory level of assurance over the control environment at the organisation.

The Comptroller and Auditor General to the Northern Ireland Assembly certifies the accounts and provides an opinion whether, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern the ACNI.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and senior management within ACNI 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. As a result of their work during the year, the internal auditors have produced an annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within ACNI. In addition, I have considered the Report to Those Charged with Governance prepared by the external auditors following their audit of the accounts for the year ended 31 March 2015. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the internal control system is in place.

The Audit and Risk Committee reviews its effectiveness and questions the activities of risk owners. Furthermore, our internal audit function reviews the risk-management processes as part of its work and can provide the benefit of its experience of other organisations' risk-management activities.

Policy papers put to the Board for decision all contain a discussion of the risks associated with taking the possible courses of actions. The Board also regularly discusses the risks on the risk register with the risk owners. The Board has considered the quality of data used by the Board across all business areas and finds the information provided by management suitable for the purposes of making effective decisions.

Quality of Information

The Board has considered the quality of data used by the Board across all business areas and finds the information provided by management suitable for the purposes of making effective decisions. The Board is satisfied with the quality, timing and availability of information with which it is furnished. Appropriate members of the Executive attend Board meetings supported by other ACNI staff upon request. This provides an additional tier of assurance enabling Board members to question further and test the quality, depth and accuracy of information presented. The work of the Audit and Risk Committee also provides additional assurance to the Board in terms of information with which it is presented. This Committee reviews many of the core assurance and governance documentation in advance of the Board and is able to confirm information via challenge and the work of internal and external audit.

Internal Governance Divergences – Current and New for 2014-15

Update on prior year control issues which have been resolved and are no longer considered to be control issues.

Fourteen prior year issues highlighted in internal audit reports in relation to Grant Funding and Client Management have been resolved and are no longer control issues in 2014/15

Update on prior year control issues, which are considered to be control issues

Internal audit reported three prior year internal audit reports highlighted issues in relation to (i) Grant Funding and Client Management (1 issues), (ii) Human Resources (1 issue) and Procurement (1 issue). Internal audit review of these recommendations, which consisted of three priority 2s, suggested that the controls had not been embedded and they remain control issues. The issues all relate to processes and the executive management can advise that all the process issues will be addressed in full during the 2015/16 financial year.

Identification of new issues in the current year, including issues identified in the mid-year assurance statement, and anticipated future issues

Internal auditors KPMG awarded ACNI a satisfactory level of assurance over its control environment in its assurance statement for 2014-15.

Internal Audit identified a number of areas where ACNI should put procedures in place to strengthen the existing processes and controls in order to fully meet management's control objectives. Overall, eight new recommendations have been identified in the current year, two of which have already been addressed and management have agreed a timescale for implementation of the remaining six recommendation and three prior year issues. These nine recommendations consist of four Priority 2 recommendations and five Priority 3 recommendations.

I am pleased to report that recommendations were satisfactorily progressed to allow internal audit to award a satisfactory level of assurance in its assurance statement.

Conclusion

As a result of the above, I believe that ACNI's internal control and governance framework provides me with the level of assurance that I require. There is nothing of which I am aware that leads me to believe that our systems for detecting and responding to inefficiency, for preventing conflicts of interest, for preventing and detecting fraud and for minimising losses of grant-in-aid are not adequate. I believe that ACNI's governance structure has operated successfully in 2014-15.



Roisín McDonough
Accounting Officer

Date 24 June 2015

Arts Council of Northern Ireland

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Arts Council of Northern Ireland for the year ended 31 March 2015 under the Arts Council (Northern Ireland) Order 1995. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Arts Council (Northern Ireland) Order 1995. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Arts Council of Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Arts Council of Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Arts Council of Northern Ireland's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Arts Council (Northern Ireland) Order 1995 and Department of Culture Arts and Leisure directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Culture Arts and Leisure directions made under the Arts Council (Northern Ireland) Order 1995; and
- the information given in the Directors Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

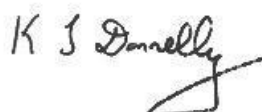
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly

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

1 July 2015

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

	Note	2014-15	2013-14
		£	£
EXPENDITURE			
Staff Costs	2	(2,317,555)	(2,355,639)
Expenditure on the Arts	3(a)	(13,321,741)	(13,028,957)
Depreciation	5&6	(145,325)	(138,364)
Other Expenditure	3(b)	(650,489)	(770,250)
		(16,435,110)	(16,293,210)
INCOME			
Other Income	4(a)	2,435,790	2,044,534
		2,435,790	2,044,534
Net Expenditure		(13,999,320)	(14,248,676)
	Note		2013-14 Restated
			£
OTHER COMPREHENSIVE NET EXPENDITURE			
Items that will not be reclassified to net operating costs:			
Net (Loss)/Gain on Revaluation of Property Plant and Equipment *	5	49,918	6,034
Net Gain/(Loss) on Revaluation of Intangibles**	6	913	(12,606)
Actuarial (Loss) /Gain	2(b)	(373,000)	1,050,000
Items that may be subsequently reclassified to net operating costs:			
Net Gain/(Loss) on Revaluation of available for sale financial assets		-	-
Total Comprehensive Expenditure for the year ended 31 March 2015		(14,321,489)	(13,205,248)

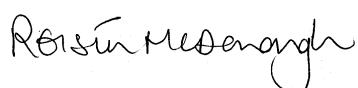
*In previous year Gain incorrectly classified as loss last year and ** loss incorrectly classified as gain

The notes on pages 53 to 94 form part of these accounts.

Statement of Financial Position as at 31 March 2015

	Note	31 March 2015	31 March 2014
		£	£
Non-current assets			
Property, plant and equipment	5	106,168	218,506
Operational heritage assets	5	110,000	110,000
Non- operational heritage assets	5	695,328	597,600
Intangible Assets	6	89,028	128,590
Total non-current assets		1,000,524	1,054,696
Current assets			
Trade and other receivables	9	1,309,258	708,946
Cash and cash equivalents	10	1,064,354	621,910
Total current assets		2,373,612	1,330,856
Total assets		3,374,136	2,385,552
Current liabilities			
Trade payables and other liabilities	11	(2,376,697)	(1,168,804)
Total current liabilities		(2,376,697)	(1,168,804)
Non-current assets plus/less net current assets/liabilities		997,439	1,216,748
Non-current liabilities			
Pension liabilities	12	(3,506,000)	(2,951,000)
Total non-current liabilities		(3,506,000)	(2,951,000)
Total Assets less Liabilities		(2,508,561)	(1,734,252)
Taxpayer's Equity			
SoCNE reserve		911,799	1,118,319
Revaluation reserve		85,640	98,429
Pension reserve		(3,506,000)	(2,951,000)
		(2,508,561)	(1,734,252)

The financial statements on pages 49 to 94 were approved by the Board on 24 June 2015 and were signed on its behalf by:



Roisin McDonough
Chief Executive

Date: 24 June 2015

The notes on pages 53 to 94 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2015

	Note	2014-15	2013-14
		£	£
Cash flow from operating activities			
Net Expenditure		(13,999,320)	(14,248,676)
Adjustment for non-cash transactions			
Depreciation	5&6	145,325	138,364
Impairment	8	-	-
Loss on gifting of asset		880	
Increase in trade and other receivables		(600,312)	(328,040)
Increase/(Decrease) in trade payables		1,207,893	171,498
Less movements in payables relating to items not passing through the Net Expenditure Account		5,530	21,798
Use of pension liability	2(b)	182,000	248,000
Net cash outflow from operating activities		(13,058,004)	(13,997,056)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,836)	(45,254)
Purchase of Non-operational Heritage Assets		(57,586)	(95,215)
Intangible Assets		(37,930)	(55,941)
Donated Assets		-	(3,000)
Net cash outflow from investing activities		(110,352)	(199,410)
Cash flows from financing activities			
Grants from DCAL		13,610,800	14,418,461
Net financing		13,610,800	14,418,461
Net increase/(decrease) in cash and cash equivalents in the year		442,444	221,995
Cash and cash equivalents at the beginning of the year	10	621,910	399,915
Cash and cash equivalents at the end of the year	10	1,064,354	621,910

The notes on pages 53 to 94 form part of these accounts.

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

	Note	Pension Reserve	SoCNE Reserve	Revaluation Reserve	Total Reserves
Balance at 31 March 2013		(3,753,000)	700,534	105,001	(2,947,465)
Changes in Taxpayers' Equity 2013-14					
Net Expenditure		(248,000)	(14,000,676)	-	(14,248,676)
Net loss on Revaluation		-	-	(6,572)	(6,572)
Actuarial Gain		1,050,000	-	-	1,050,000
Gifted		-	-	-	-
Grant from DCAL		-	14,418,461	-	14,418,461
Balance at 31 March 2014		(2,951,000)	1,118,319	98,429	(1,734,252)
Changes in Taxpayers' Equity 2014-15					
Net Expenditure		(182,000)	(13,817,320)	-	(13,999,320)
Net gain on Revaluation		-	-	50,831	50,831
Actuarial Loss		(373,000)	-	-	(373,000)
Gifted		-	-	(63,620)	(63,620)
Grant from DCAL		-	13,610,800	-	13,610,800
Balance at 31 March 2015		(3,506,000)	911,799	85,640	(2,508,561)

The notes on pages 53 to 94 form part of these accounts.

Revaluation reserve in respect of Intangible Assets

	2014-15 £
Balance at 1 April 2014 restated*	(6,752)
Net increase in revaluation during 2014-15	913
Balance at 31 March 2015	(5,839)

* Restated as Loss in Previous year incorrectly presented as gain.

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ACNI for the purpose of giving a true and fair view has been selected. The particular policies adopted by the ACNI for the distribution of public funding for the arts in Northern Ireland are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared in accordance with the historical cost convention, modified for the revaluation of property, plant and equipment, intangible assets and heritage assets.

The accounting policies for all material items are outlined below:

1.2 Property, Plant and Equipment

The minimum level for capitalisation as an individual or grouped non-current asset or bulk purchase of small similar assets is £1,000 with the exception of IT equipment which is £500. Items below the threshold of £1,000 or £500 for IT equipment are written off to the Statement of Comprehensive Net Expenditure.

Plant & machinery includes Musical Instruments that were independently valued in the 2012-13 year. Other property, plant and equipment have been re-valued at 31 March 2015 using the latest available indices published in 'Price Index Numbers for Current Cost Accounting' prepared by the Office for National Statistics.

1.3 Heritage Assets

The ACNI's Art Collection is regarded as a non-operational heritage asset and from 2009-10 is capitalised in the Statement of Financial Position.

All Non-Operational Heritage Assets are shown at valuation. The ACNI believes that its' staff are qualified to perform the valuation and to test and analyse valuations as advised by Sotheby's. The ACNI staff involved in the on-going revaluation are the Arts Development Director and the Collection Curator.

The Operational Heritage Asset relates to a violin the ACNI possesses which was manufactured by Joseph Gagliano between 1780 and 1782. The violin was donated to the ACNI in 1980. This is classed as an operational heritage asset as it is on loan as an award to an outstanding young violinist from Northern Ireland, through the Ulster Youth Orchestra and is therefore shown in the Non-current Asset note. The violin was valued on 5 February 2013, by J & A Beare Ltd, and is shown in the accounts at fair value.

Operational and Non Operational Heritage Assets are included with property plant and equipment and are shown at fair value. Operational and Non Operational Heritage Assets are not depreciated as they are considered to have an infinite useful life.

1.4 Intangible Assets

Purchased and internally generated websites are capitalised as intangible assets where expenditure of £1,000 or more is incurred. Websites have been re-valued at 31 March 2015 using the latest available indices published in 'Price Index Numbers for Current Cost Accounting' prepared by the Office for National Statistics. Impairment reviews are performed if and when indications of impairment are identified.

1.5 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is calculated on a monthly basis from month of acquisition. No depreciation is charged in the month of disposal.

The rates of depreciation in use are as follows:

Furniture & Fittings	5-25 years
Leasehold Improvements	5-10 years
Plant & Machinery	25-30 years
Information Technology	3-5 years
Websites	3-5 years
Heritage Assets	N/A

1.6 Operating Income

Government Grants

Grant-in-Aid received used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing, and credited to the SoCNE Reserve, because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs.

Lottery Recharges

Administrative overheads and salaries are apportioned to the Lottery Distribution fund and comprise administrative costs and salaries incurred by the ACNI from which the Lottery benefited indirectly. The apportionment is made at full economic cost and calculated on appropriate bases. Recharges of expenses and salaries are shown in other income.

Other Operating Income

All other operating income received is credited to income in the year to which it is receivable. In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, all donated assets are now recognised as income.

1.7 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date the transaction occurs in the ACNI bank account. If rates fluctuated significantly average rate for the period would be used.

1.8 Leases

Finance Leases:

Leases of property, plant and equipment where the ACNI holds substantially all the risks and rewards of ownership would be classified as finance leases. The ACNI did not hold any finance leases during 2014-15. If finance leases were to exist, the assets would be capitalised at the commencement of the lease term at the fair value of the leased asset. The corresponding lease commitments would be shown as finance leases obligations within liabilities. Depreciation on capitalised leased assets would be charged in line with the depreciation policy for similar assets.

Operating Leases:

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. The building occupied by the ACNI is considered to be an operating lease. Rentals paid under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period of the lease. Operating leases have been split between Land, Buildings and Other with all future commitments reported in Note 14.

1.9 Financial Instruments

Risk Management

The ACNI is not exposed to the same degree of financial risk faced by business entities. This is due to the organisation being essentially a non-trading entity and financed as a Non-Departmental Public Body. It has no powers to borrow or invest in surplus funds and has limited year-end flexibility. It is therefore exposed to little liquidity, currency or market risks. The ACNI does not hold any complex financial instruments and there is no impact on the financial risk of the organisation.

1.9.1 Financial Assets

Trade and other receivables

Financial Assets within trade and other receivables are recognised and retained at invoiced cost which is considered to equate to fair value as the contractual obligations are short term. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and current balance with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

1.9.2 Financial Liabilities

Trade and Other Payables

Financial liabilities within trade and other payables are recognised and retained at invoiced cost which is considered to equate to fair value as all such liabilities are short term in nature.

The ACNI pays grants in accordance with the terms and conditions inherent in the respective funding agreement, letter of offer or grant scheme. Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

1.10 Payment of Grants

Grants awarded to arts organisations and individuals are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Any amounts of unpaid grant at 31st March each year are included as liabilities in the Statement of Financial Position.

1.11 Provisions

The ACNI provides for legal or constructive obligations as a result of a past event which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

1.12 Contingent Liabilities

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

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

1.13 Critical Accounting Estimates and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the ACNI's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- **Depreciation of Property, Plant and Equipment**

Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 1.5.

- **Impairment of Property, Plant and Equipment**

Where there is an indication that the carrying values of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

- **Pension and Other Post Retirement Benefits**

The ACNI accounts for Pensions and other post-retirement benefits in line with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary. These include the discount rate, salary growth, price inflation, the expected return on the schemes investments and mortality rates. Further details are contained in Note 2(b).

- **Bad debt provision**

The ACNI created a bad debt provision for an outstanding loan which was converted to a charge during the 2013-14 year. The ACNI assess there is a high risk of not receiving this money. Therefore the ACNI has created a provision for the full amount of the charge. Further details are contained in Note 17.

1.14 Value Added Tax

The ACNI is not registered for Value Added Tax (VAT). All transactions are therefore stated gross of VAT.

1.15 Employee Benefits

Under IAS 19 an employing entity should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the Service. The ACNI has recognised annual leave entitlements that have been earned by year end but not yet taken. These are included in current liabilities.

1.16 Pension Costs

Past and present employees are covered by the provisions of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme.

In accordance with IAS 19 the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analysis, the limitation of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analysis.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the market led approach. The latest actuarial valuations of the scheme were at 31 March 2013.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the ACNI's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure so as to recognise the cost of pensions over the employees' working lives.

A revised version of IAS 19 came into effect for accounting periods commencing on or after 1 January 2013. The figures in the accounts have been calculated under the revised IAS 19. The ACNI is no longer required to recognise an expected return on assets item in the Statement of Comprehensive Net Expenditure. This is now replaced with a net financing charge which is based on the discount rate assumption.

Actuarial gains and losses are recognised in Other Comprehensive Net Expenditure.

1.17 Early Departure Costs

The ACNI is required to recognise the actuarial liability for the cost of paying pensions of employees who retire early from the date of their retirement until

the pension is no longer due to the individuals or their spouses. Given projected life spans, this liability will be payable over a number of years. The ACNI makes a provision each year based on the projected liability.

Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to the Statement of Comprehensive Net Expenditure. This is part of the IAS 19 Actuarial valuation and it is shown in Note 2(b) Pensions Costs and Commitments.

1.18 Operating Segments

In line with the provisions of IFRS 8: Operating Segments, the ACNI does not analyse its net expenditure by operating segment as it has concluded that it has no separately identifiable operating segments. This conclusion is based on the ACNI's current system/format of internal management reporting to the Chief Executive, Directors and Board who consider financial performance at Board level. It is therefore considered that no further analysis is required to meet the requirements of IFRS 8.

1.19 Reserves

SoCNE Reserve

This is the balance arising from recurrent grants provided by sponsor department DCAL through grant-in-aid and the net expenditure as reported in the Statement of Comprehensive Net Expenditure for the year.

Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to assets.

Pension Reserve

This is the balance required by the ACNI to meet the current pension deficit on its share of the NILGOSC pension scheme.

1.20 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2015

The ACNI has reviewed the standards interpretations and amendments to published standards that became effective during 2014-15 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the ACNI.

Standard	Description of Revision	Comments
Consolidation Standards IFRS 10- Consolidated Financial Statements IFRS 11 -Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities	3 new standards which consider consolidated financial statements, joint arrangements and disclosure of interests in other entities. These could result in an ALB consolidating a body not in the departmental boundary. In addition, there are additional disclosure requirements around the significant judgements and assumptions an entity has made.	These standards are applicable for accounting periods beginning on or after 1 January 2014 and have been interpreted for use in the public sector. There have been no changes necessary to the ACNI financial statements in relation to these standards as there are no bodies to consolidate within the ACNI's financial statements.

1.21 Accounting standards, interpretations and amendments to published standards not yet effective

The ACNI has reviewed the additional or revised accounting standards and new (or amendments to) interpretation contained within the Government Financial Reporting Manual 14-15 and considers that these changes are not relevant to its operations.

Certain new standards, interpretation and amendments to existing standards have been published that are mandatory for the ACNI's accounting periods beginning on or after 1 April 2014 or later periods which the ACNI has not adopted early. Other than as outlined in the table below the ACNI considers that these standards are not relevant to its operations.

Standard	Description of Revision	Effective Date	Comments
IFRS 13 Fair Value Measurement	IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise): The standard defines fair value, provides guidance on fair value measurement techniques and sets out disclosure requirements.	1 April 2015	IFRS 13 has not been adopted by the FReM for 2014-15 but will be adopted prospectively for periods beginning on or after 1 April 2015. Early adoption is not permitted and final details are currently under consultation. Will affect ACNI particularly in relation to the valuation of Heritage Assets which are currently valued in-house.

2 (a) Staff costs comprise:

	2014-15	2014-15	2014-15	2013-14
	Permanently employed staff £	Others £	Total £	Total £
Wages and salaries	1,528,868	223,487	1,752,355	1,741,507
Social security costs	118,493	14,236	132,729	134,082
Agency costs	-	92,371	92,371	155,544
Other pension costs	452,748	59,975	512,723	568,252
Recharge: Expenditure on the Arts	(16,834)	(155,789)	(172,623)	(243,746)
	2,083,275	234,280	2,317,555	2,355,639

Recharge: Expenditure on the Arts is the Staff cost reapportioned and also included within the costs declared in Note 3(a) Expenditure on the Arts for specifically funded projects.

2 (b) Pension Costs and Commitments

The ACNI makes employer contributions to the NILGOSC Scheme which is a funded scheme of the defined benefit type. Past and present employees are covered by the provisions of the NILGOSC Scheme. The funded nature of the Local Government Pension Scheme (Northern Ireland) (the LGPS) requires the ACNI and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

The defined benefit obligation is linked to yields on the AA-rated corporate bonds, while a significant proportion of the assets of the scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension plan and thus to volatility in the net pension asset on the ACNI's Statement of Financial Position and Other Comprehensive Expenditure. It will also lead to volatility in the IAS 19 pension expense in the ACNI Statement of Comprehensive Net Expenditure.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the ACNI's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure so as to recognise the cost of pensions over the employees' working lives.

A revised version of IAS 19 came into effect for accounting periods commencing on or after 1 January 2013. The figures in the accounts have been calculated under the revised IAS 19. The ACNI is no longer required to recognise an expected return on assets item in the Statement of Comprehensive Net Expenditure (SoCNE). This is now replaced with a net financing charge which is based on the discount rate assumption.

Actuarial gains and losses are recognised in Other Comprehensive Net Expenditure.

The fund is invested in suitable investments, managed by the Committee. For 2014-15 the contribution rates were 20% employers and ranging between 5.5% and 7.5% employees (2013-14: 20% employers and between 5.5% and 7.5% employees).

The total employer pension cost under the Scheme was a debit of £512,723 (2013-14 debit of £568,252). It is now possible to define the ACNI's share of the funds, assets/liabilities and as a result the following disclosures are provided in line with IAS 19.

The latest actuarial valuation of the ACNI's liabilities took place as at 31 March 2013. The calculation of the defined benefit obligation involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the Statement of Financial Position and the charge to the Statement of Changes in Net Expenditure. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

(i) Principal Financial Assumptions

	31 March 2015	31 March 2014
	Years	Years
Duration of liabilities (years)*	18.4	18.4
	% PA	% PA
Discount Rate	3.2	4.3
RPI Price Inflation	2.9	3.4
CPI Price Inflation	1.8	2.4
Pension increases**	1.8	2.4
Pension accounts revaluation rate	1.8	n/a
General Salary increase rate***	3.3	3.9

* The duration of the Fund's liabilities is the average period between the calculation date and the date at which benefit payments fall due.

** On pension in excess of Guaranteed Minimum Pension in payment where appropriate.

*** This has been set as 1.5% above the CPI inflation assumption which is consistent with the assumption used at the 2013 Valuation

(ii) Mortality Assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)

31 March 2015

Males

Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table* (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	22.2
Future lifetime from age 65 (aged 45 at accounting date)	24.4

Females

Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NFA)
Rating to above base table* (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.7
Future lifetime from age 65 (aged 45 at accounting date)	27.0

- * A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements. Different rates may apply to retirements in ill health.

Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2009 service) is 75% of the permitted maximum.

(iii) Asset Allocation

The approximate split of assets for the fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the ACNI in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

			Asset Split at 31 March 2015 %	Asset Split at 31 March 2014 %
	% Quoted	% Unquoted	Total	
Equities	73.0	0.0	73.0	74.2
Property	0.0	12.6	12.6	11.2
Government Bonds	5.7	0.0	5.7	5.9
Corporate Bonds	6.5	0.0	6.5	6.1
Cash	2.0	0.0	2.0	2.6
Other	0.2	0.0	0.2	0.0
Total	87.4	12.6	100.0	100.0

(iv) Reconciliation of Funded status to Statement of Financial Position

	Value as at 31 March 2015 £'000	Value as at 31 March 2014 £'000
Fair Value of assets	12,676	11,173
Present value of funded defined benefit obligation	(16,182)	(14,124)
Funded status	(3,506)	(2,951)
Impact of minimum funding requirement/asset ceiling	-	-
Asset/(Liability) recognised on the SoFP	(3,506)	(2,951)

The split of defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active members	44%
Deferred Pensioners	13%
Pensioners	43%

(v) Breakdown of amounts recognised in the Statement of Comprehensive Net Expenditure (SoCNE) and Other Comprehensive Expenditure (OCE)

	Period Ending 31 March 2015	Period Ending 31 March 2014
	£'000	£'000
Operating Cost		
Current service cost*	390	406
Past service cost (including curtailments)	-	-
Settlement cost	-	-
Financing Cost		
Interest on net defined benefit liability/(asset)	120	162
Pension expense recognised in SoCNE	<u>510</u>	<u>568</u>
Remeasurements in OCE		
Return on plan assets in excess of recognised in net interest	(985)	(672)
Actuarial losses/(gains) due to change in financial assumptions	1,438	(557)
Actuarial losses/(gains) due to changes in demographic assumptions	-	(541)
Actuarial (gains)/losses due to liability experience	(80)	720
Total amount recognised in OCE	<u>373</u>	<u>(1,050)</u>
Total Amount recognised	<u>883</u>	<u>(482)</u>

* The current service cost includes an allowance for the administration expenses of £0.005m.

(vi) Movement in Deficit during the year

	2014-15	2013-14
	£'000	£'000
Deficit in scheme at beginning of year	(2,951)	(3,753)
Movement in the year		
Current service costs	(390)	(406)
Past service costs (including curtailments)	-	-
Contributions	328	320
Net charge on Assets	(120)	(162)
Actuarial (loss)/gain	(373)	1,050
Deficit in Scheme at End of Year	(3,506)	(2,951)

(vii) Changes to the present value of defined benefit obligation during the accounting period

	Year Ending 31 March 2015	Year Ending 31 March 2014
	£'000	£'000
Opening defined benefit obligation	14,124	13,765
Current Service cost	390	406
Interest expense on defined benefit obligation	601	613
Contribution by participants	109	107
Actuarial losses/(gains) on liabilities -due to change in financial assumptions	1,438	(557)
Actuarial gains on liabilities - due to changes in demographic assumptions	-	(541)
Actuarial (gains)/losses on liabilities due to liability experience	(80)	720
Net benefits paid out	(400)	(389)
Past service costs (including curtailments)	-	-
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	16,182	14,124

(viii) Changes to the fair value of assets during the accounting period

	Year ending 31 March 2015	Year ending 31 March 2014
	£'000	£'000
Opening fair value	11,173	10,012
Interest income on assets	481	451
Remeasurement gains on assets	985	672
Contributions by the employer	328	320
Contributions by the participants	109	107
Net benefits paid out	(400)	(389)
Net increase in assets from disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of assets	12,676	11,173

(ix) Actual return on assets

	Year ending 31 March 2015	Year ending 31 March 2014
	£'000	£'000
Interest income on assets	481	451
Remeasurement gain on assets	985	672
Actual return on assets	1,466	1,123

(x) Sensitivity analysis

The results shown above are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2015 and the projected services cost for the year ending 31 March 2016 are set out below.

In each case, only the assumption mentioned is altered; all other assumptions remain the same and are summarised in the notes above. Sensitivity of unfunded benefits is not included on materiality grounds.

Funded LGPS benefits

Discount Rate Assumption

Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	15.902	16.467
% change in present value of total obligation	-1.7%	1.8%
Projected service cost (£M's)	0.405	0.430
Approximate % change in projected service cost	-3.0%	3.0%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	16.263	16.101
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£M's)	0.417	0.417
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	16.411	15.956
% change in present value of total obligation	1.4%	-1.4%
Projected service cost (£M's)	0.430	0.405
Approximate % change in projected service cost	3.0%	-3.0%

Post retirement mortality assumption*

Adjustment to mortality age rate assumption	-1 year	+1 year
Present value of total obligation (£M's)	16.618	15.745
% change in present value of total obligation	2.7%	-2.7%
Projected service cost (£M's)	0.431	0.403
Approximate % change in projected service cost	3.4%	-3.4%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

(xi) Estimated Profit and Loss/Surplus or Deficit in future periods

The figures below are provided based on the assumption as at 31 March 2015 outlined above.

The ACNI's regular contributions to the Fund for the accounting period ended 31 March 2015 are estimated to be £0.339M.

Funded LGPS benefits – Expected amounts charged to SoCNE

	Year ending 31 March 2015 £'000
Current service cost*	417
Interest on the net defined benefit liability/(asset)	107
Total	524

* The Projected Service Cost includes an allowance for the administration expenses of £0.005m in the period ending 31 March 2016.

The pension cost shown in next year's accounts might be different to that shown above. Reasons why the pension cost may change include:

- A) Actual increase in payroll being different to that used in the calculations. The difference in payroll will particularly affect the current service cost;
- B) Past service costs may not be zero (this cost is that resulting from benefit augmentations or early retirement of individual members before age 60 or on the grounds of efficiency);
- C) Curtailment/settlement events may occur;
- D) Actual cash-flows over the next year may differ from those assumed.

(xii) Funded benefits

The following data has been used in evaluating the figures noted above.

Active Members as at 31 March 2013

	Number	£'000
Total	58	1,595

Pensioner & deferred pensioner members as at 31 March 2013

Type	Number	Total Pension £'000
Deferred members	49	102
Pensioners and dependants	44	349

Funded Cash-flows (Regular)

	Months Provided	Amount Provided £'000	Amount Used £'000
Employer – Normal contributions	10	273	
Employer – Additional capital contributions	10	-	
Employer – Early retirement strain on fund payments	10	-	
Total Contributions by the Employer			328
Employee – Normal contributions	10	91	
Employee – Additional years contributions	10	-	
Total Contributions by participants			109
Death in service lump sums*		-	
Benefits paid (i.e. pension paid)		-	
Net benefits paid out**			400

*Calculated over the year to be £0.004M

** Figure includes an allowance for expenses of £0.005M

Annualised pensionable payroll over the accounting period £(000's)*	Amount
	£'000*
Period ending 31 March 2015	1,639
Period ending 31 March 2014	1,597

* These figures have been derived from the contributions paid over the relevant accounting period.

(xiii) Fund Return

The investment return used to roll forward the notional share of assets from the last formal valuation of the fund to the accounting date has been calculated using returns provided by the Fund Administering Authority, where known. Where necessary, index returns appropriate to the mix of assets have been used for any remaining period to obtain an estimate of the total return over the period to the accounting date. To that return, a deduction of 0.3% p.a. has been made to allow for investment management expenses based on the Fund's experience.

The overall Fund return over the accounting period has been calculated as 13.1%. This includes an adjustment to reflect the difference between Fund returns and estimated index returns used over the last year.

2 (c) Average number of persons employed:

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

	2014-15 Permanently Employed Staff No.	2014-15 Others No.	2014-15 Total No.	2013-14 Total No. <i>Restated*</i>
Directly employed	45	3	48	49
Other	1	7	8	8
Staff engaged on capital projects	-	-	-	1
Total	46	10	56	58

*staff employed on ring fenced projects recategorised out of Directly employed and into Other

All of the staff were employed by the ACNI and the proportion in relation to the Lottery Distribution Account is on the basis of average Lottery caseload from the Arts Development Department and on other appropriate bases from the rest of the ACNI.

The table below gives the average number of full time equivalent staff working on the Lottery Distribution Account during the year:

Lottery Distribution Account

	2014-15 Permanently Employed Staff No.	2014-15 Others No.	2014-15 Total No.	2013-14 Total No. Restated*
Directly employed	20	1	21	19
Other	1	3	4	4
Total	<u>21</u>	<u>4</u>	<u>25</u>	<u>23</u>

*staff employed on ring fenced projects recategorised out of Directly employed and into Other

2 (d) Board Members' Emoluments

No emoluments were paid to members of the Board of the ACNI except for Honoraria to the Chairman and Vice Chairman.

Board Members' Honoraria

No emoluments were paid to members of the Board of the ACNI except for Honoraria to the Chairman and Vice Chairman.

The rate of honoraria for the Chairman is £10,000 per annum with effect from 1 July 2007 and the Vice Chairman is £3,500 per annum with effect from 1 December 2007. The Chairman's actual Honorarium for 2014-15 is £9,750. The total cost of honoraria paid in 2014-15 was therefore £13,498 (2013-14: £13,821) as shown in staff costs. This includes £248 (2013-14: £321) of employer's National Insurance Contributions. The amounts received by the Chairman and Vice-Chairman are detailed below:

	Chairman £	Vice- Chairman £
B Collins	9,750	
D Coyle		3,500

Of the total cost of honoraria £6,074 (2013-14: £6,081) was apportioned to the Lottery Distribution Account. No emoluments were paid to other Board members in respect of Lottery activities. The ACNI does not pay any pension contributions on behalf of the Chairman and Vice-Chairman. These individuals are not included, therefore, in the following pension note.

2 (e) Chief Executive's Remuneration

The remuneration received by the Chief Executive, including back dated pay awards, during the year was £83,801 (2013-14: £83,441). The Chief Executive is an ordinary member of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme. A total of £49,536 (2013-14: £48,191) of the Chief Executive's employment costs (including employers national insurance contributions and employers pension) have been apportioned to the Lottery Distribution fund to cover time spent on Lottery activities.

2 (f) Exit Packages

No executive directors or members of staff of the ACNI received any termination benefits during the year.

3 (a) Expenditure on the Arts

	2014-15	2013-14
	£	£
Annual Funding Programme	9,695,487	9,847,855
Arts Development Fund	283,735	561,341
Visual Arts Development	(1,011)	109,607
Support for Individual Artists		
Programme	384,050	451,118
Re-Imaging Communities	918,529	344,275
Creative Industries Innovation Fund	578,379	625,201
Arts and Older People Programme	76,705	359,929
Capital Programme	678,376	526,928
In year funding	652,416	182,513
Central Advisors	2,477	3,384
Creative Europe	15,721	-
Strategy	36,877	16,806
Total	13,321,741	13,028,957

3 (b) Other Expenditure

	2014-15	2013-14
	£	£
Rentals under Operating Leases	210,000	210,000
Other Premises Costs	85,569	107,828
Marketing and Communications*	81,289	74,138
Expenses and Hospitality		
Artfrom Officers	18,266	25,243
Council and Panel Members	6,331	11,554
Administrative Staff	6,795	17,553
Other Core Expenses	19,780	43,207
Insurances	16,426	16,592
Telephone and Postage	23,708	26,855
IT costs and equipment	122,098	105,624
Legal and Consultancy Fees	61,688	41,001
Audit Fee	13,000	13,000
Stationery	11,612	13,188
Training	14,466	32,235
Advertising	4,787	5,256
Increase in Bad Debt Provision	-	75,000
Recharge to Expenditure on the Arts	(45,326)	(48,024)
Total	650,489	770,250

*This category has previously been called Publications and Public affairs but has been renamed in 2014-15 to better reflect the nature of expenditure recorded here.

The ACNI did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office or its subcontractors during the year.

Recharge to Expenditure on the Arts is the Other Expenditure reappropriated and included within the costs declared in Note 3(a) Expenditure on the Arts for specifically funded projects. £45,326 (2013-14: £48,024) of operating costs have been recharged to Expenditure on the Arts and are included in Note 3(a) above.

The above costs are gross costs to the Exchequer account and £374,009 (2013-14: £352,414) of these operating cost and salaries costs have been recharged to the Lottery Distribution account and are shown as other income in Note 4(a) below.

Other Expenditure includes travel, subsistence and hospitality costs for staff, Council and Committee members. The total spent in the year on travel, subsistence and hospitality is as follows:

	T&S	Hospitality	2014-15 Total	2013-14 Total
	£	£	£	£
Expenses & Hospitality				
Artform Officers	17,553	713	18,266	25,243
Council & Committee Members	4,172	2,159	6,331	11,554
Administrative Staff	5,724	1,071	6,795	17,553
	27,449	3,943	31,392	54,350

4 (a) Other Income

	2014-15	2013-14
	£	£
National Lottery Recharge – administration	374,009	352,414
National Lottery Recharge – salaries	1,001,589	949,818
Building Peace through the Arts - Re-Imaging Communities	894,867	340,889
Grant refunded	10,004	34,148
Grant refunded – Building Peace through the Arts - Reimaging Communities	10,643	-
Administrative & miscellaneous	38,903	70,350
Creative & Cultural Skills	12,000	18,000
Arts and Older People Programme	76,705	275,915
Donated Assets	-	3,000
Creative Europe	17,070	-
Total	2,435,790	2,044,534

4 (b) Grant-in-Aid Carry-Over

In line with the Management Statement and Financial Memorandum (MSFM), cash balances accumulated during the course of the year were kept at the minimum level consistent with the efficient operation of the ACNI.

In line with the MSFM, the Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as accruals.

The balance of cash at 31 March 2015 was £1,064,354 (2013-14: £621,910).

5 (a) Property, plant and equipment

2014-15	<u>Leasehold Improve- ments</u>	<u>Furniture & Fittings</u>	<u>Plant & Machinery</u>	<u>Information Technology</u>	<u>Operational Heritage Assets</u>	<u>Non Operat- ional Heritage Assets</u>	<u>Total</u>
	£	£	£	£	£	£	£
<u>Cost or Valuation</u>							
At 1 April 2014	-	52,754	113,500	214,514	110,000	597,600	1,088,368
Additions	-	-	-	14,836	-	57,586	72,422
Donations	-	-	-	-	-	-	-
Revaluations	-	227	-	1,198	-	40,142	41,567
Gifted	-	-	(64,500)	-	-	-	(64,500)
Transfers	-	-	-	5,090	-	-	5,090
Impairment	-	-	-	-	-	-	-
De-recognition	-	-	-	-	-	-	-
At 31 March 2015	-	52,981	49,000	235,638	110,000	695,328	1,142,947
<u>Depreciation</u>							
At 1 April 2014	-	33,375	-	128,887	-	-	162,262
Charge in year	-	3,540	9,251	63,618	-	-	76,409
Revaluation	-	125	(9,251)	775	-	-	(8,351)
Transfers	-	-	-	1,131	-	-	1,131
De-recognition	-	-	-	-	-	-	-
At 31 March 2015	-	37,040	-	194,411	-	-	231,451
<u>Carrying amount</u>							
At 31 March 2015	-	15,941	49,000	41,227	110,000	695,328	911,496
<u>Carrying amount</u>							
At 31 March 2014	-	19,379	113,500	85,627	110,000	597,600	926,106
<u>Asset Financing</u>							
Owned	-	15,941	49,000	41,227	110,000	695,328	911,496
<u>Carrying amount</u>							
At 31 March 2015	-	15,941	49,000	41,227	110,000	695,328	911,496

	<u>Leasehold Improve- ments</u>	<u>Furniture & Fittings</u>	<u>Plant& Machinery</u>	<u>Information Technology</u>	<u>Operational Heritage Assets</u>	<u>Non Operat- ional Heritage Assets</u>	<u>Total</u>
2013-14	£	£	£	£	£	£	£
<u>Cost or Valuation</u>							
At 1 April 2013	-	53,967	113,500	213,460	110,000	498,589	989,516
Additions	-	-	-	22,792	-	93,015	115,807
Donations	-	-	-	-	-	3,000	3,000
Revaluations	-	1,380	-	(15,946)	-	2,996	(11,570)
Gifted	-	-	-	-	-	-	-
Transfers	-	-	-	(5,792)	-	-	(5,792)
Impairment	-	-	-	-	-	-	-
De-recognition	-	(2,593)	-	-	-	-	(2,593)
At 31 March 2014	-	52,754	113,500	214,514	110,000	597,600	1,088,368
<u>Depreciation</u>							
At 1 April 2013	-	30,686	-	71,799	-	-	102,485
Charge in year	-	4,809	10,343	66,725	-	-	81,877
Revaluation	-	473	(10,343)	(7,734)	-	-	(17,604)
Transfers	-	-	-	(1,903)	-	-	(1,903)
De-recognition	-	(2,593)	-	-	-	-	(2,593)
At 31 March 2014	-	33,375	-	128,887	-	-	162,262
<u>Carrying amount</u>							
At 31 March 2014	-	19,379	113,500	85,627	110,000	597,600	926,106
<u>Carrying amount</u>							
At 31 March 2013	-	23,281	113,500	141,661	110,000	498,589	887,031
<u>Asset Financing</u>							
<u>Restated</u>							
Owned	-	19,379	113,500	85,627	110,000	597,600	926,106
<u>Carrying amount</u>							
At 31 March 2014	-	19,379	113,500	85,627	110,000	597,600	926,106

Plant & Machinery includes Musical Instruments:

- 1 Steinway Model D Grand Piano which was valued on 25 January 2013, by Steinway & Sons Ltd,
- 1 Harpsichord which was valued on 26 January 2013, by C Nobbs, and is shown in the accounts at fair value.

Two Steinway Model D Grand Pianos and one Yamaha Grand Piano were gifted to clients during the 2014-15 year.

Other property, plant and equipment have been re-valued at 31 March 2015 using the latest available indices published in 'Price Index Numbers for Current Cost Accounting' prepared by the Office for National Statistics.

5 (b) Non-Operational Heritage Assets

The ACNI's Art Collection is considered a heritage asset. The Collection tells a story of the visual arts in Northern Ireland; the Collection growing organically, through long periods of turbulence which it often reflects, responded to the preoccupations of the art community and to the changing cultural environment. Starting a collection was deemed by the Council for the Encouragement of Music and the Arts (CEMA) the ACNI's predecessor, to be one of its highest priorities. At its formation in February 1943, one of CEMA's first actions was to purchase paintings, as its 1944-45 annual report explained, 'with a view to encouraging local artists and for the purpose of forming a permanent collection of its own. The ACNI decided to allocate a small sum of money for the purchase of pictures by local artists, the intention being to circulate pictures within the public domain. The Collection developed in this way over the years. In recent years the Collection has been exhibited in schools, hospitals and public buildings as well as museums and galleries throughout Northern Ireland, in circulating exhibitions at home and abroad, at the offices of the ACNI, and also held in secure storage. In 2009-10 the ACNI received approval from the Department of Culture, Arts and Leisure to gift its historic collection (works purchased from 1943-1999) to accredited museums in Northern Ireland. The ACNI completed the gifting process during the 2011-12 and 2012-13 years with over 1,100 works of art totalling £3million now in museum ownership.

The ACNI recognises the importance of purchasing contemporary work as a means of supporting artists. Accordingly, the ACNI, supported by DCAL, allocated an acquisitions fund of £57,586 for 2014-15. In order to qualify artists must have been living in Northern Ireland for 12 months before date of purchase of work and have made a contribution to artistic activities in Northern Ireland. Artists from Northern Ireland who are living elsewhere will

also be considered. Artists not from Northern Ireland whose work is of particular relevance to Northern Ireland will be considered in exceptional circumstances. Priority is given to artists whose work is both challenging and innovative. Emerging as well as established artists are eligible. Works in all media are considered, including painting, sculpture, crafts, prints photography, video and emergent art forms. The ACNI considers accepting gifts to the collection. Such works are assessed against the same criteria as for purchase. Works are considered against the following criteria – quality, innovation and challenging nature of the work, evidence of the artistic achievement of the artist's contribution to visual arts in Northern Ireland, relevance of purchase to furtherance both of the artist's career and to the ACNI's funding objectives.

6. Intangible assets

2014-15	<u>Websites</u>	<u>Software*</u>	<u>Total</u>
	£	£	£
<u>Cost or Valuation</u>			
At 1 April 2014	76,538	135,899	212,437
Transfers	27,422	(32,512)	(5,090)
Additions	10,978	21,422	32,400
Revaluations	987	794	1,781
	<hr/>	<hr/>	<hr/>
At 31 March 2015	115,925	125,603	241,528
<u>Amortisation</u>			
At 1 April 2014	27,032	56,815	83,847
Transfers	1,114	(2,245)	(1,131)
Charge in year	36,284	32,632	68,916
Revaluation	464	404	868
	<hr/>	<hr/>	<hr/>
At 31 March 2015	64,894	87,606	152,500
<u>Carrying amount</u>			
At 31 March 2015	<hr/>	<hr/>	<hr/>
	51,031	37,997	89,028
<u>Carrying amount</u>			
At 31 March 2014	<hr/>	<hr/>	<hr/>
	49,506	79,084	128,590
<u>Asset Financing</u>			
Owned	<hr/>	<hr/>	<hr/>
	51,031	37,997	89,028
<u>Carrying amount</u>			
At 31 March 2015	<hr/>	<hr/>	<hr/>
	51,031	37,997	89,028

2013-14	<u>Websites</u>	<u>Software*</u>	<u>Total</u>
	£	£	£
<u>Cost or Valuation</u>			
At 1 April 2013	166,801	-	166,801
Transfers	(102,052)	107,844	5,792
Additions	18,725	40,080	58,805
Revaluations	(6,936)	(12,025)	(18,961)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	76,538	135,899	212,437
<u>Amortisation</u>			
At 1 April 2013	31,812	-	31,812
Transfers	(23,116)	25,019	1,903
Charge in year	20,225	36,262	56,487
Revaluation	(1,889)	(4,466)	(6,355)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	27,032	56,815	83,847
<u>Carrying amount</u>			
At 31 March 2014	49,506	79,084	128,590
<u>Carrying amount</u>			
At 31 March 2013	134,989	-	134,989
<u>Asset Financing</u>			
Owned	49,506	79,084	128,590
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 March 2014	49,506	79,084	128,590
	<hr/>	<hr/>	<hr/>

*In the 2013-14 year software was reclassified into its own category.

7. Financial Instruments

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

The ACNI does not hold any complex financial instruments and there is no impact on the financial risk of the organisation.

8. Impairment

	2014-15	2013-14
	£	£
Charged direct to the Statement of Comprehensive Net Expenditure	-	-
Impairment of PPE charged to Revaluation Reserve	-	-
Impairment of Intangibles charged to Revaluation Reserve	-	-
Total Impairment Charge for the Year	-	-

9. Trade receivables and other current assets

	31 March 15	31 March 14
	£	£
Amounts falling due within one year:		
Trade receivables	706	76,868
Other receivables	-	602
Prepayments and accrued income	1,308,552	631,476
	<u>1,309,258</u>	<u>708,946</u>

9.1 Intra Government Balances

	31 March 15	31 March 14
	£	£
Amounts falling due within one year:		
Central Government	162,383	141,687
Local Authorities	-	5,298
Intra Government Receivables	162,383	146,985
Bodies external to Government	1,146,875	561,961
	<u>1,309,258</u>	<u>708,946</u>

10. Cash and cash equivalents

	31 March 15	31 March 14
	£	£
Balance at 1 April	621,910	399,915
Net change in cash and cash equivalent balances	442,444	221,995
Balance at 31 March	<u>1,064,354</u>	<u>621,910</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	1,064,354	621,910
Short term investments	-	-
Balance at 31 March	<u>1,064,354</u>	<u>621,910</u>

11. Trade payables and other current liabilities

	31 March 15	31 March 14
	£	£
Amounts falling due within one year:		
Other payables	2,226,737	970,860
Accruals and deferred income	149,960	197,944
	<u>2,376,697</u>	<u>1,168,804</u>

11.1 Intra Government Balances

	31 March 15	31 March 14
	£	£
Central Government	18,166	19,792
Local authorities	135,246	120,542
Other public bodies	-	-
Intra Government Payables	153,412	140,334
Bodies external to Government	2,223,285	1,028,470
	<u>2,376,697</u>	<u>1,168,804</u>

12. Non- current liabilities

	31 March 15	31 March 14
	£	£
Pension deficit	(3,506,000)	(2,951,000)

Details of the pension scheme are outlined in Note 2(b) above.

13. Capital Commitments

There were no contracted capital commitments as at 31 March not otherwise included in these financial statements (2013-14: £Nil)

14. Commitments under Leases

Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	31 March 15	31 March 14
	£	£
Obligations under operating leases for the following periods comprise:		
<i>Buildings</i>		
Not later than one year	210,000	210,000
Later than one year and not later than five years	-	210,000
Later than five years	-	-
	210,000	420,000
<i>Other</i>		
Not later than one year	2,697	3,385
Later than one year and not later than five years	152	2,836
Later than five years	-	-
	2,849	6,221

15. Other Financial Commitments

The ACNI gave a loan to a client, An Gaelaras in 2008-09, the repayment of which was dependent on the sale of a building belonging to the client. The loan amount of £75,000 has been carried and included in Other Receivables at Note 9 above. In 2013-14 the loan was converted to a charge to secure the

financial assistance advanced to An Gaelaras by the ACNI. The charge is to subsist for a term of 10 years. Due to the uncertainty in the property market and the fact that the ACNI will have only second priority, the ACNI assessed that there was a high risk of non-repayment, therefore, the full value of the loan has been provided for in 2013-14 and is netted off the loan amount in Note 9 above. The amount of this provision will be reassessed annually and adjustment made as necessary.

The payments to which the ACNI are committed during 2014-15 analysed by the period during which the commitment expires are as follows:

	31 March 15	31 March 14
	£	£
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	-	-

16. Contingent Liability disclosed under IAS 37

ACNI has entered into the following unquantifiable contingent liabilities.

Voluntary Exit Scheme (VES): The Arts Council launched a Voluntary Exit Scheme (VES) on 2 March 2015. The closing date for applications was 25 March 2015. At the balance sheet date, there is a possible obligation on the Arts Council which may give rise to a liability should any of the Council's employees apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

Premises: On 28 July 2014 DFP removed delegated limits for office accommodation leases as a property control of the Northern Ireland Executive's Asset Management Strategy. The Arts Council's lease for MacNeice House expires on 31 March 2016 and the Council will be required to vacate the property. There is a possible obligation on the Arts Council which may give rise to a liability. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

17. Losses and special payments.

A specific bad debt provision was created in 2013-14 to provide for the full amount of a loan (which was converted to a charge in 2013-14 year) to a

client where there is a high risk of non-repayment. Further details are outlined in Note 15 above.

18. Related-party transactions

The ACNI is a Non Departmental Public Body sponsored by the Department of Culture, Arts and Leisure (DCAL). DCAL is regarded as a related party and during the year the ACNI had various material transactions with DCAL as referred to in Note 4(b) above and as shown in the Statement of Changes in Taxpayers Equity.

The ACNI's National Lottery Distribution Account is also regarded as a related party to the ACNI Exchequer Account. At 31 March 2015 a net amount of £156,326 (2013-14: £137,646) was owed by the National Lottery Distribution Account to this account in respect of salary and other administrative costs incurred. These amounts are included in the Trade and Other Receivables figure of £1,309,258 (2013-14: £708,946) shown in Note 9 above and the Trade Payables and other Current Liabilities balance of £2,376,697 (2013-14: £1,168,804) in Note 11 above.

Several members of the Board of the ACNI and members of key management staff are also involved with other arts organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. These individuals make an annual declaration of their interests and do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest. A list of awards made to the organisations concerned and details of who made the declaration of interest is detailed hereafter. All of the transactions relating to the organisations were conducted at arm's length by the ACNI.

Name	Nature of relationship	Organisation Name	Awarded in 14-15	Paid in 14-15	Balance as at 31 March 2015*
Board Member					
Damien Coyle	Relative is member of	Cookstown District Council	74,497	29,716	64,149
Siún Hanrahan	Board Member	Belfast Exposed	147,479	140,105	7,374
Siún Hanrahan	Board Member	The Void	191,993	171,492	31,751
Noelle McAlinden	Board member	Centre for Contemporary Art	136,989	120,850	16,639
Ian Montgomery	Senior Executive team member	University of Ulster	7,500	7,750	750
Eibhlín Ní Dhochartaigh	Employee	An Gaelaras Ltd	139,535	132,558	6,977
Paul Seawright	Chair	Belfast Photo Festival	3,228	2,905	323
Paul Seawright	Employee	University of Ulster	7,500	7,749	750
Paul Seawright	Partner P/T Employment	Queens University Belfast	5,000	5,094	0
Paul Seawright	Son	NI Opera	524,752	504,160	26,397
Conor Shields	Employee	Community Arts Partnership	189,311	179,345	9,966
Brian Sore	Committee Member	Arts Care	-	9,720	-
Brian Sore	Member of Royal Town Planning Institute	PLACE	-	17,668	-
Nisha Tandon	Board Member	Cahoots	121,764	117,676	6,088
Leon Litvack	Lecturer	Queens University Belfast	5,000	5,094	0

Name	Nature of relationship	Organisation Name	Awarded in 14-15	Paid in 14-15	Balance as at 31 March 2015**
Staff Member					
Ken Bartley	Brother former member	Queen Street Studios @ Bedford Street	31,606	30,026	1,910
Gilly Campbell	3rd Party Claim -	Tinderbox Theatre Company	213,400	202,730	10,670
Beverly Coomber	Friends with employees	Arts & Business NI	463,418	463,418	23,171
Beverly Coomber	Friends with employee	Epic Tour	-	969	-
Vincent Crossey	Treasurer	Wheelworks	200,000	-	200,000
Lizzie Devlin	Friend of Employees	Community Arts Partnership	189,311	179,345	9,966
Lizzie Devlin	Friend of Board Member	Kabosh	-	367	-
Nick Livingston	Daughter had placement	Arts & Business NI	£463,418	463,418	23,171
Suzanne Lyle	Friends with Landlord	Golden Thread Gallery	199,219	185,713	14,311
Deirdre Robb	Member	Creative Exchange	13,300	22,766	665
Damian Smyth	Former interest	Verbal Arts Centre	255,496	243,443	13,050
Fionnuala Walsh	Partner Chair	PLACE	-	17,668	-
Fionnuala Walsh	Partner is Board Member	Digital Arts Studio	-	691	-

Angela Warren	Works with Belfast Festival at QUB	Queens University Belfast	5,000	5,094	-
Sonya Whitfield	Board member	Wheelworks	200,000	-	200,000

*Paid in 2014-15 includes payments relating to awards made in previous years.

**Balance as at 31 March 2015 includes all awards made in 2014-15 and previous years where an outstanding balance remains.

19. Non- Controlling Structured Entity

In 2010 the ACNI received a bequest of £579k upon Trust to administer “The Rosy James Bursary” on behalf of the Rosemary James Trust. The objective is to provide funding assistance to individual artists/designers and makers to pursue their careers by developing a new body of work. The annual value of the award is up to £15,000.

20. Events after the reporting period

SEUPB

There is one non-adjusting event after the reporting period that could materially affect the ACNI since 31 March 2015.

The Expenditure on the Arts Figure of £13,321,741 (Note 3a) and the Other Payables figure of £2,226,737 (Note 11) include accrual of spend for Building Peace through the Arts - Reimaging Community Grants of £624,420.

The Other Income figure of £2,435,790 (Note 4a) and the Prepayments and Accrued Income figure of £1,308,552 (Note 9) includes an accrual of Income from an external funder Special EU Programmes Body (SEUPB) of £909,376.

The receipt of this accrued income from SEUPB is contingent upon match spend of 45% by other funders which includes the Arts Council of Northern Ireland’s National Lottery Distribution Fund.

As Reimaging Community project clients have until 30 June 2015 to claim these monies the amount of spend, match funding and consequently the

ultimate receipt of monies from SEUPB are not known with certainty at the date of sign off.

Date for authorisation for issue

The Accounting Officer authorised these financial statements for issue on 01 July 2015.



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