

Presented pursuant to paragraph 12 of Schedule 1 of the Public Processions (Northern Ireland) Act 1998

Parades Commission for Northern Ireland Account 2003-2004

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Contents

| | Page |
|---|------|
| Foreword to the Accounts | 2 |
| Statement of Secretary's responsibilities | 5 |
| Statement on the System of Internal Control | 6 |
| The Certificate and Report of the Comptroller and Auditor General | 8 |
| Income and Expenditure Account | 10 |
| Statement of Recognised Gains and Losses | 10 |
| Balance Sheet | 11 |
| Cash Flow Statement | 12 |
| Notes to the Accounts | 13 |

Foreword to the Accounts

History and statutory background

The Parades Commission was established on 27 March 1997 as a non-statutory body. The Public Processions (Northern Ireland) Act 1998, enacted on 16 February 1998, gave the Commission statutory responsibilities in relation to parades.

The Commission is financed by a budget allocated by the Secretary of State from the Northern Ireland Office Request for Resources 1. The Account below relates to the year ending on 31 March 2004.

Under paragraph 12(1) of Schedule 1 to the 1998 Act, and the Public Processions (Northern Ireland) Act 1998 (Accounts and Audit) Order 1998, the Commission is required to

- a keep proper accounts and proper records in relation to the accounts; and
- b prepare a statement of accounts in respect of each financial year of the Commission.

The accounts have been prepared in accordance with a direction issued by the Northern Ireland Office under the 1998 Act. The accounts incorporate an income and expenditure account, balance sheet and cash flow statement.

Audit

The National Audit Office has been appointed under Statute to examine these accounts and report on the audit examination. The agreed fee of £6,500 is confined to the statutory audit and neither includes nor permits other services which might diminish auditor independence.

Principal activities

The duty of the Commission, as laid down by the Public Processions (Northern Ireland) Act 1998 is

- a to promote greater understanding by the general public of issues concerning public processions;
- b to promote and facilitate mediation as a means of resolving disputes concerning public processions;
- c to keep itself generally informed as to the conduct of public processions and protest meetings; and
- d to keep under review, and make such recommendations as it thinks fit to the Secretary of State concerning the operation of the Act.

The Commission is empowered by the Act to take decisions and issue determinations in respect of public processions.

Review of activities

The Parades Commission received notification of 3,194 parades in the year from 1 April 2003 to 31 March 2004. Only 236 of those required detailed consideration by the Commission, and of those only 137 required the imposition of conditions on a proposed route. In making its decisions the Commission faced the difficult task of upholding the rights of not just one group but also of seeking to balance the conflicting rights of different groups within the statutory criteria laid down in the legislation. It approached each of these contentious parades independently and fairly and it remains steadfastly committed to this approach in working with all those involved in the parades issue.

The Commission has continued to promote its team of Authorised Officers, equipped to assist in resolving disputes at a local level. A range of initiatives has been undertaken which have contributed to a lowering of tensions at contentious parades.

The Commission's overall objective is to help bring about a situation in which parades can take place peacefully in an atmosphere of mutual respect.

Events since the end of the financial year which would affect the reader's understanding of the accounts

There are no such events.

Going concern

The Balance Sheet as at 31 March 2004 shows net liabilities of £36,976. This reflects the inclusion of liabilities falling due in future years, which may only be met by future deficit funding from the Commission's sponsoring Department, the Northern Ireland Office. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such funding may not be issued in advance of need.

Deficit funding for 2003-2004, taking into account the amounts required to meet the Commission's liabilities falling due in that year, has already been included in the Department's estimates for that year, which have been approved by Parliament. There is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Future developments

The Commission continues to search for ways to resolve disputes about parades. It encourages Authorised Officer teams to build local accommodation and encourage and support initiatives to allow long-term solutions to parading disputes to emerge. It continues to seek ways to reach out to those most concerned about parades, to seek to reduce the mistrust that surrounds the issue of parading and to improve the understanding of issues concerning public processions.

It has been alert to its duties as a public authority under Section 6 of the Human Rights Act 1998. It has been operating under the Act since October 2000 and has sought to strengthen the links between conflict resolution and human rights.

The term of office for the Chairman and Members was due to expire in December 2003, but was extended by the Secretary of State until the end of December 2005.

Membership of the Commission

Sir Anthony Holland (Chairman)
Mr Peter Osborne
Mr Peter Quinn
Mr John Cousins
Sir John Pringle
Rev Roy Magee
Mr Billy Martin

Prompt payment

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

On their receipt invoices are promptly sent for processing to the Northern Ireland Office. During 2003-2004, that Department had processed 85.8 % of all bills received by them within 30 days.

Disabled employees

It is the Parades Commission's policy to give equality of opportunity when considering applications from disabled persons. The Commission complies with all existing legislation in regard to its disabled employees.

Employee involvement

The maintenance of a highly skilled workforce is key to the future of the business. The Parades Commission is committed to and complies with the policies of equal opportunity and responsibility for employee and career development of all staff.

The Parades Commission recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Commission's performance. During the year the employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Commission and on other matters of concern to them, as employees, through notices and meetings.

R Pedlow
Secretary

7 March 2006

Statement of Secretary's responsibilities

Under paragraph 12(1) of Schedule 1 of the Public Processions (Northern Ireland) Act 1998 the Parades Commission for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Secretary of State, with the approval of Treasury as set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Parades Commission for Northern Ireland's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Secretary is required to

- observe the accounts direction issued by the Northern Ireland Office on behalf of the Secretary of State including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer for the Northern Ireland Office has designated the Secretary as the Accounting Officer for the Parades Commission for Northern Ireland. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by the Treasury and published in Government Accounting.

Statement on the System of 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 Parades Commission'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.

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 ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aim 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 the Commission for the year ended 31 March 2004 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

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

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Secretary and Chairman of the Commission;
- regular reviews of periodic and annual financial reports which indicate financial performance; and
- as appropriate, formal project management disciplines.

The risk and control framework

The Parades Commission for Northern Ireland has relied upon the services provided by the Northern Ireland Office (NIO) Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit Unit is informed by an analysis of the risk to which the Commission is exposed, and annual internal audit plans are based on this analysis.

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 Commission 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 results of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Our internal audit was only able to provide limited assurances in respect of the budgetary controls, hospitality and the fact that some recommendations from the previous year's audit had not been implemented. All recommendations are currently being actioned by management.

R Pedlow
Secretary

7 March 2006

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 10 to 20 under the Public Processions (Northern Ireland) Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13.

Respective responsibilities of the Parades Commission for Northern Ireland, Secretary and Auditor.

As described on page 5, the Parades Commission for Northern Ireland and Secretary are responsible for the preparation of the financial statements in accordance with the Public Processions (Northern Ireland) Act 1998 and directions made thereunder by the Secretary of State for Northern Ireland and for ensuring the regularity of financial transactions. The Parades Commission and Secretary are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Public Processions (Northern Ireland) Act 1998 and directions made thereunder by the Secretary of State for Northern Ireland and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 6 and 7 reflect the Parades Commission's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Parades Commission's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Parades Commission for Northern Ireland and Secretary in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Parades Commission's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Parades Commission for Northern Ireland at 31 March 2004 and of the deficit, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Public Processions (Northern Ireland) Act 1998 and directions made thereunder by the Secretary of State for Northern Ireland; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

27 April 2006

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the year ended 31 March 2004

| | Notes | 2003-2004 £ | 2002-2003 £ |
|-------------------------------------|-------|--------------------|----------------|
| Expenditure | | | |
| Staff costs | 2 | 381,949 | 313,543 |
| Depreciation | 5 | 4,393 | 5,495 |
| Permanent diminution | 5 | 3,808 | 1,208 |
| Other operating costs | 3 | 862,818 | 925,499 |
| Notional cost of capital | 4 | (1,327) | (3,731) |
| Other notional costs | 4 | 160 | 260 |
| | | 1,251,801 | 1,242,274 |
| Deficit for the year | | (1,251,801) | (1,242,274) |
| Credit in respect of notional costs | 4 | (1,167) | (3,471) |
| Amount transferred to Reserves | | (1,252,968) | (1,245,745) |

All amounts above relate to continuing activities and include VAT, where it is not possible to reclaim the input VAT.

Statement of Recognised Gains and Losses for the year ended 31 March 2004

| | 2003-2004 £ | 2002-2003 £ |
|---|--------------------|----------------|
| Results for year before credit reversal of notional costs | (1,251,801) | (1,242,274) |
| Unrealised surplus on revaluation of fixed assets | 8 | 0 |
| Total recognised (losses) for the year | (1,251,793) | (1,242,274) |

The notes on pages 13 to 20 form part of these accounts

Balance Sheet as at 31 March 2004

| | Notes | 2004 £ | 2003 £ |
|--|-------|-----------------|-----------|
| Fixed assets | | | |
| Tangible assets | 5 | 10,339 | 16,085 |
| | | 0 | 0 |
| | | 10,339 | 16,085 |
| Current assets | | | |
| Cash in hand | | 100 | 100 |
| Debtors | 8 | 24,541 | 16,739 |
| | | 24,641 | 16,839 |
| Current liabilities | | | |
| Creditors (due within one year) | 9 | 71,956 | 71,582 |
| Net current liabilities | | (47,315) | (54,743) |
| Total assets less current liabilities | | (36,976) | (38,658) |
| Financed by | | | |
| Capital and reserves | | | |
| General reserve | 11 | (36,984) | (38,658) |
| Revaluation reserve | 11 | 8 | 0 |
| | | (36,976) | (38,658) |

R Pedlow
Secretary

7 March 2006

The notes on pages 13 to 20 form part of these accounts

Cash Flow Statement for the year ended 31 March 2004

| | Notes | 2003-2004 £ | 2002-2003 £ |
|---|-------|-------------------------|------------------|
| Cash outflow from continuing operating activities | 12 | 1,252,195 | 1,289,119 |
| Capital expenditure | | | |
| Payments to acquire fixed assets | 5 | <u>2,447</u> | 3,465 |
| Cash outflow before financing | | <u>1,254,642</u> | <u>1,292,584</u> |
| Financing | | | |
| Cash inflow from financing | 11 | <u>1,254,642</u> | <u>1,292,584</u> |

The notes on pages 13 to 20 form part of these accounts

Notes to the Accounts

1 Statement of accounting policies

Accounting convention

The accounts have been prepared in accordance with the historical cost convention, modified by the revaluation of fixed assets.

The accounts comply with the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Treasury, insofar as those requirements are appropriate.

Income

As the Parades Commission do not receive grant-in-aid, income is not shown on the face of the income and expenditure account. All accounting transactions are processed through the NIO and are included in the NIO Resource Account.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Fixed assets

Fixed assets comprise of computer and office equipment and are revalued annually at 31 August, using appropriate indices compiled by Central Statistics Office. The level for capitalisation of a tangible fixed asset or group of assets is £1,000.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets at rates calculated to write off the cost (less any estimated residual value) of each asset over its expected useful life.

The estimated useful lives for depreciation purposes are as follows

| | |
|-------------------------|----------|
| Computer hardware | 5 years |
| Computer servers | 5 years |
| Computer software | 5 years |
| Furniture and equipment | 15 years |

Capital charge

A notional charge, reflecting the cost of capital utilised by the Commission, is included in the operating costs. The charge is calculated at the government's standard rate of 3.5 per cent in real terms on all assets (purchased) less liabilities.

Employer's Pension Contributions

The Secretary and employees of the Parades Commission are civil servants to whom the conditions of the Superannuation (Northern Ireland) Orders 1967 and 1972 and subsequent amendments apply. The Commission's staff is covered by the Principal Civil Service Pension Scheme, which is a non-contributory scheme. The rate for the employer's contribution is set by the Government Actuary.

2 Staff numbers and costs

Staff costs consist of

| | 2003-2004 | 2002-2003 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 315,193 | 259,313 |
| Social security costs | 24,979 | 18,353 |
| Pension costs | 41,777 | 35,877 |
| Total | <u>381,949</u> | <u>313,543</u> |

The PCSPS (NI) is an unfunded multi-employer defined benefit scheme, which produces its own resource accounts, but the Parades Commission for Northern Ireland is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS (NI) Resource Accounts.

For 2003-2004, employer's contributions of £41,777 were payable to the PCSPS (NI) (2002-2003 £35,877) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands. It is anticipated that rates will remain the same next year subject to revalorisation of the salary bands, but may change from 2005-2006 depending on the current actuarial valuation. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions are paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, are payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. No employees of the commission have opted for a pension partnership account during 2003-2004.

Number of employees

The average number of whole-time equivalent persons (including senior management) employed during the year was

| Administration Staff | 2003-2004 | 2002-2003 |
|---|------------------|-----------|
| Employed on a full-time basis | 13 | 11 |
| Employed on a part-time basis (full-time equivalents) | 0.0 | 0.5 |

Senior management

The salary and pension entitlements of the most senior managers of the Commission were as follows

| Name and title | Salary | Real increase in pension and related sum at age 60 | Total accrued pension and related lump sum at 31 March 2004 | CETV at 31 March 2003 | CETV at 31 March 2004 | Real increase in CETV after adjustment for inflation and changes in market investment factors |
|-------------------|--------|--|---|-----------------------|-----------------------|---|
| | £ | £ | £ | £ | £ | £ |
| Mr Andrew Elliott | | | | | | Consent for disclosure withheld |
| Mr Michael Boyle | | | | | | Consent for disclosure withheld |
| Mr Ronnie Pedlow | | | | | | Consent for disclosure withheld |

The Commission is not responsible for the remuneration of any ministers or special advisers.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London Weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation.

Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk

Disclosures of senior member's salary and pension arrangements were not made. However, the following represents an explanation of the various terms used.

Columns 4 and 5 of the above table would show the member's cash equivalent transfer value (CETV) accrued at the beginning and end of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

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 would show 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 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also included 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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.

Gross salaries for the most senior managers of the Department were determined by reference to the senior civil service pay award for 2004.

Commissioners' numbers and costs

The total emoluments of the Commissioners during the year ended 31 March 2004 amounted to £217,588. The total remuneration of the Chairman during the same period was £54,154. The Chairman was the highest paid Board Member. Both the Chairman and Commissioners are non-Northern Ireland Civil Service; therefore they are not pensionable.

The salary entitlement of the Chairman and Commissioners were as follows

| Commission member | Salary range £000 |
|----------------------------|-------------------|
| Anthony Holland (Chairman) | 50 – 55 |
| Peter Osborne | 25 – 30 |
| Peter Quinn | 25 – 30 |
| John Cousins | 25 – 30 |
| Sir John Pringle | 25 – 30 |
| Rev Roy Magee | 25 – 30 |
| Billy Martin | 25 – 30 |

3 Other operating costs

| | 2003-2004 | 2002-2003 |
|--|----------------|----------------|
| | £ | £ |
| Other operating costs comprise | | |
| Accommodation costs | 17,321 | 15,235 |
| Rent | 56,288 | 56,000 |
| Travel, subsistence and hospitality | 8,842 | 11,536 |
| Advertising | 9,244 | 15,510 |
| Training | 14,313 | 12,718 |
| Telecommunications | 11,935 | 15,600 |
| Inter-Departmental charges | 30,015 | 31,142 |
| Chairman and commissioners' remuneration | 217,588 | 219,227 |
| Commission's expenses | 315,881 | 308,165 |
| Professional advisors' service | 88,303 | 131,710 |
| Consultants' fees | 1,686 | 10,113 |
| Auditor's remuneration | 6,500 | 6,500 |
| Grant expenditure | 62,056 | 45,866 |
| Other expenditure | 22,846 | 46,177 |
| | <u>862,818</u> | <u>925,499</u> |

4 Notional costs

The income and expenditure account bears a non-cash charge for interest relating to the use of capital by the Parades Commission. The basis of the charge is 3.5 per cent of the average capital employed by the commission during the period ended 31 March 2004, defined as the total assets less current liabilities.

| | 2003-2004 | 2002-2003 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Cost of capital | (1,327) | (3,731) |
| Business Development Service | 160 | 260 |
| | <u>(1,167)</u> | <u>(3,471)</u> |

5 Fixed assets

| | 2003-2004 | 2002-2003 |
|---|---------------|-----------------|
| | £ | £ |
| Tangible assets | | |
| Computer and office equipment | | |
| Cost at 1 April 2003 | 27,775 | 26,005 |
| Additions | 2,447 | 3,465 |
| Revaluation | 8 | 0 |
| Permanent diminution | (6,558) | (1,695) |
| Cost at 31 March 2004 | <u>23,672</u> | <u>27,775</u> |
| Accumulated depreciation at 1 April 2003 | 11,690 | 6,682 |
| Charge for the year | 4,393 | 5,495 |
| Permanent diminution | (2,750) | (487) |
| Accumulated depreciation at 31 March 2004 | <u>13,333</u> | <u>(11,690)</u> |
| Net Book Value at 31 March 2004 | <u>10,339</u> | <u>16,085</u> |
| Net Book Value at 31 March 2003 | <u>16,085</u> | <u>19,323</u> |

6 Capital commitments

There were no outstanding capital commitments as at 31 March 2004.

7 Contingent liabilities

The Commission may have a liability to account for the tax and national insurance obligations relating to payments made to the Members and Chairman of the Commission since its inception.

The Commission are continuing to seek advice from the Inland Revenue on this liability.

8 Debtors

| | 2003-2004 | 2002-2003 |
|-------------|----------------------|---------------|
| | £ | £ |
| Debtors | 18,373 | 2,724 |
| Prepayments | 6,168 | 14,015 |
| | <u>24,541</u> | <u>16,739</u> |

9 Creditors

| | 2003-2004 | 2002-2003 |
|--|----------------------|---------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Creditors | 22,533 | 100 |
| Accruals | 49,423 | 71,482 |
| | <u>71,956</u> | <u>71,582</u> |

10 Commitments*a Operating lease*

The Commission is committed under a Memorandum of Terms of Occupation with the Department of the Environment to pay rental of £56,288 per annum for the premises it occupies.

Operating leases expiring

| | |
|----------------------------|--------|
| | £ |
| Within one year | NIL |
| Between one and five years | 56,288 |
| After five years | NIL |

b Other

The Commission is committed under its approved training plan with the Business Development Service to attend training courses totalling £7,188 during the financial year ended 31 March 2005. It should be noted that this will be a notional charge.

11 Reconciliation of movements in reserves

| | General Fund £ | Revaluation Reserve £ | Total 2004 £ | Total 2003 £ |
|--|----------------------|-----------------------------|-----------------------------|--------------------|
| At 1 April 2003 | (38,658) | 0 | (38,658) | (85,497) |
| Transfer from income and expenditure account | (1,252,968) | 0 | (1,252,968) | (1,245,745) |
| Financing from vote | 1,254,642 | 0 | 1,254,642 | 1,292,584 |
| Revaluation of fixed assets | 0 | 8 | 8 | 0 |
| At 31 March 2004 | <u>(36,984)</u> | <u>8</u> | <u>(36,976)</u> | <u>(38,658)</u> |

12 Reconciliation of results for the period to net cash flow from operating activities

| | 2004 £ | 2003 £ |
|---|---------------------------|--------------------|
| Result for the year | (1,251,801) | (1,242,274) |
| Depreciation | 4,393 | 5,495 |
| Notional costs | (1,167) | (3,471) |
| Permanent diminution | 3,808 | 1,208 |
| (Increase)/decrease in debtors | (7,802) | (12,238) |
| Increase/(decrease) in creditors | 374 | (37,839) |
| Net cash outflow from operating activities | <u>(1,252,195)</u> | <u>(1,289,119)</u> |

13 Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non Departmental Public Bodies are financed, the Parades Commission for Northern Ireland is not exposed to the degree of risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Parades Commission for Northern Ireland has no powers to borrow or invest surplus funds and has limited end year flexibility. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Commission in undertaking its activities.

As permitted by FRS 13, debtors and creditors that mature or become payable within 12 months from the balance sheet date have been excluded from this disclosure.

Liquidity risk

The Parades Commission for Northern Ireland is budgeted through the Northern Ireland Office Request for Resources 1 and is accountable to Parliament through the Secretary of State for Northern Ireland and is not therefore exposed to significant liquidity risk.

Interest-rate risk

All financial assets and financial liabilities of the Parades Commission for Northern Ireland carry nil rates of interest and therefore are not exposed to interest rate risk.

Currency risk

The Parades Commission for Northern Ireland does not trade in foreign currency and therefore has no exposure to foreign currency risk.

Fair values

The book values and fair values of the Parades Commission for Northern Ireland's financial assets and financial liabilities as at 31 March 2004 are as set out below

Primary financial instruments

| | Book value £ | Fair value £ |
|-----------------------|-----------------|-----------------|
| Financial assets | | |
| Petty cash | 100 | 100 |
| Financial liabilities | | |
| None | N/A | N/A |

14 Related party transactions

The Parades Commission for Northern Ireland is an independent statutory body, established by the Public Processions (Northern Ireland) Act 1998, and funded by the Secretary of State through the Northern Ireland Office.

The Northern Ireland Office is regarded as a related party. During the year, the Parades Commission for Northern Ireland has had various material transactions with the Northern Ireland Office.

In addition, the Parades Commission for Northern Ireland has had a small number of material transactions with other Government Departments. Most of these transactions have been with the Department of the Environment for Northern Ireland, and one of its executive agencies, the Construction Service.

None of the Parades Commission members, key managerial staff or other related parties has undertaken any material transactions with the Parades Commission for Northern Ireland during this year.

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

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