



Arts Council of Northern Ireland

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2012



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**NDPB ARTS COUNCIL OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

**The Accounting Officer authorised these
financial statements for issue on**

12 December 2012

**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**

21 February 2013

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CHAIRMAN'S FOREWORD

This is the first time that I write a foreword for an Annual Report of the Arts Council. It is a particular privilege to have been appointed to this position and other opportunities will offer themselves to look to the future for the arts and for the Council. For now, my purpose is to look to the events of the past year and, in so doing, to mark the singular contribution of those who carried responsibility for most of that period.

These are defining and decisive times for the arts in Northern Ireland. While there is inevitable apprehension because of current economic circumstances there is much to be positive about. It is heartening to see how far the arts have come; that they are now firmly embedded in the articulation of public policy and central in any thinking about the economic and cultural future of Northern Ireland. That is of crucial importance as elected representatives and the broader society turn to reflect on the future and to prepare ourselves in readiness for happier economic times.

The arts are the cornerstone of the 'Our Time, Our Place' 2012 tourism drive, which aims to put Northern Ireland on the world-wide tourist map. Several of their signature events are also closely aligned with the Cultural Olympiad and Legacy Trust, whose 2012 Festival is an integral part of the Games. As the focus turns to Derry~Londonderry in preparation for the City of Culture 2013 celebrations, it is investment in our creative assets that is having a transformative impact on jobs, infrastructure and the profile of that city.

Every citizen of Northern Ireland now has access to an arts venue, practically on their doorstep, thanks to the Arts Council's capital build programme. Beyond serving their community, many of these buildings are first class pieces of architecture – The Strule, Braid, Cultúrlann Uí Chanáin, Crescent Arts Centre, for example. Cultúrlann McAdam Ó Fiaich and the Lyric Theatre ("a lesson in how buildings should be built' – the Observer). The MAC, which opened to great acclaim in May 2012 is the first arts centre to be built right in the heart of Belfast City Centre. Winston Churchill said that "we shape our buildings, but thereafter they shape us"; what better way to shape the centre of a town or city than a beautifully designed arts venue, opening up new possibilities and building civic pride.

We've also been actively supporting world-class public art in Northern Ireland, culminating in the 37 metre-tall RISE, launched in 2011 in Belfast. This sculpture signposts Northern Ireland as a creative, progressive and international place – the sort of place you might want to visit and do business with.

In the coming year, the Council will finalise its new five-year plan, which will set the strategic direction for the arts from 2013 to 2018. We will continue to develop priority areas, such as our International Programme, which aims to achieve international recognition for our artists and arts organisations, and we will launch strategies on Intercultural Arts, Music and Youth Arts. One of the major developments of the year under review was the introduction of three-year funding for our regularly funded clients. This initiative introduces greater stability to the sector in uncertain and challenging economic times. Its outworking will be kept under careful review.

Finally, I would like to pay tribute to my predecessor, Rosemary Kelly OBE, whose commitment and enthusiasm were evident throughout her eight years in office and to the other members of the Council whose terms came to an end. Their work provides strong foundations on which the new and continuing members can build for the future.

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

Bob Collins
Chair

12 December 2012

CHIEF EXECUTIVE'S INTRODUCTION

At a time of economic austerity, the arts, in common with the publically-funded sector as a whole, are feeling the impact of reductions in departmental expenditure across Government. In the context of wider changes in the UK, the Coalition Government plans to alter the balance of state support for the arts, increasing the ratio of National Lottery funding and squeezing more from philanthropy and individual giving.

In light of the financial uncertainty, the Arts Council continues to do everything it can to mitigate the impact of spending reductions on artists and arts organisations. We are, for instance, working closely with organisations such as Arts and Business Northern Ireland to strengthen private sector sponsorship, at the same time encouraging greater awareness of trusts and foundations and European sources of funding; and through Audiences NI to help arts organisations better engage with their core and potential audiences through key marketing initiatives.

In the context of pressurised funding, we identified a number of priorities for 2011-12 and beyond. These include protecting the substantial capital investment we have made over recent years; preserving frontline services; maintaining key components of each artform; avoiding duplication of service provision; and ensuring a reasonable geographic spread across our funding programmes.

In a year which saw the closure after 13 years of one of Northern Ireland's contemporary art galleries, the Ormeau Baths Gallery, we were glad to welcome the re-opening of the Lyric Theatre, the refurbishment of the Culturlann McAdam O Fiaich and, in April 2012, the opening of MAC. In addition to enhancing theatre provision in Belfast, the MAC provides new levels of gallery provision that meet, for the first time in Northern Ireland, the standards required to host a range of international exhibitions.

Also this year we welcomed the birth of a new flagship arts organisation, the Community Arts Partnership. The result of a successful merger between the New Belfast Community Arts Initiative and the Community Arts Forum, the new organisation, supported with principal funding from the Arts Council, heralds a new era in the development of community arts across Northern Ireland.

The Arts Council has continued to build on the success of the Artists Career Enhancement Scheme, piloted last year, by offering more artists the opportunity to partner with professional arts organisations for mentoring and

development support. We also took steps to introduce greater financial stability to our regularly funded arts organisations by adapting and developing our annual funding programme to introduce the option of three-year funding. The first awards through the new Arts Funding Programme were made in April 2012.

If the picture at home is unsettled, it is heartening to note that Northern Ireland's artists and arts organisations continue to achieve significant recognition in Europe. As part of the Arts Council's International Programme, three artists travelled to the outer reaches of Europe to develop significant pieces of collaborative work. The Arts Council's inaugural sponsorship of the Origin First Irish Festival of Theatre 2011 in New York, enabled local playwrights and theatre companies to showcase their work at a festival known to open doors to North America. The excellence of the range of artistic practice from Northern Ireland has also been on prominent display at the Brussels Platform, a new collaboration between the Arts Council and the Northern Ireland Executive Office in Brussels. Local musicians, writers, dancers, theatre practitioners and visual artists have been given the opportunity to showcase their work at a series of monthly cultural events in front of an influential international audience at the NI Executive's prestigious headquarters. The international profile of our arts has never been stronger.



Roisín McDonough
Chief Executive
12 December 2012

ANNUAL REPORT

Background Information

Statutory Background

The Council, presently known as 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 Arts Council dates from 1943 when it was set up as the Council for the Encouragement of Music and the Arts in Northern Ireland. Initially funds were provided by the Pilgrim Trust and matched by the Ministry of Education for Northern Ireland. At the present time the Arts Council is funded via grant-in-aid by the Department of Culture, Arts and Leisure. The affairs of the Council are managed by a Board consisting of fifteen members. The current Board members are listed below. The Chief Executive, Roisin Mc Donough is the Chief Executive Officer of the Council and is supported by a professional staff responsible for subject and functional areas of the Council's programme.

Principal Functions Related to Grant-in-aid Activities

The Arts Council of Northern Ireland is charged with four statutory functions under the Arts Council (Northern Ireland) Order 1995. These 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 Council by any other statutory provision.

Board Members of the Arts Council of Northern Ireland and members of its Lottery Grants and Capital Committee

The Council performed its functions during the year ending on 31 March 2012 by making grants to organisations engaged in the arts either on a revenue or on 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 Council is also one of the distributing bodies of the National Lottery. 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:

- to provide effective leadership for the Council, 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 Council's activities are conducted in an efficient and effective manner;
- to ensure that strategies are developed for meeting the Council's overall objectives in accordance with the policies and priorities established by the Minister;
- to monitor the Council's performance to ensure that it fully meets its aims, objectives and performance targets;
- to ensure that the Council'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 of the Arts Council of Northern Ireland for the year ended 31 March 2012 is shown below.

Board: 1 April 2011 to 31 March 2012

Mr Bob Collins (Chairman)	Started 1 December 2011
Mr Damien Coyle (Vice Chairman)	
Mr David Alderdice	Started 1 December 2011
Ms Anna Carragher	Started 1 December 2011
Mr David Irvine	
Ms Noelle McAlinden	Started 1 December 2011
Ms Katherine McCloskey	Started 1 December 2011
Prof Ian Montgomery	
Mr Paul Mullan	Started 1 December 2011
Prof Paul Seawright	
Mr Brian Sore	
Ms Janine Walker	
Ms Rosemary Kelly (Chairman)	Term completed 30 November 2011
Ms Eithne Benson	Term completed 30 November 2011
Ms Kate Bond	Term completed 30 November 2011
Mr Raymond Fullerton	Term completed 30 November 2011
Mr Tony Kennedy	Term completed 30 November 2011
Mr Bill Montgomery	Term completed 30 November 2011
Ms Sharon O'Connor	Term completed 30 November 2011
Mr Joe Rice	Term completed 30 November 2011
Mr Peter Spratt	Term completed 30 November 2011

The members of the Audit & Risk Committee until 30 November 2011 were:

Mr Tony Kennedy (Chairman)	Term completed 30 November 2011
Mr Raymond Fullerton	Term completed 30 November 2011
Mr David Irvine	
Mr Ivor Johnston (Co-opted Member)	Resigned effective 8 June 2011
Ms Janine Walker	

The members of the Audit & Risk Committee from 16 January 2012 until 31 March 2012 were

Mr David Irvine (Chairman)
Ms Katherine McCloskey
Mr Paul Mullan
Ms Janine Walker

The Co-opted member was not replaced.

The members of the Lottery and Grants Committee until 30 November 2011 were:

Ms Kate Bond (Chairman)
Ms Eithne Benson
Prof Paul Seawright
Mr Damien Coyle
Ms Janine Walker

There was no Lottery and Grants Committee after 30 November 2011.

Several members of the Board of the Arts Council 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 17. All of the transactions relating to the organisations were conducted at arm's length by the Council.

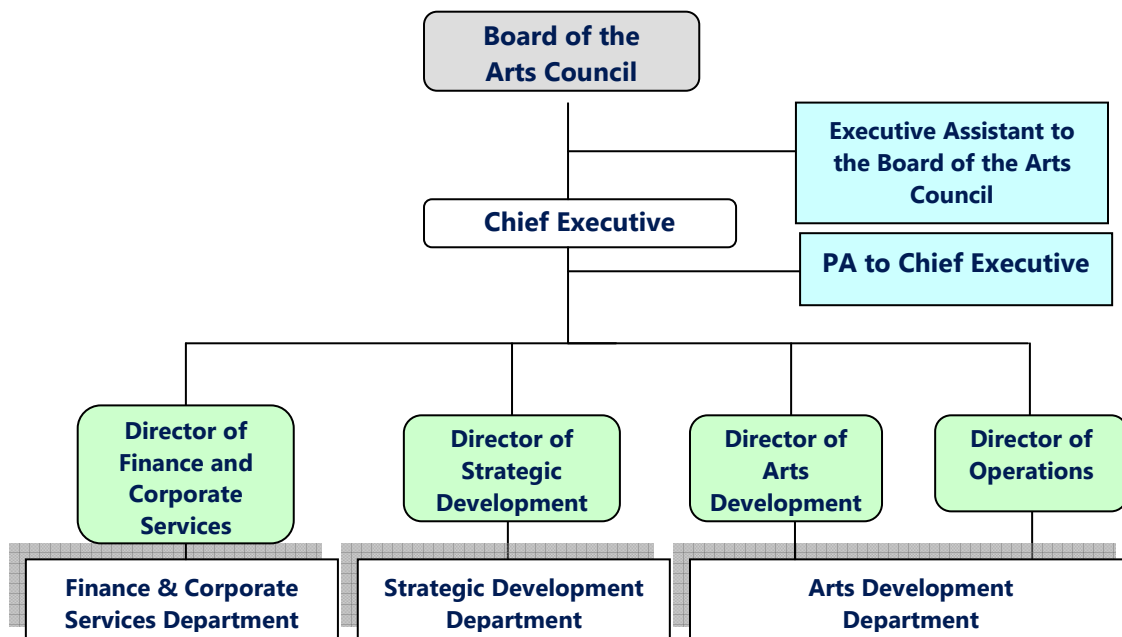
Board Members Attendance 2011/12

		Board				Committee Meetings		Total Meetings	
		Full	Part	Act	Poss	Act	Poss	Act	Poss
*	Eithne Benson	10	0	10	10	2	2	12	12
*	Kate Bond	6	0	6	10	2	2	8	12
	Damien Coyle	12	1	13	15	11	13	24	28
*	Raymond Fullerton	6	0	6	10	3	4	9	14
	David Irvine	11	1	12	15	4	4	16	19
*	Rosemary Kelly	10	0	10	10	6	7	16	17
*	Tony Kennedy	9	0	9	10	4	7	13	17
*	Bill Montgomery	3	2	5	10	3	6	8	16
	Ian Montgomery	12	0	12	15	5	6	17	21
*	Sharon O'Connor	5	0	5	10	0	0	5	10
*	Joe Rice	5	2	7	10	1	5	8	15
	Paul Seawright	11	0	11	15	1	4	12	19
	Brian Sore	12	0	12	15	7	8	19	23
*	Peter Spratt	7	1	8	10	1	3	9	13
	Janine Walker	9	1	10	15	5	7	15	22
#	David Alderdice	5	0	5	5	0	0	5	5
#	Anna Carragher	4	0	4	5	0	0	4	5
#	Bob Collins	4	0	4	5	0	0	4	5
#	Noelle McAlinden	5	0	5	5	0	0	5	5
#	Katherine McCloskey	5	0	5	5	1	1	6	6
#	Paul Mullan	3	0	3	5	1	1	4	6

* Term completed 30 November 2011

New members from 1 December 2011

Organisational Structure



Accounts and Appointment of Auditors

The Accounts of the Arts Council of Northern Ireland 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 Arts Council of Northern Ireland. He reports his findings to the Northern Ireland Assembly.

The audit of the financial statements 2011/12 resulted in an audit fee of £12,000. This cost is included in other expenditure in the financial statements.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Council'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 Council's auditors are aware of that information.

Policy on Disabled Persons and Equality of Opportunity

The Arts Council of Northern Ireland is committed to equality of opportunity between persons of different religious belief, political opinion, gender, marital status, disability, ethnic origin or sexual orientation. The Council has implemented equality legislation and codes of practice to ensure that procedures and policies are fair and lawful. The Council actively encourages this within its client/partner network. The Council particularly supports equality of opportunity in training and employment for disabled people.

Pension Fund

All assets, liabilities and operating charge of the Council's pension scheme are recorded in the accounts of the Exchequer entity. The salary charges to Lottery in-year include a recharge of employer pension costs of £142,836 (2010/11: £131,662).

The market value of the Council's share of the NILGOSC pension scheme's assets (excl. AVCs) at 31 March 2012 was £8.611m (2010/11: £8.666m) and the present value of the Council's share of the scheme liabilities was £11.676m (2010/11: £10.739m). The Council's share of the scheme recorded net pension liabilities at 31 March 2012 was £3.065m (31 March 2011: £2.073m).

Employee Consultation

On matters of policy and procedure which affect the employees of the Arts Council, the Council normally consults with the recognised trade union of which the 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.

Payment of Suppliers

The Arts Council 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 Arts Council paid its bills found that 97% of the bills were paid within this standard. The comparative figure for 2010/11 was 96%. The target for this is 95%.

A review of payment of bills in 30 days from receipt of goods or services found that 100% of the bills were paid within 30 days. The comparative figure for 2010/11 was 100%.

Overall for the year the average number of days taken to pay invoices was 8 days.

Political and Charitable Donations

The Arts Council of Northern Ireland made no political or charitable donations during the year.

Management Commentary

Nature of Business

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

The objectives of the Council 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; and,

(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.

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

Financial Results

The Arts Council/s key financial target is to operate within the allocated Budget for the year. At the end of the year the Council realised total net expenditure of £18,757,516 (2010/11: restated £26,667,383). The taxpayer equity at the year-end is £268,459 (2010/11: £710,408).

Review of Grant-in-aid Activities

During the year 2011/12, the Arts Council made awards totalling £17,929,995 (2010/11: £26,581,834) to artists and art organisations. This represents a decrease of £8.7m (2010/11: decrease of £0.5m) on the previous year. Excluding in-year capital grants to arts organisations, the decrease falls to £0.1m (2010/11: £0.2m) on the prior year. Regularly funded organisations were awarded £10.85m (2010/11: £10.47m) – a commendable achievement given the difficult funding environment.

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

In *Creative Connections*, its five-year development plan for the arts, 2007-2012, the Arts Council identifies four main themes covering what it believes needs to be done to achieve this vision - promoting the value of the arts; strengthening the arts; increasing audiences and improving organisational performance.

Promoting the value of the Arts

In summary, this theme describes our objectives to place the arts at the heart of society. To achieve this aim we will:

- improve recognition of the contribution artists and arts organisations make to society;
- influence government regarding the contribution the arts make to the achievement of a range of policy objectives;
- gain broad acceptance of the need for increased funding for the arts in Northern Ireland; and,
- achieve international recognition.

As part of the Arts Council's International Programme, which aims to achieve international recognition for arts from Northern Ireland, the Arts Council invested £27,000 over two years to fund three artists to participate in two research trips each. The 'Corners' scheme created new opportunities for these artists to travel to the farthest corners of Europe to work on significant pieces of European collaborative art. Paula McFetridge, Artistic Director of Kabosh Theatre Company, visual artist Philip Hession and playwright Laurence McKeown, were selected by the Arts Council and Intercult, an independent production group and a resource centre based in Stockholm, to represent Northern Ireland.

The Brussels Platform is the result of collaboration between the Arts Council of Northern Ireland and the Northern Ireland Executive Office in Brussels. Starting on 23rd September and running until June 2012, musicians, writers, dancers, theatre practitioners and visual artists have the opportunity to showcase their talents at a series of monthly events at the prestigious headquarters of the NI Executive.

The Arts Council became a title sponsor of the Origin First Irish Festival of Theatre 2011, which is considered a gateway to North America for contemporary Irish and Northern Irish playwrights. The Arts Council support enabled a number of local theatre companies to perform at the Festival, with Brassneck Theatre Company winning the award for Best New Play.

The Arts Council continues to invest in purchasing contemporary art work and this year for the first time exhibited work at Parliament Buildings from its Recent Acquisitions by several of Northern Ireland's finest emerging and established artists. The exhibition received more than 4,500 visitors.

The Council also pledged its support for Derry City of Culture 2013 and has allocated staff and funding resources to assist with the implementation of the cultural programme during the year.

Continuing our endeavours to assist arts organisations to access and benefit from European funding programmes, the Arts Council hosted free information sessions in Derry-Londonderry and Belfast to highlight opportunities available through the EU Culture Programme.

Strengthening the Arts

In summary, this theme describes our objectives for supporting artists, arts organisations and the physical infrastructure. To achieve this aim we will:

- improve the well-being of individual artists;
- strengthen and develop arts organisations; and,
- strengthen and develop the arts infrastructure.

99 organisations were funded under the Arts Council's Annual Support for Organisations Programme with grants totalling £10.85 million.

The Arts Minister has encouraged businesses specialising in digital content to submit innovative business ideas to the Creative Industries Innovation Fund. DCAL is investing £4m over the next four years to support this key growth sector for the region. This will include grants to creative businesses through the Creative Industries Innovation Fund administered by the Arts Council, in association with NI Screen and Digital Circle. The new programme was launched in summer 2011 with 41 awards made in November 2011 worth £391,000.

Northern Ireland's longest-established Irish language centre, Culturlann McAdam O Fiaich officially re-opened its £1.9 million refurbishment and extension on the Falls Road, Belfast. With funding from the Arts Council (£308,508), DCAL and other partners, the new multifunctional centre enhances access to the arts through the medium of the Irish language.

The new, fully-modernised £18 million Lyric Theatre in Belfast re-opened to wide acclaim ("a lesson in how buildings should be built' – the *Observer*) as part of a wider programme of strengthening the arts infrastructure in Belfast (Grand Opera House, Crescent, Lyric, Culturlann, MAC).

In Derry~Londonderry, phase one was completed on 'Mute Meadow', the largest public art project on the island of Ireland. Intended as a dramatic symbol of the cultural regeneration of the city in the run up to City of Culture 2013, the sculpture complements the work at Ebrington site and the new Peace Bridge at the River Foyle.

In Belfast, the construction of the 37 metre-tall sculpture, RISE reached completion, and will act as a beacon and gateway to Belfast.

After 13 years as Northern Ireland's major contemporary art gallery, the Ormeau Baths Gallery closed its doors permanently. Maintaining studio and gallery provision in Belfast remained a priority for the Arts Council, which began a process of actively exploring potential areas of development for the sector.

Increasing Audiences

This theme describes our objectives for encouraging people to engage with the arts. To grow audiences and increase participation we will:

- expand the range of opportunities for people to enjoy the arts;
- expand the range of opportunities for people to take part in the arts; and,
- encourage more young people to experience the arts.

The Arts Council was commended at the first Northern Ireland Commissioner for Children and Young People Participation Awards for its Youth Arts Strategy research report. The strategy for 2012-2016 aims to enhance opportunities for young people from all backgrounds to participate in arts activities.

Nine projects, seven of which featured composers, artists and arts organisations from Northern Ireland, benefitted in 2011 from the 'Beyond Borders' scheme, a major music award designed to support new cross-border musical collaborations. Developed by PRS Music Foundation with support from the UK Arts Councils and Colwinston Trust, the scheme enables music organisations to share resources and work together with other regions, to commission new work by UK-based composers.

The Arts Council began piloting of the UK-wide 'Own Art' initiative in four galleries, with plans to expand the programme to other galleries over the coming months. 'Own Art' encourages people to invest in local artists by offering interest-free loans, from £100-£2,000 to the public to purchase works of art by living artists, including painting, ceramics, jewellery and photographic works.

Following from the launch of the Older People's Programme with partnership funding from Atlantic Philanthropies, the Arts Council has funded 31 projects including Big Telly Theatre Company's *Spring Chickens Take Off* and the Alzheimer's Society's *Memories are made of Music*. The Arts Council offers funding opportunities for organisations to apply for grants from £500-£50,000.

The Arts Council invested £100,000 in a second round of its highly successful Start Up Programme aimed at seed funding groups which had not previously engaged in arts activities. A total of 19 projects were funded, ranging from £500 to £5,000.

Improving organisational performance

To achieve this aim we will:

- become a more client focused organisation;
- develop our structures and processes to achieve our business objectives;
- develop our people in line with our business strategy; and,
- strengthen governance and accountability within the Arts Council of Northern Ireland.

The Arts Council welcomed a new Chair, Mr Bob Collins, and six new board members in December 2011. The Minister for Culture, Arts and Leisure thanked the outgoing Chair and board for their leadership, vision and commitment, which lays the foundations on which the new board can build over the next four years.

The Arts Council undertook a root and branch review of its grants processes addressing guidelines, criteria and scoring matrices for all programmes and continued to implement the recommendations arising from the review as well as introducing the changes recommended by the DCAL review of the Annual Support for Organisations Programme, now renamed the Annual Funding Programme. Organisations were invited to apply for three year funding, a major step in helping to improved sustainability and forward planning.

The New Belfast Community Arts Initiative and Community Arts Forum successfully merged to create a new flagship arts organisation, heralding a new era in the development of community arts. The new organisation, Community Arts Partnership, with principal funding from the Arts Council, aims to create a more effective model of delivery service for the sector.

Non-Current Assets

The movement on non-current assets is reported upon in note 6. Assets to the value of £285,041 (2010/11: £45,580) were purchased during the year and there were disposals totalling £26,309 of assets during the year. Heritage Assets of £25,800 were donated to the Arts Council and works of art of £135,930 were gifted during the year.

Future Grant-in-aid Activities

In 2012/13 the Arts Council's baseline will be cut by £1.076m. The Council will have to make its decisions on three year funding in this context and has

advised clients that they will have a 3% cut on their standstill baseline for 2012/13 for the following two years.

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 reported at the subsequent board meeting. Risk management is fully incorporated into organisational and business planning.

The principal risks considered in our risk register are:

- Impact of the Economic downturn
- Sustaining partnership funding
- Government Funding environment and impact on frontline services
- Changes to employee pensions resulting in Industrial Tribunal claims for breach of contract
- Procurement

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

Sickness Absence

The number of sick days reported in 2011/12 was 606 (2010/11: 254). This equates to an average per employee of 10.4 days (2010/11: restated 4.1 days).

Personal Data


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

Going Concern Basis

The Accounts of the Arts Council are produced on the Going Concern Basis. The Council is not aware of any reason to adopt a different basis.

Events after Reporting Period

There have been no events after the reporting period which would affect the reader's understanding of the financial statements on pages 45 to 73.

**Roisín McDonough****Accounting Officer**

12 December 2012

Remuneration Report

Staffing and Remuneration Policy

The Arts Council Staffing and Remuneration Committee is a Committee of the Board of the Arts Council. 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:

Until 30 November 2011:

R Kelly D Coyle B Montgomery Prof I Montgomery

There was no Staffing Committee after 30 November 2011.

When acting as a Remuneration Committee the membership will include 1 additional board member as follows:

Until 30 November 2011:

R Kelly D Coyle B Montgomery Prof I Montgomery B Sore

There was no Remuneration Committee after 30 November 2011.

Within the Arts Council, 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 following independent advice from the Review Body on Senior Salaries. Further information about the work of the review body can be found at <http://www.ome.uk.com>. The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is normally comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. There was no senior civil service pay award in 2011/12. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010/11 and 2011/12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint. The Remuneration Committee is responsible for approving the Chief Executive's salary and assessing her performance. The method used for appraisal is that the Chief Executive has a staff appraisal with the Chairman on the basis of objectives set the previous year. The appraisal meeting also discusses objectives for the incoming year. These are further discussed by the Chairman with DCAL. Subsequently proposed objectives are presented to the Remuneration Committee. On approval of same these are discussed and agreed with the Chief Executive as appropriate for the year. The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

All other executive directors within the Arts Council are employed at Grade 7. The Arts Council's Management Statement directs that all senior staff positions above Deputy Principal are approved by DCAL. The majority of staff are appointed on Northern Ireland Civil Service pay scales.

All of the staff costs were incurred by the Arts Council of Northern Ireland and an appropriate amount was 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 Arts Council 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 the normal retiring age of 65. The Chief Executive (Roisin Mc Donough) 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 Arts Council of Northern Ireland 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 Arts Council 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 total cost of honoraria paid in 2011/12 was £12,250 (2010/11: £14,051) as shown in wages and salaries. This includes £417 of

employer's National Insurance Contributions. The amounts received by the Chairman and Vice Chairman are detailed below:

	Chairman	Vice Chairman
	£	£
R Kelly (In position for 8 months of the year – term finished on the 30 November 2011)	6,935	
B Collins (Paid from the 1 February 2012)	1,815	
D Coyle (In position for the full year)		3,500

Of the total cost of honoraria £5,145 (2010/11: £6,042) was apportioned to the Lottery Distribution Account. No emoluments were paid to other Board members in respect of Lottery activities. The Council 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

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2011-12 and the comparative bonuses reported for 2010-11 relate to the performance in 2010-11.

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

	2011/12	2011/12	2011/12	2010/11	2010/11	2010/11
	Salary	Bonus	Benefit in kind	Salary	Bonus	Benefit in kind
Officials	£'000	£'000	£'000	£'000	£'000	£'000
R McDonough (Chief Executive)	70-75	-	-	75-80	-	-
N McKinney (Director of Arts Development)	50-55	-	-	45-50	-	-
G Troughton (Director of Finance and Corporate Services)	40-45	-	-	40-45	-	-
N Livingston (Director of Strategic Development)	50-55	-	-	45-50	-	-
L McDowell (Director of Operations)	45-50	-	-	40-45	-	-
Band of Highest Paid Director's Total Remuneration		70-75			75-80	
Median Total Remuneration		29,234			27,115	
Ratio		2.5			2.9	

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.

Total remuneration includes salary, performance pay and bonuses. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Arts Council 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. In 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 Arts Council made contributions for 64 (2010/11: 63) employees (not all 64 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 2012 the Arts Council contributed 18% (2010/11: 17%) of gross salary.

	2011/12	2010/11
	£	£
Employer's	302,509	(849,307)

Pension Entitlements (Audited Information)

	ACCRUED PENSION AT AGED 65 AS AT 31/03/12 £'000	REAL INCREASE IN PENSION AT AGE 65 £'000	CETV AT 31/3/12 £'000	CETV AT 31/03/11 £'000	REAL INCREASE IN CETV £'000
				*	
RMcDonough	25-30	(0-2.5)	645	648	68
N McKinney	15-20	0-2.5	283	247	74
G Troughton	5-10	2.5-5	68	23	49
N Livingston	15-20	0-2.5	390	357	81
L McDowell	15-20	0-2.5	392	354	87

**The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.*

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.


The actuarial factors used in the CETV calculation were changed during 2011, due to changes in demographic assumptions. This means that the CETV in this year's report for 31/03/11 will not be the same as the corresponding figure shown in last year's report.

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 Arts Council received any termination benefits during the year.



Roisín McDonough
Accounting Officer
12 December 2012

STATEMENT OF THE COUNCIL'S AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Section 8 of The Arts Council (Northern Ireland) Order 1995 the Arts Council of Northern Ireland 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 Council's state of affairs at the year end and of its income and expenditure, total changes in taxpayer's equity and cash flows for the financial year.

In preparing accounts the Arts Council of Northern Ireland 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 Arts Council of Northern Ireland as the Accounting Officer for the Arts Council of Northern Ireland. 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.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Arts Council of Northern Ireland's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland*. This responsibility is supported by the functions of the Council; Board; Committees (particularly the Audit and Risk Committee); internal and external audit; the Arts Council's risk register as well as accountability meetings with the Department of Culture, Arts and Leisure.

The Purpose of the System on Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 system of internal control has been in place in Arts Council of Northern Ireland for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to Handle Risk

The identification and impact of risk is incorporated into the corporate planning and decision making processes of the Arts Council. Consequently the Arts Council 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 Council are drawn to the attention of the Chairman and are properly managed. The Risk Register is presented to the Audit and Risk Committee at each meeting 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.

The Audit and Risk Committee has lead responsibility for the periodic review of the risk framework/register and other records of risk. During the year the DCAL Minister appointed new board members. Subsequent appointments were made by the Board to the Audit and Risk committee which met in its quarterly meeting in January 2012 under the chairmanship of David Irvine.

Any revision to the framework discussed within the Audit and Risk Committee is recommended to the Board. The Audit and Risk Committee also reviews and agrees annually, the internal audit work schedule, considers and comments on all internal audit reports and reports to the full Board on key risks and audit matters. In accordance with these functions, the Chairman and members of the Audit and Risk Committee have received appropriate training in accordance with Best Practice guidelines and Corporate Governance principles. The Chairman also attends DCAL meetings and workshops for NDPB Audit Committee Chairmen.

The Board Chairman and Audit and Risk Committee Chairman review the final reports and accounts which are signed by the Chairman. The ensuing Report to those charged with Governance issued by the Northern Ireland Audit Office is considered by both the Audit and Risk Committee and the Board.

Other committees, including the Finance and Capital and the Lottery and Grants take lead responsibility for periodically monitoring and reporting on, expenditure activities of the Arts Council. This encompasses both grants and core costs with detailed reviews of grant programme type and need, forming part of future grant decisions. The Committees report and make recommendations to the Board.

Finally, the Arts Council maintains a register of related party transactions in order to ensure opportunities for conflicts of interest are avoided. This register is maintained centrally and 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 Risk and Control Framework

The Arts Council appointed independent Internal Auditors (KPMG) from a tender exercise in open competition. The internal auditors have submitted regular reports which included an opinion on the adequacy and effectiveness of the Council's system of internal control together with recommendations for improvement.

During the year we updated the grants manual to reflect new grant programmes including Creative Industries, Arts and Older People etc. Grant monitoring procedures continue utilising both finance and internal audit expertise. I have been assured by my senior managers that the procedures continue to incorporate more sophisticated aspects such as multiple application fraud detection in line with policy and financial directions. I have also initiated risk based reviews of funded organisations by our Internal Auditors.

All staff have been provided with a copy of the *Arts Council Information and IT Security Policy* to ensure that they are aware of best practice in how to protect the data and assets held by the organisation.

Grants Verification procedures are in place. DCAL's framework for Risk Registers has also been adopted. The Framework is also guided by Best Practice in the areas of Public Interest Disclosure (Whistleblowing) and Fraud Risk Management. In accordance with central government guidelines and best practice the Arts Council has in place an Anti-Fraud Policy and a Public Interest Disclosure (Whistleblowing) Policy.

In 2010, the Public Record Office of Northern Ireland (PRONI) suspended records disposal across the Northern Ireland Civil Service. This was to ensure that any disposition (including actual destruction) of records complied fully with the Public Records Act (NI) 1923 and the Disposal of Documents Order 1925. A new system of assuring Retention and Disposal Schedules has now been agreed between the Public Record Office of Northern Ireland, the Departmental Solicitor's Office, and the Northern Ireland Assembly. In April 2011, the first Schedule has been successfully passed through the NI Assembly (enabling that particular organisation's retention and disposal activities to resume lawfully). As a result of this the Arts Council developed an updated Document Disposal Schedule in consultation with PRONI and in compliance with their guidelines. The updated schedule was laid before the Assembly and became live on 6th December 2011. This document is available on the Arts Council website

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department 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. 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, the Audit and Risk Committee and a plan

to address weaknesses and ensure continuous improvement of the system is in place.

A three year Strategic Internal Audit Plan for 2011-13 is in place and has been reviewed and updated on an annual basis. The 2011/12 plan was updated to reflect requirements from DCAL Governance Support Unit (GSU) and was accepted by the Audit and Risk Committee in September 2011.

Internal audit assurance statement to the Audit Committee of Arts Council Northern Ireland in respect of the year ended 31 March 2012. On the basis of the programme of work performed during the year Internal Audit concluded that the Arts Council of Northern Ireland had established procedures that were adequate to meet management's control objectives in the systems audited. Internal Audit provided a **Satisfactory** level of assurance over the control environment at the organisation.

Outstanding internal and external recommendations are reviewed regularly and are incorporated into work plans for the incoming financial year.

Following a recommendation by our auditors Northern Ireland Audit Office in their report to those charged with governance; stewardship assurance statement were introduced and completed by my Directors. Based on information and reports produced by my Directors I make Quarterly Assurance Statements to DCAL which are also reviewed by the Audit and Risk Committee. These documents provide updates on current issues which the senior executive are addressing. I am satisfied that systems of internal control are adequate in 2011/12.

The Board of the Council approved an updated Fraud policy in July 2011. The Responsible Officer notifies relevant parties of fraud as set out in the Fraud Response Plan. Currently two instances of alleged third party fraud are under consideration pending PSNI investigation.

During the year the Steering Group for Business Continuity Planning managed the testing schedule. The work involved successful backup and restoration of IT systems. Business Continuity Planning will continue to be reviewed in Steering Group meetings.

I am also pleased to report that the pension issue reported in previous years statement on internal control has been resolved and full and final settlement made with HMRC for outstanding national insurance arising on pension. The Business Continuity plan has also been tested and updated when new IT systems are developed or systems amended.

I can confirm that there were no personal data incidents during the year.

Significant Internal Control Issues

The following issues are considered:

Procurement: outstanding issues arising from an internal audit report on the Council's Procurement originally provided limited assurance. The areas of limited assurance related to (i) Development of Procurement guidance, (ii) Resourcing of Procurement and (iii) Single tender action approval and reporting. Effective management action had been taken to implement and progress internal audit recommendations by the completion of their follow up review. As a result Internal Audit revised the assurance rating to satisfactory.

Capital Projects - During the course of a review of the Lyric Capital Project conducted by DCAL's Internal Audit, deficiencies were identified in terms of document retention supporting the procurement process for the construction of the Lyric Theatre. The Arts Council will inform the Lyric of this finding and will include a clause in all future contracts relating to document retention.



Roisín McDonough
Accounting Officer

12 December 2012

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 Arts Council of Northern Ireland for the year ended 31 March 2012 under the Arts Council (Northern Ireland) Order 1995. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Council, Accounting Officer and auditor

As explained more fully in the Statement of Council's and 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 examine, certify and report on the financial statements in accordance with 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial

statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, 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 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 affairs as at 31 March 2012 and of its 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 issued under Arts Council (Northern Ireland) Order 1995; and
- the information given in the Chairman's Foreword and Chief Executive's Introduction, Background Information, Director's Report and Management Commentary 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 Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "KJ Donnelly". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.**KJ Donnelly****Comptroller and Auditor General**

Northern Ireland Audit Office

106 University Street

Belfast

BT7 IEU

19 December 2012

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

	Note	2011/12 £	2010/11 Restated £
EXPENDITURE			
Staff Costs	3	(1,918,936)	(984,407)
Expenditure on the Arts	4(a)	(17,929,995)	(26,581,834)
Depreciation	6	(96,075)	(55,446)
Impairment	6	-	(25,103)
Other Expenditure	4(b)	(688,502)	(671,919)
		<u>(20,633,508)</u>	<u>(28,318,709)</u>
INCOME			
Other Income	5(a)	1,875,992	1,651,326
		<u>1,875,992</u>	<u>1,651,326</u>
Net Expenditure		<u>(18,757,516)</u>	<u>(26,667,383)</u>

	Note	2011/12 £	2010/11 £
OTHER COMPREHENSIVE EXPENDITURE			
Net Gain on Revaluation	6(a)	-	24,693
Actuarial (Loss)/Gain	3(b)	(993,000)	1,486,000
Total Comprehensive Expenditure for the year ended 31 March 2012		(19,750,516)	(25,156,690)

The notes on pages 45 to 73 form part of these accounts.

Statement of Financial Position as at 31 March 2012

	Note	31 March 2012 £	31 March 2011 Restated £	1 April 2010 Restated £
Non-current assets				
Property, plant and equipment	6	313,916	164,973	194,949
Operational heritage assets	6	100,000	100,000	80,000
Non- operational heritage assets	6	3,223,793	3,293,900	3,293,900
Total non-current assets		3,637,709	3,558,873	3,568,849
Current assets				
Trade and other receivables	8	310,848	397,731	472,838
Cash and cash equivalents	9	717,481	710,958	540,438
Total current assets		1,028,329	1,108,689	1,013,276
Total assets		4,666,038	4,667,562	4,582,125
Current liabilities				
Trade and other payables	10	1,171,708	1,607,030	919,907
Other liabilities	10	160,871	277,124	269,027
Total current liabilities		1,332,579	1,884,154	1,188,934
Non-current assets plus/less net current assets/liabilities		3,333,459	2,783,408	3,393,191
Non-current liabilities				
Pension liabilities	11	(3,065,000)	(2,073,000)	(4,704,000)
Total non-current liabilities		(3,065,000)	(2,073,000)	(4,704,000)
Assets less Liabilities		268,459	710,408	(1,310,809)
Taxpayer's Equity				
General reserve		699,690	148,639	783,115
Revaluation reserve		2,634,769	2,634,769	2,610,076
Pension reserve		(3,066,000)	(2,073,000)	(4,704,000)
		268,459	710,408	(1,310,809)

Roisin Mc Donough

Chief Executive

12 December 2012

The notes on pages 45 to 73 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2012

	2011/12	2010/11
	£	Restated £
Cash flow from operating activities		
Net Expenditure	(18,757,516)	(26,667,383)
Depreciation	96,075	55,446
Revaluation	6 -	25,103
Decrease/(Increase) in trade and other receivables	86,883	75,107
Increase/(Decrease) in trade payables	(565,695)	695,219
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	-	(18,544)
Use of pension liability	3(b) (1,000)	(1,145,000)
	(19,141,253)	(26,980,052)
Net cash outflow from operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	(270,921)	(27,035)
Donated Assets	(25,800)	(300)
	(296,721)	(27,335)
Net cash outflow from investing activities		
Cash flows from financing activities		
Grants from DCAL	19,444,497	27,177,907
Net financing	19,444,497	27,177,907
Net increase/(decrease) in cash and cash equivalents in the year	6,523	170,520
Cash and cash equivalents at the beginning of the year	9 710,958	540,438
Cash and cash equivalents at the end of the year	9 717,481	710,958

The notes on pages 45 to 73 form part of these accounts.

Statement of Changes in Taxpayer's Equity for the year ended 31 March 2012

Note	Capital Reserve	Pension Reserve	General Reserve	Collection Grant Reserve	Revaluation Reserve	Donated Asset Reserve	Total Reserves
Balance at 31 March 2010	92,610	(4,704,000)	(27,823)	638,328	2,610,076	80,000	(1,310,809)
Change in Accounting Policy - IAS 20	(92,610)	-	810,938	(638,328)	-	(80,000)	-
Restated Balance at 1 April 2010	-	(4,704,000)	783,115	-	2,610,076	-	(1,310,809)
Changes in Taxpayer's Equity 2010/11							
Revaluation	-	-	-	-	24,693	-	24,693
Net expenditure	-	1,145,000	(27,812, 383)	-	-	-	(26,667,383)
Actuarial Loss	-	1,486,000	-	-	-	-	1,486,000
Total recognised income and expense for 2010/11	-	2,631,000	(27,812,383)	-	24,693	-	(25,156,690)
Grant from DCAL	-	-	27,177,907	-	-	-	27,177,907
Balance at 31 March 2011 (Restated)	-	(2,073,000)	148,639	-	2,634,769	-	710,408
Changes in Taxpayer's Equity 2011/12							
Net Income/(Expenditure)	-	-	(18,757,516)	-	-	-	(18,757,516)
Actuarial Gain/(Loss)	-	(993,000)	-	-	-	-	(993,000)
Total recognised income and expense for 2011/12	-	(993,000)	(18,757,516)	-	-	-	(19,750,516)
Gifted	-	-	(135,930)	-	-	-	(135,930)
Grant from DCAL	-	-	19,444,497	-	-	-	19,444,497
Balance at 31 March 2012	-	(3,066,000)	699,690	-	2,634,769	-	268,459

The notes on pages 45 to 73 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2011/12 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 Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Council 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 certain items of property, plant and equipment.

The accounting policies for all material items are outlined below:

Property, plant and equipment

The Council has adopted a depreciated historical cost basis as a proxy for fair value for all non-current assets as all currently held assets have low values. One asset is valued at valuation. The minimum level for capitalisation as an individual or grouped non-current asset is £1,000. Items below the threshold of £1,000 are written off to the Net Expenditure account.

Operational Heritage Assets are included with property plant and equipment and are shown at fair value. Operational Heritage Assets are not depreciated as their value may increase over time.

Heritage Assets - Works of Art and Partnership Purchase of Pictures

The Arts Councils' Art Collection is regarded as a non-operational heritage asset and from 2009/10 is capitalised in the Statement of Financial Position at cost or value as outlined below. There is no minimum level for capitalisation of Heritage Assets.

Purchases of Works of Art are charged against DCAL recurrent grant in the Statement of Reserves in the year of expenditure and the amount is recorded on a separate Art Asset Account and Capital Grant Account at cost. Until 2009/10 both of these were maintained outside of the accounting system.

Write-offs, once approved, are written back to DCAL recurrent grant income in the Statement of Financial Position and the amount is charged against a separate Art Register and Capital Grant account at cost or value as appropriate.

During 1999-2000 the Council carried out a valuation of the Art Collection. The valuation was conducted by Council staff with advice from Sotheby's. The valuation established at 31st March 2005 has been amended in light of known market changes. Heritage Assets purchased from 1 April 2005 are shown on the balance sheet at cost. Any Heritage Assets owned before 31 March 2005 are shown at valuation. The Council believes that its' staff are qualified to perform the valuation and to test and analyse valuations as advised by Sotheby's. The staff involved in the on-going revaluation are Ms. Noírín McKinney, Arts Development Director and Dr. Suzanne Lyle, Collection Curator.

Heritage Assets are not depreciated.

The Arts Council have commenced the process of transferring ownership of the major part of the Art Collection to registered museums and other recognised public bodies. Approval had previously been received during 2009/10 from Department of Culture, Arts and Leisure to do this. To date 82 works of art totalling £135,930 have been gifted. The gifting process will continue during the 2012/13 year with the gifting of 1,115 pieces valued at £2,899,816. Completion of the process is expected by 31 March 2013.

Depreciation

Depreciation has been provided using the straight line method so as to write each asset off over its estimated useful life. Depreciation is charged in the year in which the asset is acquired; no depreciation is charged in the year in which the asset is disposed.

The rates of depreciation in use are as follows:

Furniture, Fixtures & Fittings	10-25 years
MacNeice House - Tenant's Works	5-10 years
Theatrical, film, art & music equipment	30 years
IT Equipment	3-7 years
Other Equipment	5 years
Non-operational heritage asset	N/A

Operating leases

Rentals payable under operating leases are written off in the Statement of Comprehensive Net Expenditure in the year. The amount charged in the year and the amount of the payments to which the entity is committed at the year end is disclosed in the note 14 to the accounts.

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 General 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 Council 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. This is a change of accounting policy, and a prior period adjustment has been applied.

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.

VAT

The Arts Council of Northern Ireland is registered for VAT. Input VAT on trading activities is partially recoverable. Grant distribution falls outside the scope of VAT. Any irrecoverable input VAT suffered on the acquisition of goods and services forms part of the cost, charged to the Net Expenditure Account, or is attributed to assets in the statement of financial position.

1.2 Pension Costs

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

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 2012.

Pension scheme assets are measured using the 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 Council'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. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the Statement of Comprehensive Net Expenditure.

1.3 Impending Application of Newly Issued Accounting Standards as yet not effective.

The Arts Council provides disclosure in that it has not yet applied a new accounting standard, and known or reasonably estimate information relevant to assessing the possible impact that initial application of the new standard will have on the Councils financial statements.

1.4 Operating Segments

The activities of the Arts council are considered to provide a single function; maintaining and developing the Arts in Northern Ireland. In terms of IFRS this is considered to be a single operating segment. It is therefore considered that no further analysis is required to meet the requirements of IFRS 8.

2. Prior Period Adjustment

A prior year adjustment has been made in relation to donated assets and capital and collection grants from DCAL. Following the interpretation of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance donated assets and Government Grants should now be recognised as income. The balance of the donated asset reserve has been transferred in accordance with guidance from FD(DFP)20/11 Treatment of non-exchange transactions – including Government Grants and Donated Assets. Donated assets of £300 received in the prior year (2010/11) have been restated as income in the comparative Statement of Comprehensive Net Expenditure. The revaluation amount of £20,000 in relation to the Operational Heritage Asset has been transferred to the Revaluation Reserve. The remaining balance of £80,000 relating to pre 2010/11 has been transferred to the General Reserve.

2(a) Reconciliation net expenditure after Prior Period Adjustment at end of reporting period 31 March 2011

	£
Net Expenditure for 2010/11	26,667,683
Prior Period Adjustment	
Donated Assets	<u>(300)</u>
Net Expenditure for 2010/11 after PPA	<u>26,667,383</u>

2(b) Reconciliation taxpayers' equity after Prior Period Adjustment at end of reporting period 31 March 2011

	General Fund
	£
Taxpayers' equity at 31 March 2011	(710,408)
Prior Period Adjustment	
Grant from DCAL	-
Donated Assets	-
Taxpayer's equity at 1 April 2011 after PPA	<u>(710,408)</u>

3(a) Staff costs comprise:

	Total	Permanently employed staff	Others	2010/11
	£	£	£	£
Wages and salaries	1,530,602	1,401,448	129,154	1,605,330
Social security costs	35,616	25,723	9,893	214,401
Agency costs	50,209	-	50,209	13,983
Other pension costs	302,509	296,717	5,792	(849,307)
	<u>1,918,936</u>	<u>1,723,888</u>	<u>195,048</u>	<u>984,407</u>

Social Security costs £35,616 (£214,401 2010/11) show a reduction over the previous year. This reduction arose because an accrual was calculated for an historical NIC liability of £104,458. The liability was subsequently discharged as £35,082 and the saving reduced the Social security costs charged in 2011/12.

3(b) Pension Costs

The Council makes employer contributions to the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC) which is a funded scheme of the defined benefit type. The fund is invested in suitable investments, managed by the Committee. For 2011/12 the contribution rates were 18% employers and ranging between 5.5% and 7.5% employees (2010/11: 17% employers and between 5.5% and 7.5% employees).

The total employer pension cost under the Scheme was a debit of £302,509 (2010/11: credit of £849,307). It is now possible to define the Arts Council'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 scheme was carried out at 31 March 2012, results of which are shown below. The financial assumptions used by the actuary were:

	2011/12	2010/11
Inflation/Pension Increase Rate	2.5%	2.8%
Salary Increase Rate	4.8%	5.1%
Expected Return on Assets	5.7%	6.9%
Discount Rate	4.8%	5.5%

The average future life expectancies at age 65 are:

	Males	Females
Current Pensioners	22.9 years	25.7 years
Future Pensioners	24.9 years	27.7 years

The expected return is based on the long-term future expected investment return for each asset class at 31 March 2012 as determined by Hymans Robertson LLP.

The fair value of assets in the scheme and the expected rate of return were:

	Long term return at 31.03.12 %p.a.	Value at 31.3.12 £'000	Long term return at 31.03.11 %p.a.	Value at 31.3.11 £'000	Long term return at 31.03.10 %p.a.	Value at 31.3.10 £'000
Equity	6.2%	6,372	7.5%	6,673	7.8%	5,946
Bonds	4.1%	1,206	4.9%	1,213	5.0%	1,081
Property	4.4%	689	5.5%	520	5.8%	463
Cash	3.5%	344	4.6%	260	4.8%	232
	5.7%	8,611	6.9%	8,666	7.2%	7,722

(i) Analysis of Amount shown in the Statement of Financial Position

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
	£'000	£,000	£'000	£'000	£'000
Total Market Value of Assets	8,611	8,666	7,722	5,372	6,982
Present Value of Defined Benefit Obligation	(11,676)	(10,739)	(12,426)	(7,432)	(7,617)
Surplus/(Deficit)	(3,065)	(2,073)	(4,704)	(2,060)	(635)
Experience Gains/(Losses) on Assets	(531)	380	1,904	(2,157)	(771)
Experience Gains/(Losses) on liabilities	(147)	277	-	-	60
Actuarial Gains/(Losses) on Employer Assets	(531)	380	1,904	(2,157)	(771)
Actuarial Gains/(Losses) on Obligation	(462)	1,106	(4,416)	694	1,370
Actuarial Gains/(Losses) recognised in Statement in Changes in Reserves	(993)	1,486	(2,512)	(1,463)	599

(ii) Analysis of amounts charged to the Statement of Comprehensive Net Expenditure in respect of Defined Benefit Scheme

	2011/12 £'000	2010/11 £'000
Statement of Comprehensive Net Expenditure		
Current Service Cost	271	296
Losses on curtailment	-	-
Past Service Cost	-	(1,256)
Total Operating Charge	271	(960)

(iii) Analysis of amount charged to Other Finance Costs

	2011/12 £'000	2010/11 £'000
Expected Return on Pension Scheme Assets	594	556
Interest on Pension Scheme Liabilities	(588)	(631)
Net (Charge)/Return	6	(75)

(iv) Analysis of Amount recognised in comprehensive expenditure in the Statement of Comprehensive Net Expenditure

	2011/12 £'000	2010/11 £'000
Actuarial Gain/(Loss) on Plan Assets	(531)	380
Actuarial (Loss)/Gain on Obligation	(462)	1,106
Actuarial Gain/(Loss) recognised in the Statement of Comprehensive Net Expenditure	(993)	1,486

(v) Movement in Deficit during the year

	2011/12 £'000	2010/11 £'000
Deficit in Scheme at beginning of year	(2,073)	(4,704)
Movement in the year		
Current Service Costs	(271)	(296)
Past Service Costs	-	1,256
Losses on Curtailments	-	-
Contributions	266	260
Net Return on Assets	6	(75)
Actuarial Gain/(Loss)	(993)	1,486
Deficit in Scheme at End of Year	(3,065)	(2,073)

(vi) Analysis of movement in the present value of the benefit obligation

	2011/12 £'000	2010/11 £'000
Benefit Obligation at beginning of year	10,739	12,426
Current Service Cost	271	296
Interest on obligation	588	631
Contribution by members	98	101
Actuarial Losses/(Gains)	462	(1,106)
Past Service Costs	-	(1,256)
Losses on Curtailments	-	-
Benefits Paid	(482)	(353)
Benefit Obligation at end of year	11,676	10,739

(vii) Analysis of the movement in the fair value of the benefit scheme

	2011/12	2010/11
	£'000	£'000
Value of Assets at beginning of year	8,666	7,722
Expected return on Assets	594	556
Contributions by Members	98	101
Contributions by Employers	266	260
Actuarial Gains/(Losses)	(531)	380
Benefits paid	<u>(482)</u>	<u>(353)</u>
Value of Assets at end of year	<u>8,611</u>	<u>8,666</u>

(viii) History of Experience, Gains and Losses

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Difference Between Expected and Actual Return on Scheme Assets	(531)	380	1,904	(2,157)	(771)
Value of Assets	8,611	8,666	7,722	5,372	6,982
Percentage of Scheme Assets	(6.2)%	4.4%	24.7%	(40.2)%	(11)%
Experience Gains and Losses on Scheme Liabilities	(147)	277	-	-	60
Total Present Value of Liabilities	(11,675)	(10,739)	(12,426)	(7,432)	(7,617)
Percentage of Present Value of Scheme Liabilities	(1.3)%	2.6%	N/A	N/A	0.8%
Actuarial Gains/ (Losses) on Plan Assets	(531)	380	1,904	(2,157)	(771)
Actuarial Gains /(Losses) on Obligation	<u>(462)</u>	<u>1,106</u>	<u>(4,416)</u>	<u>694</u>	<u>1,370</u>
Total Amount Recognised in Net Expenditure account	(993)	1,486	(2,512)	(1,463)	599
Total Present Value of Liabilities	(11,675)	(10,739)	(12,426)	(7,432)	(7,617)
Percentage of Present Value of Scheme Assets	(8.5)%	13.8%	(20.2)%	(19.7)%	7.9%

The contributions expected to be paid in 2012/13 are £287,000.

3(c) Average number of persons employed:

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

	Total No.	Permanently Employed Staff No.	Others No.	2010/11 No.
Directly employed	56	46	10	60
Other	1	-	1	1
Staff engaged on capital projects	1	1	-	1
Total	58	47	11	62

All of the staff was employed by the Arts Council of Northern Ireland 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 Council.

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

	Total	Permanently Employed Staff	Others	2010-11
Lottery Distribution Account				
Directly employed	24	20	4	25

3(d) Board Members' Emoluments

No emoluments were paid to members of the Board of the Arts Council 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 total cost of honoraria paid in 2011/12 was £12,250 (2010/11: £14,051) as shown in wages and salaries. This includes £417 of employer's National Insurance Contributions. The amounts received by the Chairman and Vice Chairman are detailed below:

	Chairman	Vice Chairman
	£	£
R Kelly (In position for 8 months of the year – term finished on the 30 November 2011)	6,935	
B Collins (Paid from the 1 February 2012)	1,815	
D Coyle (In position for the full year)		3,500

3(e) Chief Executive's Remuneration

The remuneration received by the Chief Executive, including back dated pay awards, during the year was £74,913 (2010/11: £77,700). The Chief Executive is an ordinary member of the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme. A total of £42,784 (2010/11: £44,902) 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.

3(f) Exit Packages

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

4.	2011/12	2010/11
	£	£
4(a) Expenditure on the Arts		
Annual Support for Organisations		
Community Arts	830,059	907,517
Venues and Festivals	2,035,910	1,806,110
Drama	1,636,160	1,451,160
Dance	187,563	187,563
Health, Disability & Voluntary Arts	364,094	363,644
Literary Arts	467,557	476,307
Music	3,001,563	2,973,870
Visual Arts	1,060,419	1,147,151
Youth	619,912	558,712
Other	296,200	296,200
Traditional Arts	293,174	298,510
Arts Development	890,434	513,142
SIAP	315,983	297,804
Re-imaging Communities	610	97,908
Other Artform	822,792	790,355
Arts and Older people	118,703	74,814
Legacy Trust	467,919	317,105
City of Culture	190,000	-
Land of Giants	34,919	-
The MAC	160,000	-
Strategy	74,383	34,134
Creative Industries	460,992	1,839,019
Capital	<u>3,600,649</u>	<u>12,150,809</u>
Total	17,929,995	26,581,834

4(b) Other Expenditure	2011/12	2010/11
	£	£
Rentals under operating leases	206,220	209,118
Other Premises cost	83,279	50,565
Artslink & public affairs	11,557	16,870
Expenses and hospitality		
Artform officers	21,226	16,342
Council and Panel members	10,188	11,464
Administrative staff	8,335	7,165
Other core expenses	31,816	13,435
Insurances	21,976	20,606
Telephone and postage	23,800	31,950
IT Costs and Equipment	145,098	137,014
Legal and consultancy fees	73,866	80,407
Stationery	12,326	10,480
Training	12,616	33,875
Publications and advertising	24,981	31,021
Central advisers	<u>1,218</u>	<u>1,607</u>
Total	688,502	671,919

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

	T&S	Hospitality	2011/12 Total	2010/11 Total
	£	£	£	£
Expenses & Hospitality				
Artform Officers	20,802	424	21,226	16,342
Council & Panel Members	7,820	2,368	10,188	11,464
Administrative Staff	7,023	1,312	8,335	7,165
	35,645	4,104	39,749	34,971

The Legal & Consultancy total of £73,866 (2010/11: £80,407) includes an external audit fee of £12,000 in respect of the Northern Ireland Audit Office. No non-audit services were undertaken by NIAO or its subcontractors.

The above costs are gross costs to the Exchequer account and £263,755 of these operating cost and salaries costs have been recharged to the Lottery Distribution account and are shown as other income in note 5(a) below. £51,205 of operating costs have been recharged to ring fenced projects and are shown as other income in note 5(a) below.

5(a) Other Income	2011/12	2010/11 Restated
	£	£
National Lottery Recharge – administration	263,755	271,521
National Lottery Recharge – salaries	802,647	911,891
Income from admin charges to ring fenced projects	51,205	51,001
Grant refunded	4,416	14,021
Administrative & miscellaneous	27,676	4,752
Interest	51	136
Legacy Trust Income	467,919	317,105
Creative & Cultural Skills Income	6,000	6,599
Arts and Older people	120,500	74,000
Donated Assets	25,800	300
Pension Fund Income	6,000	-
Cultural Olympiad	50,000	-
Land of Giants	35,000	-
Creative Industries Refund	15,023	-
Total	1,875,992	1,651,326

5(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 Arts Council.

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.

As a result the year-end cash management the balance of cash at 31 March 2012 was £717,481.

6(a) Property, plant and equipment

	<u>Leasehold Improve- ments</u>	<u>Furniture & Fittings</u>	<u>Plant & Machinery</u>	<u>Information Technology</u>	<u>Operational Heritage Assets</u>	<u>Non Operational Heritage Assets</u>	<u>Total</u>
	£	£	£	£	£	£	£
<u>Cost or Valuation</u>							
At 1 April 2011	271,195	59,431	173,842	337,566	100,000	3,293,900	4,235,934
Additions	-	-	-	145,018	-	140,023	285,041
Donations						25,800	25,800
Revaluations	-	-	-	-	-	-	-
Gifted	-	-	-	-	-	(135,930)	(135,930)
Disposals/Write-off	-	-	-	(26,309)	-	-	(26,309)
At 31 March 2012	271,195	59,431	173,842	456,275	100,000	3,323,793	4,384,536
<u>Depreciation</u>							
At 1 April 2011	232,786	36,937	77,014	330,324	-	-	677,061
Charge in year	32,209	3,097	8,243	52,526	-	-	96,075
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	(26,309)	-	-	(26,309)
At 31 March 2012	264,995	40,034	85,257	356,541	-	-	746,827
<u>Carrying amount</u>							
At 31 March 2012	6,200	19,397	88,585	99,734	100,000	3,323,793	3,637,709
<u>Carrying amount</u>							
At 31 March 2011	38,409	22,494	96,828	7,242	100,000	3,293,900	3,558,873
<u>Asset Financing</u>							
Owned	6,200	19,397	88,585	99,734	100,000	3,323,793	3,637,709
<u>Carrying amount</u>							
At 31 March 2012	6,200	19,397	88,585	99,734	100,000	3,323,793	3,637,709

	<u>Leasehold Improvements</u>	<u>Furniture & Fittings</u>	<u>Plant & Machinery</u>	<u>Information Technology</u>	<u>Operational Heritage Assets</u>	<u>Non Operational Heritage Assets</u>	<u>Total</u>
	£	£	£	£	£	£	£
<u>Cost or Valuation</u>							
At 1 April 2010 (restated)	271,195	59,431	273,297	359,559	80,000	3,248,404	4,291,886
Additions	-	-	-	5,077	-	40,503	45,580
Donations	-	-	-	-	-	300	300
Revaluations	-	-	(99,455)	-	20,000	4,693	(74,762)
Disposals/Write- off	-	-	-	(27,070)	-	-	(27,070)
At 31 March 2011 (restated)	271,195	59,431	173,842	337,566	100,000	3,293,900	4,235,934
<u>Depreciation</u>							
At 1 April 2010	200,577	33,687	140,270	348,503	-	-	723,037
Charge in year	32,209	3,250	11,096	8,891	-	-	55,446
Revaluation	-	-	(74,352)	-	-	-	(74,352)
Disposals	-	-	-	(27,070)	-	-	(27,070)
At 31 March 2011	232,786	36,937	77,014	330,324	-	-	677,061
<u>Carrying amount</u>							
At 31 March 2011 (restated)	38,409	22,494	96,828	7,242	100,000	3,293,900	3,558,873
<u>Carrying amount</u>							
At 31 March 2010	70,618	25,744	133,027	11,056	80,000	3,248,404	3,568,849
<u>Asset Financing</u>							
Owned	38,409	22,494	96,828	7,242	100,000	3,293,900	3,558,873
<u>Carrying amount</u>							
At 31 March 2011 (restated)	38,409	22,494	96,828	7,242	100,000	3,293,900	3,558,873

* The revaluation related to pianos which previously were included at valuation rather than cost which was inconsistent with ACNI's stated accounting policy. This adjustment brings the accounts into line with our accounting policy. In addition a number of works previously designated "disputed ownership" or "removed from the old collection" have now been added back as their status has now been resolved.

6 (b) Operational Heritage Assets

The operational Heritage Asset relates to a violin the Council possesses manufactured by Joseph Gagliano between 1780 and 1782. The violin was donated to the Council 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 and is therefore shown in the Non-current Asset note. The violin was valued on 31 March 2011, by J & A Beare Ltd, and is shown in the accounts at fair value. Prior to 2009/10, this was not included within Non-current assets but disclosed in a note to the accounts. However, in 2009/10 the operational heritage asset was capitalised in the Statement of Financial Position. The violin is not depreciated as its value may increase over time.

6 (c) Non-Operational Heritage Assets

The Arts Council'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 Arts Council'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 Council 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 had developed in this way over the years. There is currently some 1200 pieces in the works of art collection. 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 Council, and also held in secure storage. The collection is also partly accessible on the internet with circa 10% of the old collection being represented there. New works also have a dedicated section on the website. Upon request works have been brought from the store for researchers, the public or curators to view.

The Arts Council still recognises the importance of purchasing contemporary work as a means of supporting artists. Accordingly, the Council, supported by DCAL, allocated an acquisitions fund of £140,000 for 2011/12. 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 Council considers accepting gifts to the collection. Such works are assessed against the same criteria as for purchase.

Works of art are selected by the Acquisitions Committee. 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 Council's Funding objectives.

Works are brought to the attention of Council in two ways. Committee members may make recommendations against the stated criteria following studio visits, review of slides and catalogues of work and gallery exhibitions. Artists themselves may apply once every two years to the acquisition scheme for their work to be purchased. DCAL approval was received in 2009/10 to allow the Council to gift works over a five year period to institutions throughout Northern Ireland, through an open application procedure. At the end of the financial year 82 works of art totalling £135,930 had been gifted. The gifting process will continue during the 2012/13 year with the gifting of 1,115 pieces valued at £2,899,816. Completion of the process is expected by 31 March 2013.

7. Financial Instruments

As the cash requirements of the Arts Council 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 Arts Council's expected purchase and usage requirements and Arts Council is therefore, exposed to minimal credit, liquidity or market risk.

8(a) Trade receivables and other current assets

	31 March 12 £	31 March 11 £	1 April 10 £
Amounts falling due within one year:			
Trade receivables	13,342	19,232	107,537
Other receivables	75,000	76,562	76,701
Prepayments and accrued Income	222,506	301,937	288,600
Trade receivables	<u>310,848</u>	<u>397,731</u>	<u>472,838</u>

8(b) Trade receivables and other current assets – Intra Government Balances

	31 March 12 £	31 March 11 £	1 April 10 £
Amounts falling due within one year:			
Central Government	89,429	204,158	252,339
Local Authorities	-	-	-
Intra Government Receivables	<u>89,429</u>	<u>204,158</u>	<u>252,339</u>
Bodies external to Government	<u>221,419</u>	<u>193,573</u>	<u>220,499</u>
	<u>310,848</u>	<u>397,731</u>	<u>472,838</u>

9. Cash and cash equivalents

	31 March 12 £	31 March 11 £	1 April 10 £
Balance at 1 April	710,958	540,438	1,522,644
Net change in cash and cash equivalent balances	<u>6,523</u>	<u>170,520</u>	<u>(982,206)</u>
Balance at 31 March	<u>717,481</u>	<u>710,958</u>	<u>540,438</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	717,481	710,958	540,438
Short term investments	-	-	-
Balance at 31 March	<u>717,481</u>	<u>710,958</u>	<u>540,438</u>

10 (a) Trade payables and other current liabilities

	31 March 12	31 March 11	1 April 10
	£	£	£
Amounts falling due within one year:			
VAT	2,473	-	5,203
Other payables	1,171,708	1,607,030	919,907
Accruals and deferred income	158,398	277,124	263,824
	<u>1,332,579</u>	<u>1,884,154</u>	<u>1,188,934</u>

10 (b) Trade payables and other current liabilities – Intra Government Balances

	31 March 12	31 March 11	1 April 10
	£	£	Restated* £
Central Government	75,038	114,807	77,681
Local authorities	32,026	-	56
Other public bodies	12,300	12,000	11,500
Intra Government Payables	119,364	126,807	89,237
Bodies external to Government	1,213,215	1,757,347	1,099,697
	<u>1,332,579</u>	<u>1,884,154</u>	<u>1,188,934</u>

*1 April 2010 year figure restated to re-categorise £28,087 of Lottery Creditor from Bodies external to Government into Central Government.

11. Non- current liabilities

	31 March 12	31 March 11	1 April 10
	£	£	£
Pension deficit	<u>(3,065,000)</u>	<u>(2,073,000)</u>	<u>(4,704,000)</u>

Details of the pension scheme are outlined in Note 3b above.

12. Explanation of Reserve Accounts

General 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. In accordance with IAS 20 donated assets are now recognised as income. This change in accounting policy has resulted in a prior period adjustment were donated assets prior to 2011-12 have been transferred to the General Reserve.

Revaluation Reserve

This is the balance arising on the revaluation upwards of Operational and Non-Operational Heritage Assets from Cost to Valuation.

Pension Reserve

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

13. Capital commitments

Contracted capital commitments as at 31 March not otherwise included in these financial statements:

	31 March 12	31 March 11	1 April 10
	£	£	£
Property, plant and equipment	-	-	-

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 12	31 March 11	1 April 10 Restated
	£	£	£
Obligations under operating leases for the following periods comprise:			
Buildings			
Not later than one year	210,000	205,625	205,625
Later than one year and not later than five years	630,000	822,500	822,500
Later than five years	-	-	205,625
	840,000	1,028,125	1,233,750
Other			
Not later than one year	595	3,493	3,963
Later than one year and not later than five years	1,934	-	3,246
Later than five years	-	-	-
	2,529	3,493	7,209

15. Other financial commitments

The Arts Council have entered into an agreement (which is not a lease or PFI contract) to provide a loan to An Gaelaras towards the finishing costs of the capital development of their building. An Gaelaras agree to sell an existing property and on realising the sale, An Gaelaras will repay the Arts Council an amount equivalent to the original loan. The current loan expires in March 2013.

In 2009/10 the loan amount of £75k was paid to An Gaelaras and is included in Other Receivables at Note 8(a) above.

The payments to which the Arts Council are committed during 2011/12 analysed by the period during which the commitment expires are as follows:

	31 March 12	31 March 11	1 April 10
	£	£	£
Not later than one year	75,000	-	-
Later than one year and not later than five years	-	75,000	75,000
Later than five years	-	-	-
	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>

16. Contingent Liability disclosed under IAS 37

The Arts Council of Northern Ireland has the following contingent liability. Under direction from the Department of Culture, Arts and Leisure, the Arts Council changed the pension arrangements for some of its staff. This action may be subject to legal challenge and the impact on the Arts Council is unknown at this stage.

17. Related-party transactions

The Arts Council of Northern Ireland 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 Council had various material transactions with DCAL as reconciled in Note 5(b) above.

The Arts Council's National Lottery Distribution Account is also regarded as a related party to The Arts Council of Northern Ireland Exchequer Account. At 31 March 2012 a net amount of £54,429 (2010/11: £203,400) 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 £310,848 (2010/11: £397,731) shown in note 8 above and the Trade Payables and other Current Liabilities balance of £1,332,579 (2010/11: £1,884,154) in note 10 above.

Several members of the Board of the Arts Council 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 below. All of the transactions relating to the organisations were conducted at arm's length by the Council.

Grant Ref	Organisation Name	Grant Amount	Nature of relationship
ACNI/6740	All Set Cross Cultural Project	£25,000	ACNI board member's family member is secretary of All Set Cross Cultural Project
ACNI/6841	Andersonstown Traditional & Contemporary Music	£50,000	ACNI staff member is friend of Director of Andersonstown Traditional & Contemporary Music School
ACNI/6827	Arts Care	£45,292	ACNI board member is a sub-committee member of Arts Care
ACNI/6867	Belfast Festival at Queens	£100,000	ACNI board member has an association with the Belfast Festival at Queens
ACNI/6805	Belfast Print Workshop	£89,019	ACNI board member has exhibited at the Belfast Print Workshop
ACNI/6762	Belfast Trad.(Traditional Music and Dance Society)	£20,000	ACNI staff member is member of Belfast Trad.
ACNI/7560	Brassneck Theatre Company	£7,000	Family member of ACNI board member is on board of Brassneck Theatre Company
ACNI/7980	Camerata Ireland	£42,500	ACNI board member is also a board member of Camerata Ireland
ACNI/6819	Camerata Ireland	£40,000	ACNI board member is also a board member of Camerata Ireland
ACNI/6799	Creative Exchange	£13,100	ACNI staff member is a member of Creative Exchange Studios
ACNI/8240	Crescent Arts Centre	£2,880	ACNI staff member acted as a volunteer for Crescent Arts Centre
ACNI/6820	Crescent Arts Centre	£201,300	ACNI staff member acted as a volunteer for Crescent Arts Centre
ACNI/8621	Culture Company 2013 Ltd	£150,000	ACNI board member is chair of FLGA (Forum for Local Government and Arts), which is working in partnership with the Culture Company re plans for City of Culture
ACNI/8174	Culture Company 2013 Ltd	£40,000	ACNI board member is chair of FLGA (Forum for Local Government and Arts), which is working in partnership with the Culture Company re plans for City of Culture

ACNI/6738	Digital Arts Studios	£40,000	ACNI staff member has a family member on the board of Digital Arts Studios
ACNI/6795	East Belfast Arts Collective	£7,500	ACNI staff member is on the board of the East Belfast Arts Collective
ACNI/6872	Feile an Phobail	£123,000	ACNI board member has an association with Feile an Phobail
ACNI/7772	Flax Housing Association Ltd	£5,000	ACNI staff member is chair of Flax Housing Association Tenants Compact Committee
ACNI/6797	Flaxart Studios	£38,680	ACNI board member's family member is a chair of Flaxart Studios
ACNI/7761	Filmtrip Ltd	£10,000	Director of Filmtrip is tenant in ACNI staff member's house
ACNI/8120	Irish Pages Ltd	£3,000	ACNI staff member has a family member who is a founding editor of Irish Pages
ACNI/6755	Irish Pages Ltd	£30,000	ACNI staff member has a family member who is a founding editor of Irish Pages
ACNI/6807	Kids in Control	£37,140	ACNI board member is trustee of Old Museum Building which houses Kids in Control
ACNI/6815	Moving on Music	£114,150	ACNI board member is Chair of Moving on Music board
ACNI/8643	Music Theatre 4 Youth Ltd	£17,095	ACNI staff member has a family member on Music Theatre 4 Youth's management board. ACNI staff member is friend and co-tenant with Music Theatre 4 Youth employee
ACNI/6847	New Lodge Arts	£30,000	Family member of ACNI staff member is on board of New Lodge Arts
ACNI/6765	NI Opera	£449,000	ACNI staff member employed as a part-time Communications Director by NI Opera
ACNI/6741	Ormeau Avenue Gallery	£300,000	ACNI board member has exhibited at the Ormeau Avenue Gallery. ACNI board member was board member of Ormeau Baths Gallery
ACNI/8322	PLACE	£7,500	ACNI board member is regional representative of the Royal Town Planning Institute, a user of PLACE. ACNI staff member

			has family member on the board of PLACE
ACNI/6759	PLACE	£35,000	ACNI board member is regional representative of the Royal Town Planning Institute, a user of PLACE. ACNI staff member has family member on the board of PLACE
ACNI/6814	Poetry Ireland	£30,000	ACNI board member has an association with Poetry Ireland
ACNI/6792	Replay Theatre Company	£115,635	ACNI board member is trustee of Old Museum Building which houses Replay Theatre Company
ACNI/6854	Spanner in the Works	£22,000	ACNI board member was co-founder of Spanner in the Works. Although no longer involved remains in regular contact with the Artistic Director of Spanner in the Works
ACNI/8646	The Grand Opera House Trust	£83,145	ACNI board member is former chair of the board of The Grand Opera House Trust
ACNI/8148	The Grand Opera House Trust	£25,000	ACNI board member is former chair of the board of The Grand Opera House Trust
ACNI/7635	The Grand Opera House Trust	£7,507.50	ACNI board member is former chair of the board of The Grand Opera House Trust
ACNI/6829	The Grand Opera House Trust	£613,000	ACNI board member is former chair of the board of The Grand Opera House Trust
ACNI/8637	The John Hewitt Society	£4,782	ACNI board member is director of The John Hewitt Society
ACNI/6812	The John Hewitt Society	£18,000	ACNI board member is director of the John Hewitt Society
ACNI/6876	The Nerve Centre	£150,000	ACNI board member has an association with The Nerve Centre via Culture NI through the John Hewitt Society

ACNI/8099	Ulster Orchestra Society Ltd	£8,595	Family member of ACNI board member is on the board of the Ulster Orchestra. ACNI board member is on the board of the Ulster Orchestra and a ACNI board member is former board member
ACNI/6879	Ulster Orchestra Society Ltd	£2,196,720	Family member of ACNI board member is on the board of the Ulster Orchestra. ACNI board member is on the board of the Ulster Orchestra and a ACNI board member is former board member
ACNI/6771	Ulster Youth Choir	£20,100	ACNI board member is also a board member of Ulster Youth Choir
ACNI/6806	Ulster Youth Orchestra	£35,000	Ulster Youth Orchestra provides outreach for Southern Education and Library Board. ACNI board member is an employee of the Southern Education and Library Board.

Other transactions relation to organisations conducted at arm's length by the Council were:

Deloitte	£10,200	Family member of ACNI employee is an employee of Deloitte
Marsh	£21,997	ACNI board member is an employee of Marsh

18. IAS 10 - Events after the reporting period

There have been no events after the reporting period outside the ordinary course of business that would materially affect the Arts Council since 31 March 2012. The Accounting Officer authorised these financial statements for issue on the same date that the Comptroller and Auditor General signs his audit report.



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