

The Northern Ireland Council for Integrated Education
(a company limited by guarantee)

Directors' Report and financial statements

for the year ended 31 March 2012

The Northern Ireland Council for Integrated Education

(Company limited by guarantee)

Directors' Report and financial statements for the year ended 31 March 2012

Contents	Pages
Reference and administrative details	2
Directors' report	3 - 8
Statement on internal control	9 - 10
Independent auditors' report	11 - 12
Statement of financial activities (including income and expenditure account)	13
Balance sheet	14
Notes to the financial statements	15 - 24

Reference and administrative details

Directors/Trustees

Colm Cavanagh (Chairperson)
Ian McMorris (Vice Chair)
Michael Morrow (Treasurer)
Olwen Griffith (resigned October 2011)
Simone Bartlett
David Clement OBE
Ian McKay
John Milliken
Claire McGlynn
Martin Stroud
Stephen McKernan (resigned 30 June 2011)
Brigid Heron
Helen McLaughlin
Vincent Fulham MBE
Brendan O'Loan (appointed May 2011)
Helen Hamilton (appointed May 2011)
Andrew Sleeth (appointed February 2012)
Heather Watson (appointed November 2011)

Company Secretary

Martin Stroud

Senior management members

Noreen Campbell (Chief Executive Officer)
Maureen Johnston (Finance & Administration Manager)
Lorna McAlpine (Senior Development Officer)
Pamela Gilmore (Senior Development Officer for Frances Donnelly, seconded to CEA)
Bernie Kells, Senior Project Officer, SC:DL project

Registered and Principal office

25 College Gardens
Belfast
BT9 6BS

Solicitors

Johns Elliot
40 Linenhall Street
Belfast
BT2 8BA

Bankers

First Trust Bank
33 – 35 University Road
Belfast
BT7 1ND

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report for the year ended 31 March 2012

The directors, who are also trustees, present their annual report and the audited financial statements for the year ended 31 March 2012. The financial statements comply with the current statutory requirements, the governing documents, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Going concern

The net liability at the year-end including the pension deficit and the impairment recognised in respect of the investment in school buildings for the Armagh site is £9,457,990 (2011: £8,522,265). This includes a net pension liability of £409,000 (2011: £277,000) as required by FRS 17 "Retirement Benefits" and an impairment of £590,000 (2011: £2,206,678) as required by FRS 11 "Impairment of fixed assets". For further details of the pension liability please refer to note 12 of the financial statements. The directors consider that it is appropriate to adopt the going concern basis in preparing the annual report and the financial statements on the basis that the Council's bank facilities continue to be renewed under acceptable terms on each review date.

The current economic environment is uncertain and the outlook presents challenges for the Council over the next twelve months. The Council meets its working capital requirements and the investment in school buildings through both overdraft facilities and demand loans. The current overdraft facilities and demand loans run from 14th May 2010 and expire on 31st January 2013. The directors have a letter from the loan providers extending this facility.

The Council's forecasts and projections, taking account of possible changes in activities, show that the Council should be able to operate within the level of its current facilities. The Council has commenced renewal negotiations with the bank in relation to the overdraft facilities and demand loans and has received written confirmation that these facilities will be renewed under acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Council has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Reference and administrative details

Details of the registered office, directors, independent advisers and other relevant information are given on page 1.

Structure, Governance and Management

Governing document

The Northern Ireland Council for Integrated Education ("NICIE") was incorporated in 1989 as a company limited by guarantee and is exempt from tax under Section 505(1) (c) of the Income and Corporation Act 1988 as a body established for charitable purposes only. It is sponsored by the Department of Education for Northern Ireland (DENI). The company's principal activity is to assist the development of integrated education and schools in Northern Ireland for the public benefit.

Directors

All directors are members of the Council. All directors are guarantors of the company with a maximum liability of £10.

Appointment of directors

NICIE directors are elected or appointed from six areas representative of all stakeholders. These comprise, Teachers, Principals, Schools, Trusts, Early Years and the Department of Education. Directors can serve two periods of between 2-4 years subject to the terms of the Memorandum and Articles of Association.

Director induction and training

The Company Secretary ensures that appropriate induction and training is given to all Board members. Each new director is provided with a pack of information about the Council and their responsibilities and is given an opportunity to meet all staff.

Directors' report for the year ended 31 March 2012

Structure, Governance and Management (continued)

Organisation

The governance, management and conduct of the business and affairs of the Council are carried on by the Board of Directors in accordance with the Memorandum and Articles of Association of the Council. The current Chief Executive Officer is Noreen Campbell.

Funding

The Council works in close collaboration with its principal funders; the Department of Education, the International Fund for Ireland, the Esmée Fairbairn Foundation, the Department of Foreign Affairs and others to promote the work of the organisation.

Risk management and internal control

The directors are responsible for ensuring that an effective system of internal financial control is maintained and operated by the Council.

The system of internal financial control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability.

In particular it includes:

- A comprehensive budgeting system, with a strategic plan and an annual budget, which is reviewed and agreed by the directors;
- Regular reviews by the directors of periodic and annual financial reports, which indicate financial performance against approved budget and forecast; and
- Procedures for monitoring progress against the strategic plan.

As part of the monitoring process, the directors have implemented a risk management strategy which comprises:

- A quarterly review of the risks which the Council may face and actions taken to mitigate identified risks;
- The establishment of systems and procedures to mitigate those risks identified; and
- The implementation of procedures designed to minimise any potential impact on the organisation should any of those risks materialise.

Principal risks identified are in relation to the following areas:

- The threat to NICIE as a 'going concern'
- A failure by NICIE to exercise proper stewardship
- A failure because of insufficient capacity and capability
- Ineffective governance and accountability framework
- A failure to increase provision for Integrated Education
- A failure to clarify and develop NICIE's strategic role in a time of educational turmoil
- A failure to support new schools in embedding 'integration in practice'

Directors' report for the year ended 31 March 2012

Structure, Governance and Management (continued)

A key element in the management of financial risk is the setting of a reserves policy and its regular review by directors. Particular attention is focused on non-financial risks arising from fire and health and safety of all staff and visitors.

Objectives and activities of the Council

During the year the Council operated in 3 key programme areas:

Development and support services, for which core funding was made available through the Department of Education. The key objectives for this programme underpinned the Department of Education's Strategic Plan and policies and included promoting the growth of integrated provision through supporting parents' groups, supporting schools in the process of 'transformation' or interested in 'transforming' and supporting existing integrated schools with regard to consolidation and expansion and in embedding 'integration in practice'. NICIE worked with integrated schools and other stakeholders in the process of Area Based planning. NICIE was concerned to raise the level of debate about the role of integrated education by informing and influencing public opinion. NICIE promoted the characteristics of integration in practice both in integrated schools and across other schools. NICIE continue to strive to improve its internal capacity.

This programme is monitored quarterly by the Department of Education;

- Entitlement Framework Support programme for which funding is made available through the Department of Education. The key purpose is to provide support for post primary integrated schools with regard to curriculum audits and to facilitate greater collaboration with other schools, training organisations and FE colleges, thus ensuring full delivery of the Entitlement Framework.
- The initiation and development of work funded through Department of Foreign Affairs, Ireland. This grant provides for the development of resources to assist schools in commemorating a decade of anniversaries
- The implementation of the Sharing Classrooms: Deepening Learning project funded by IFI. This project provides training to Area Learning Communities and to schools and teachers sharing classrooms with students from other schools.

Achievements and performance

The Statement of Financial Activities for the Council is set out on page 13.

All programmes are drawn up in accordance with best practice and link to the Strategic Aims of the Council. All programmes have detailed operational plans with qualitative and quantitative targets, linked to targets monitored on a quarterly basis by the Board, Senior Management Team and the external funding bodies.

A full review of the Council's activities is included in the NICIE Annual Report 2011/12. This report can be accessed on line at www.nicie.org.uk or by contacting the Company at the registered address.

Financial Review

The full financial results of the Council are set out in detail in the accounts on pages 13 to 24. The net outgoing resources for the year before recognised gains and losses were £814,725 (2011: £2,478,461).

Performance

The Council bases its operations strategically on a 3 year strategic plan and on an annual basis on an Operational Plan which is reported on quarterly to the Board of Directors and the Department of Education. Although the Operational Plan is set within the context of the Department of Education's business plan it includes projects and work carried out which fall outside the Department's plan, and which are funded by various other agencies. The Council reports on its operations in its Annual Report. The Council has delivered on all its major undertakings in this current year.

Directors' report for the year ended 31 March 2012

Financial Review (continued)

Investment in school buildings

Investment in school buildings represents all capital costs incurred for each individual school project. Individual schools and other bodies contribute towards the interest costs on the loans. These contributions can be greater or less than the actual interest incurred. It is therefore possible for the overdraft on a particular project to be greater (shortfall) or lower (surplus) than the carrying value of the investment. In all cases the Council seeks only to recoup the actual liability in the form of capital grant when the school passes to the Board of Governors.

Reserves

The company receives grants from various sources that are spent on the activities as detailed in the respective Letters of Offer. Any unspent monies may be subject to claw-back by the grant provider.

The net liabilities at the year-end including the pension deficit and the impairment recognised in respect of the investment in school buildings for the Armagh Integrated College site is £9,457,990 (2011: £8,522,265). This includes a net pension liability of £409,000 (2011: £277,000) as required by FRS 17 "Retirement Benefits" and an impairment of £590,000 (2011: £2,206,678) as required by FRS 11 "Impairment of fixed assets". For further details of the pension liability please refer to note 12 of the financial statements. The directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements on the basis that the Council's bank facilities continue to be renewed under acceptable terms on each review date.

Plans for Future Periods

NICIE's Interim Strategic Aims 2012-2013

Strategic Aim: Growth

To increase the number of children and young people benefiting from an integrated education from the present percentage of 7% to 10% by 2013.

Strategic Aim: Inform, Influence and Promote

To raise the level of debate about the role of integrated education by informing and influencing public opinion as evidenced by public opinion polls.

Strategic Aim: Support, Training and Excellence

To develop and promote the characteristics of Excellence in Integration both in integrated schools and across all schools increasing the numbers using NICIE services to 100% in the integrated sector and to 5% in other sectors.

Strategic Aim: Internal Capacity Building

To ensure that NICIE is an accountable organization which is "fit for purpose", promoting the cause of integration and providing a quality service to all stakeholders as evidenced by the successful implementation of this strategic plan.

Directors' report for the year ended 31 March 2012

Plans for Future Periods (continued)

Forward funding

The Council has secured sufficient income from a variety of donors for the year 2012 - 2013 to offer comfort to the directors and stakeholders of its ability to operate into the future. Major funding has been guaranteed from the Department of Education, with other project funds being made available from the International Fund for Ireland and the Department of Foreign Affairs, Ireland.

Fixed assets

Details of the movement of fixed assets are set out in note 7 to the financial statements.

Donations

The Council made no political donations during the year (2011: £Nil).

Tax status

On 2 March 1989 the Council was granted charitable status and is exempt from corporation tax on its activities. The activities of the Council are exempt for value added tax purposes. The Council therefore does not have to account for value added tax on its income nor is it able to recover the value added tax element of expenditure.

Disabled employees

The Council gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities as well as Health and Safety factors.

Employee involvement

It is the policy of the Council to promote the understanding and involvement of all its employees in its aims and performance and it is committed to the continuing development of effective employee communication and consultation. The Council holds IIP status.

Payment to suppliers

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

Directors' report for the year ended 31 March 2012

Statement of directors' responsibilities

The directors (who are also trustees of The Northern Ireland Council for Integrated Education) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Small companies' exemption

This report has been prepared in accordance with the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 being the small companies' regime within Part 15 of the Companies Act 2006.

By order of the Board



Martin Stroud

Company Secretary

Date: 19 June 2012

Statement on Internal Control for the year ended 31 March 2012

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Council for Integrated Education'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 Government Accounting Northern Ireland and detailed in a letter of 4 September 2009 and accompanying Management Statement and Finance Memorandum.

The purpose of the system of 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 on going process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Ireland Council for Integrated Education for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

Capacity to handle risk

The risk management policy, strategy and risk register were developed in 2010 and are reviewed on a quarterly basis by the Audit Committee. As Chief Executive and Accounting Officer, I have overall control of the risk management process within NICIE and will chair Senior Management Team meetings at which risk issues are on the agenda.

In order to ensure adequate capacity is maintained, the CEO/Senior Management Team will provide an annual report incorporating a Corporate Risk Register to the Council. This will be reviewed on a quarterly basis by the Audit Committee of the Board of Directors.

The Audit Committee have been provided with training on the risk management process which will be updated regularly.

The Senior Management Team will be primarily concerned with planning, monitoring and enforcing the overall risk management strategy.

The Senior Management Team will be responsible for:

- Determining and overseeing risk management policy;
- Reviewing the risk management strategy and setting objectives and standards;
- Commissioning investigations/reviews of specific risk areas;
- Realistically evaluating the total cost of risk;
- Reviewing and monitoring the implementation of the agreed plan of action;
- Ensuring the provision of a comprehensive incident reporting system;
- Raising awareness of staff towards risk, ensuring information, education and training is available; and
- Reviewing relevant policies and procedures to ensure they are consistent and comprehensive and they comply with relevant legal requirements.

Statement on Internal Control for the year ended 31 March 2012

The risk and control framework

The key roles and responsibilities are set out below:

The Council

The CEO/Senior Management Team will provide an annual report incorporating a Corporate Risk Register to the Council. The Council will consider the report and may make recommendations for additions/amendments to the CEO/Senior Management Team's report in light of assurances it receives from the Audit Committee.

Audit Committee

The Audit Committee will commission reviews of the Council's risk management processes, as part of its rolling Internal Audit programme to gain assurances. However, where the Committee feels there are risk areas requiring more in depth investigation or specialist advice it may direct Council resources as appropriate to gain assurances. The Committee will report its findings to the Council.

Senior Management Team

The responsibility for implementing risk management will rest with the CEO and Senior Management Team, which will set aside time for identifying and assessing the risks to the organisation.

Development Officers

Development Officers will be responsible for ensuring risk management as an integral part of the organisation's decision making processes. This will include identifying, assessing and taking steps to reduce exposure to risks affecting their area of the business on an on-going basis.

Review of effectiveness

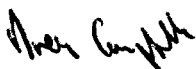
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the council who have responsibility for the development 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 the review of the effectiveness of the system of internal control by the Internal Auditors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant internal control matters

As accounting officer, I have responsibility for ensuring that it is appropriate to adopt the going concern basis in preparing the annual report and the financial statements. The Council's forecasts and projections, taking account of possible changes in activities, show that the Council should be able to operate within the level of its current facilities provided that the Council's bank facilities continue to be renewed under acceptable terms on each review date. The Council has commenced renewal negotiations with the bank in relation to the overdraft facilities and demand loans and has received written confirmation that these facilities will be renewed under acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Council has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.



Noreen Campbell
Chief Executive Officer
Date: 19 June 2012

Independent auditors' report to the members of The Northern Ireland Council for Integrated Education (Company limited by guarantee)

We have audited the financial statements of The Northern Ireland Council for Integrated Education for the year ended 31 March 2012 which comprise the Statement of Financial Activities (including income and expenditure account), the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its outgoing resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – financing

In forming our opinion on the financial statements, which is not qualified in respect of going concern, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the company's ability to continue as a going concern. Material uncertainties have been identified in respect of the financing of the company's operations which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

Independent auditors' report to the members of The Northern Ireland Council for Integrated Education (Company limited by guarantee)

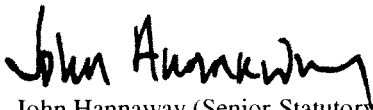
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



John Hannaway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
Date: 21 June 2012

**Statement of financial activities (including income and expenditure account)
 for the year ended 31 March 2012**

	Note	2012 £	2011 £
Incoming resources/income			
Incoming resources from generated funds			
- Voluntary income	2	855,110	804,276
Incoming resources from charitable activities			
- Contribution towards property related costs		3,384	24,881
Total incoming resources		858,494	829,157
Resources expended/expenditure			
Charitable activities			
- Development of integrated education and schools in Northern Ireland		(817,722)	(743,801)
- Payment of property related costs	5	(233,582)	(292,815)
Governance costs		(19,915)	(34,324)
Other resources expended			
- Impairment of investment in school buildings	8	(590,000)	(2,206,678)
- Other finance costs	6	(12,000)	(30,000)
Total resources expended		(1,673,219)	(3,307,618)
Net outgoing resources before recognised gains and losses	3	(814,725)	(2,478,461)
Actuarial (losses)/gains on defined benefit pension		(121,000)	376,000
Net movement in funds		(935,725)	(2,102,461)
Funds at 1 April 2011		(8,522,265)	(6,419,804)
Funds at 31 March 2012	14	(9,457,990)	(8,522,265)

All amounts above relate to the continuing restricted operations of the company.

There is no material difference between the deficit for the financial year stated above, and the historical cost equivalent.

The net outgoing resources before recognised gains and losses is the net outgoing resources required by the Companies Act 2006 as opposed to that required by the Statement of Recommended Practice.

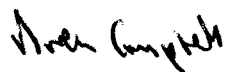
Balance sheet as at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	28,236	28,312
Investment in school buildings	8	1,333,075	2,048,658
		1,361,311	2,076,970
Current assets			
Debtors	9	31,575	82,807
Cash at bank and in hand		101,630	31,527
		133,205	114,334
Creditors: amounts falling due within one year	10	(10,543,506)	(10,436,569)
Net current liabilities		(10,410,301)	(10,322,235)
Total assets less current liabilities		(9,048,990)	(8,245,265)
Net liabilities excluding pension liability		(9,048,990)	(8,245,265)
Pension liability	12	(409,000)	(277,000)
Net liabilities including pension liability		(9,457,990)	(8,522,265)
Reserves			
Restricted funds	14	(9,457,990)	(8,522,265)

The financial statements on pages 13 to 24 were approved by the board of directors on 19 June 2012 and were signed on its behalf by:



Ian McMorris
Vice Chairperson



Noreen Campbell
Chief Executive Officer

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and the Companies Act 2006.

The company has adapted the Companies Act 2006 formats to reflect the special nature of the society's activities.

The principle accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The net liability at the year-end including the pension deficit and the impairment recognised in respect of the investment in school buildings for the Armagh site is £9,457,990 (2011: £8,522,265). This includes a net pension liability of £409,000 (2011: £277,000) as required by FRS 17 "Retirement Benefits" and an impairment of the Armagh site of £590,000 (2011: £2,206,678) as required by FRS 11 "Impairment of fixed assets". For further details of the impairment and pension liability please refer to notes 8 and 12 and of the financial statements respectively. The directors consider that it is appropriate to adopt the going concern basis in preparing the annual report and the financial statements on the basis that the Council's bank facilities continue to be renewed under acceptable terms on each review date.

The current economic environment is uncertain and the outlook presents challenges for the Council over the next twelve months. The Council meets its working capital requirements and the investment in school buildings through both overdraft facilities and demand loans. The current overdraft facilities and demand loans run from 14th May 2010 and expire on 31st January 2013. The directors have a letter extending this facility.

The Council's forecasts and projections, taking account of possible changes in activities, show that the Council should be able to operate within the level of its current facilities. The Council has commenced renewal negotiations with the Club bank in relation to the overdraft facilities and demand loans and has received written confirmation that the Club Bank is currently carrying out the normal review process and the new facility letter will be issued in due course.

After making enquiries, the directors have a reasonable expectation that the Council has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Tangible assets

Tangible fixed assets are stated at historic cost less accumulated depreciation.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The Council will conduct an impairment review when events or circumstances indicate that the carrying amount of the fixed assets may not be recoverable. The principal annual depreciation rates used are as follows:

Information technology	:	33 ¹ / ₃ %
Furniture and fittings	:	20%

Investment in school buildings

The cost of purchases of sites for and the construction of school buildings are capitalised to the extent that they are expected to be recouped on receipt of grant aid from the Department of Education. In the opinion of the Council, the investments in school buildings do not fall within the definition of investment properties as outlined in SSAP 19 "Investment properties". Expenses necessitated by the transfer of buildings are charged to the statement of financial activities as they are incurred. The Council will conduct an impairment review when events or circumstances indicate that the carrying amount of the investment in school buildings may not be recoverable.

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies (continued)

Cash flow statement

The company has taken advantage of the exemption in FRS 1 "Cash flow statements (revised 1996)" from the requirement to present a cash flow statement on the grounds that it is a small company.

Government grants

Grants that relate to specific revenue expenditure are credited to the income and expenditure account when received.

Taxation

The company is registered as a charity for tax purposes and is exempt from corporation tax on its activities. The activities of the company are exempt for value added tax purposes. The company therefore does not have to account for value added tax on its income nor is it able to recover the value added tax element of expenditure.

Pension funding

Retirement benefits to employees of the Council are provided by the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

In respect of this scheme, the Council's staff constitute only a small percentage of the overall membership. The Council has no influence over the level of contributions.

In previous years the Council's share of the NILGOSC scheme could not be identified and in keeping with such multi employer schemes the Council treated its pension cost as if it were a defined contribution (rather than a defined benefit) scheme. In late 2006 NILGOSC separated each of the employer scheme details and, as a result, the Council has had to comply with Financial Reporting Standard No 17 on Retirement Benefit Schemes and incorporate the year end deficit on the scheme in its balance sheet and the movement on the scheme within the statement of financial activities.

The assets of the NILGOSC scheme are held separately from those of the Council. The Council has adopted FRS 17 in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the Council's defined benefit pension scheme arising from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of financial activities.

The contributions are determined by qualified actuaries on the basis of triennial valuations, using a projected unit method.

Incoming resources

Grants

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Other income

Other income, which excludes value added tax, is accounted for on the accruals basis.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies (continued)

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs

Governance costs include those incurred in the governance of its assets which are associated with constitutional and statutory requirements.

Bank interest

All interest is accounted for in the statement of financial activities on the accruals basis.

Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities over the period in which the cost is incurred.

Fund accounting

The Council has one type of fund for which it is responsible. The definition of this fund is as follows:

Restricted funds

Restricted funds, subject to specific trusts, are those given to the Council which are to be expended for the specific objects specified by the donor.

2 Voluntary income

	2012	2011
	£	£
Department of Education	660,416	708,662
International Fund for Ireland	144,946	-
Open Society	11,306	-
Esmée Fairbairn Foundation	10,770	45,356
Department of Foreign Affairs	2,288	38,187
Other	25,384	12,071
	855,110	804,276

Notes to the financial statements for the year ended 31 March 2012

3 Net outgoing resources before recognised gains and losses

	2012	2011
	£	£
This is stated after charging:		
Staff costs (Note 4)	379,546	391,012
Payment of property related costs	233,582	292,815
Depreciation on tangible fixed assets – owned assets	13,185	6,154
Fees payable to the company’s auditor for the audit of the accounts	9,294	10,182
Operating lease rentals - property	17,500	34,000
- other	2,735	2,735

4 Employee information

	2012	2011
	£	£
Wages and salaries	294,450	300,392
Social security costs	26,593	26,526
Other pension costs	58,503	64,094
	379,546	391,012

	Number	Number
The average monthly number of persons employed by the company (including directors) during the year was:	11	12

The Directors received £nil for reimbursement of expenses during the year (2011: £nil). One employee falls in emoluments band over £60,000 (2011: one over £60,000) and details are below.

	2012	2011
	£	£
Chief Executives’ remuneration	55,816	51,040
Company pension contributions to NILGOSC pension scheme	9,824	9,187
	65,640	60,227

The chief executive is a non-contributory member of the NILGOSC pension scheme. This is a statutory scheme which provides benefits on a final salary basis at a normal retirement age of 65. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service.

Notes to the financial statements for the year ended 31 March 2012

5 Payment of property related costs

	2012	2011
	£	£
On bank loans and overdrafts	233,582	292,815

6 Other finance costs

	2012	2011
	£	£
Expected return on pension scheme assets	53,000	47,000
Interest on pension scheme liabilities	(65,000)	(77,000)
	(12,000)	(30,000)

7 Tangible assets

	Information technology £	Furniture and fittings £	Total £
Cost			
At 1 April 2011	96,692	20,897	117,589
Additions	3,732	9,377	13,109
Disposals	(38,271)	(6,108)	(44,379)
At 31 March 2012	62,153	24,166	86,319
Accumulated depreciation			
At 1 April 2011	68,380	20,897	89,277
Charge for the year	12,884	301	13,185
Eliminated on disposal	(38,271)	(6,108)	(44,379)
At 31 March 2012	42,993	15,090	58,083
Net book amount			
At 31 March 2012	19,160	9,076	28,236
At 31 March 2011	28,312	-	28,312

Notes to the financial statements for the year ended 31 March 2012

8 Investment in school buildings

	Balance at 31 March 2011 £	Proceeds on vesting £	Shortfall on vesting £	Impairment £	Balance at 31 March 2012 £
Ballynahinch	673,075	-	-	-	673,075
Armagh	1,250,000	-	-	(590,000)	660,000
Rowandale	125,583	(125,434)	(149)	-	-
	2,048,658	(125,434)	(149)	(590,000)	1,333,075

9 Debtors

	2012 £	2011 £
Trade debtors	20,183	77,810
Prepayments and accrued income	11,392	4,997
	31,575	82,807

10 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft (Note 11)	9,653	-
Bank loans (Note 11)	9,923,254	10,006,495
Other loans (Note 11)	-	79,594
Trade creditors	30,205	2,577
Other creditors	8,657	9,341
Accruals and deferred income	571,737	338,562
	10,543,506	10,436,569

Notes to the financial statements for the year ended 31 March 2012

11 Loans and other borrowings

	2012	2011
	£	£
Bank overdraft	9,653	-
Bank loans	9,923,254	10,006,495
Other loans	-	79,594
	9,932,907	10,086,089
Maturity of financial liabilities:		
In one year or less, or on demand	9,932,907	10,086,089
In more than one year, but not more than two years	-	-
	9,932,907	10,086,089

Bank loans are secured through a club bank arrangement with the bank holding floating security on school sites.

12 Pension commitments

The net pension 'liability' shown below under Financial Reporting Standard 17 does not represent a shortfall which requires short term cash funding. The amount shown below is calculated to comply with the new Financial Reporting Standard, the specific requirements of which differ from the basis on which pension liabilities are actuarially calculated for the purpose of the ongoing funding of the scheme. The Financial Reporting Standard requires:

- (i) actuarial deficiencies to be recognised immediately as a "liability" in the accounts rather than being spread forward over employees' remaining service lives;
- (ii) the actuary, in valuing the scheme's liabilities, is required to use a bond yield as the discount rate for valuing future liabilities, rather than a rate that reflects the expected return on the scheme's particular asset portfolio, with the result of an apparent increase in the present value of future longer term liabilities.

FRS 17 figures in relation to employees and ex-employees who are members of the NILGOSC pension scheme.

	2012	2011
Rate of increase in salaries	4.7%	4.7%
Rate of increase in pensions in payment	2.3%	2.7%
Discount rate	4.8%	5.5%
Inflation assumption	3.2%	3.2%

The mortality assumptions used were as follows:

	2012	2011
	Years	Years
Average expected future life at age 65 for:		
Male currently aged 65	21.9	21.9
Female currently aged 65	24.5	24.5
Male currently aged 45	23.6	23.6
Female currently aged 45	26.1	26.1

Notes to the financial statements for the year ended 31 March 2012

12 Pension commitments (continued)

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

	Long term rate of return expected at 31.03.12 %	Value at 31.03.12 £	Long term rate of return expected at 31.03.11 %	Value at 31.03.11 £
Equities	6.2%	801,000	6.2%	751,000
Property	5.7%	57,000	5.7%	53,000
Gilts	2.7%	75,000	4.2%	70,000
Cash	0.5%	10,000	0.5%	10,000
Total market value of assets		943,000		884,000
Present value of funded scheme liabilities		(1,352,000)		(1,161,000)
Net pension liability		(409,000)		(277,000)

Reconciliation of present value of scheme liabilities

	2012 £	2011 £
At 1 April 2011	1,161,000	1,677,000
Current service cost	38,000	50,000
Member contributions	16,000	19,000
Interest on scheme liabilities	65,000	77,000
Actuarial losses/(gains) on scheme liabilities	77,000	(350,000)
Benefits paid	(5,000)	(312,000)
At 31 March 2012	1,352,000	1,161,000

Reconciliation of fair value of scheme assets

	2012 £	2011 £
At 1 April 2011	884,000	1,061,000
Expected return on pension scheme assets	53,000	47,000
Actuarial (losses)/gains on scheme assets	(44,000)	26,000
Employer contributions	39,000	43,000
Member contributions	16,000	19,000
Benefits paid	(5,000)	(312,000)
At 31 March 2012	943,000	884,000

Scheme assets do not include any of The Northern Ireland Council for Integrated Education's own financial instruments, or any property occupied by The Northern Ireland Council for Integrated Education.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Notes to the financial statements for the year ended 31 March 2012

12 Pension commitments (continued)

Analysis of amount charged to profit and loss:

	2012	2011
	£	£
Current service cost	38,000	50,000

Of the total current service cost, £38,000 (2011: £50,000) is included within development of integrated education and schools in Northern Ireland.

Amounts for current and previous three years:

	2012	2011	2010	2009
	£	£	£	£
Scheme liabilities	(1,352,000)	(1,161,000)	(1,677,000)	(1,094,000)
Scheme assets	943,000	884,000	1,061,000	692,000
Deficit in scheme	(409,000)	(277,000)	(616,000)	(402,000)
Experience adjustments on scheme assets				
Amount (£)	(44,000)	26,000	260,000	(230,000)
Experience adjustments on scheme liabilities				
Amount (£)	1,000	200,000	-	2,000

13 Members liability

The liability of each member is limited to £10.

14 Reserves - restricted funds

	£
At 1 April 2011	(8,522,265)
Net outgoing resources before recognised gains and losses for the year	(814,725)
Actuarial loss on defined benefit pension scheme	(121,000)
At 31 March 2012	(9,457,990)

The net liabilities at the year end includes a deficit of £409,000 (2011: £277,000) in respect of pension scheme liabilities of the NILGOSC pension fund.

Notes to the financial statements for the year ended 31 March 2012

15 Financial commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Property	Property
	2012	2011
	£	£
Within two to five years	17,500	-

16 Contingent liabilities

The company has a contingent liability to repay revenue grants received, if certain conditions are not fulfilled.

17 Ultimate controlling party

There is no ultimate controlling party.