



## Annual Report and Statement of Accounts 2004/2005

Livestock and Meat Commission  
for Northern Ireland  
Annual report  
for the year ended 31 March 2005

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for the year ended 31 March 2005

Laid before each House of Parliament  
by the Livestock and Meat Commission for  
Northern Ireland in accordance with Paragraph  
12 (2) and (4) of the Schedule to the Northern  
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11 July 2005

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### Mission Statement

LMC will endeavour to maximise the return to the Northern Ireland economy from its beef and sheepmeat industries. LMC will provide quality services to aid and support producers, processors, retailers and consumers. LMC will create and implement appropriate strategic marketing initiatives, particularly in premium and niche markets.



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### Chairman's Statement

I am pleased to present the Thirty Eighth Annual Report of the Livestock and Meat Commission for Northern Ireland (LMC). The report covers the period 1st April 2004 to 31st March 2005.

This has been a unique year for agriculture, one which has been dominated by the debate on the Mid Term Review of the Common Agricultural Policy. Policy makers, producers and processors alike have had to deal with a rapidly changing business environment. LMC has played a pivotal role in this changing environment providing information and analysis on the economic implications of the reforms and raising awareness of the issues involved. Opening communication channels right across the supply chain has been crucial in setting an agenda for change so that decisions, based on accurate and timely information, could be made. However, the profitability of our beef and sheepmeat industries, in the wake of these massive changes, remains a formidable challenge for all involved.

A core objective for LMC and the industry was to have all restrictions on the export of cattle and beef removed. While this has not yet been achieved considerable progress has been made with Government's formal commitment to replace the Over Thirty Months Slaughter (OTMS) scheme with a new testing system for BSE. We have continued to campaign for a return to a normal market place where all products from our industry have free access to all markets. This issue remains critical in responding to the marketing challenge of the Mid Term Review.

LMC's efforts on the marketing side have been unfortunately hampered by the difficulties within Government of achieving state aid approvals and the lack of a planned lamb promotion campaign during the year explains a significant part of the higher than budgeted surplus for the year. While we remain conscious of the need to ensure that our industry is properly supported in GB and in export markets, opportunities for value for money promotions in partnership with our counterpart organisations have not been plentiful during the year. However, we do continue to seek out such opportunities where mutual advantage in the market place can be leveraged and costs shared.

During the year considerable work has been done to develop our governance procedures to meet with new rules introduced to us by Government and to respond to the challenge of ensuring that best practice is applied to all of the activities of the organisation.

I would like to thank our stakeholders for their continuing support and I look forward to their considerable continuing contribution as we develop LMC as a facilitator, for maximising the return to the Northern Ireland economy from its beef and sheepmeat sector.

Owen Brennan  
Chairman  
June 2005



### Executive Review

In this the thirty eighth year of reporting by LMC we have seen perhaps the most momentous change in the industry's operating environment that has taken place in LMC's existence. We refer of course to the reform of the Common Agricultural Policy under the Mid Term Review. From 1st January 2005 subsidies payable to farmers became decoupled from production. Payments now received by farmers under the Single Farm Payment (SFP) will be entirely divorced from production, instead payment will be made in return for the public goods of care for the environment, animal welfare etc as measured by cross compliance rules. We have now moved into an era in which the only return relating directly to covering the costs of livestock production will be the return from the market place.

A full nine years have passed since the imposition of the beef export ban and of course the exclusion from free access to all markets. This has significantly curtailed the development of our industry in terms of its profitability and sustainability. However, during this year a significant step towards the resumption of beef exports has been made through the Government announcements in respect of the Over Thirty Months Scheme (OTMS) made in December 2004. We look forward to the implementation of the robust system for BSE testing, which is being put in place in substitution of the exclusion of over thirty month animals from the food chain.

The ending of the OTMS should also bring considerable extra value to our industry, as the evidence suggests that the market price for these animals is considerably higher than Government payments under the OTMS.

The announcements in regard to OTMS do however exclude animals born before August 1996 in the food chain and a successor scheme for dealing with these pre 1996 born animals is awaited. Our sheepmeat industry has of course not been affected by the export ban and the subsidy changes through the mid term review will have a somewhat lesser impact than within the cattle sector.

There is no doubt that sustainable profits from sheep as well as from cattle production will represent a challenge for the future. Perhaps the most significant issue to arise during the year has been the introduction of individual identification of sheep leaving farms with effect from April 2005. Negotiations have been ongoing regarding the implementation of the scheme. While at farm level individual tagging and the traceability implications of individual identification for lambs presents significant problems to both producers and processors, there is little doubt that European regulation requires increasing robustness of the identification of sheep. Our industry needs to find workable solutions if we are to have full access to all market options for this part of our industry.

LMC's Strategic Plan sets out a number of objectives for the organisation and the following sections seek to report achievement against those objectives.

## Marketing and Communication



Dr Geraldine Cuskelly (LMC), Chef Paul Rankin and Ian Hunter (butcher) at a Healthy Eating Seminar in Limavady

### Objective 1

#### To re-establish Northern Ireland beef in export markets

LMC continued to lobby for the removal of the export ban and by the end of the year a proposed timetable for the return to exports was in place. In preparation LMC continued to provide the industry with information and assistance, to re-establish exports.

LMC continued work to develop the Greenfields consumer brand in the Netherlands and increase the quantity of beef sourced from Northern Ireland under the Date Based Export Scheme (DBES). LMC did not invest financially in the

promotion of Greenfields, due to only a small amount of beef being sourced from Northern Ireland under the DBES. LMC nonetheless continued to develop the relationship with Albert Heijn, meeting on a number of occasions to review progress on Northern Ireland resuming exports. Negotiations commenced on extending the Greenfields brand to lamb, these were at an advanced stage by the end of the financial year.

LMC undertook an ambassadorial role on behalf of the Northern Ireland beef and sheepmeat industry to maintain a presence in export markets. It is difficult to remain relevant with former customers in the absence of being able to do business, therefore we endeavoured to make sure an awareness of our existence continued.

LMC therefore:

- ✔ Organised participation by the NI red meat industry at SIAL
- ✔ Supported beef and lamb classes at IFEX
- ✔ Participated in a reception for EU officials, hosted by Brussels office
- ✔ Hosted dinner at World Ploughing championships
- ✔ Participated in International Meat Secretariat conference, Dublin
- ✔ Hosted visits by international customer representatives

### Objective 2

Inform and advise consumers on the benefits of using beef and sheepmeat as part of a healthy and balanced diet.

In the absence of a major advertising/information campaign LMC continued its cookery demonstrations and sampling sessions to the Northern Ireland consumer. From 1 April 2004 until 31 March 2005 LMC Home-Economists carried out:

- ✔ 139 school demos and 69 community demos. By doing so the Home-Economists conveyed the health benefits of beef and lamb to 10,000 consumers and almost 4,000 students. 18 sampling units were also active around the major supermarkets reaching an estimated 7,500 shoppers.
- ✔ 141 schools participated in meat for schools scheme.



Professional Development Event 2004 in Belfast

### Objective 3

Maximise the amount of Northern Ireland Farm Quality Assured (FQA) beef and lamb sold by retailers and used by the catering and food service sectors in Northern Ireland.

LMC can now report that the major multiple retailers in Northern Ireland are using mainly Northern Ireland Farm Quality Assured beef. The independent retail sector tends to have a less consistent policy ranging from butchers who will stock exclusively Northern Ireland Farm Quality Assured beef and lamb to those who offer their consumers a choice and indeed some who will trade only in the commodity market. Our knowledge of the catering and food service sector suggests that Northern Ireland Farm Quality Assured beef and lamb does not feature as prominently as we would like. During the financial year LMC:

- ✔ Supported the Master Butchers annual draw and organised a sausage and burger competition
- ✔ Provided secretarial support to Elite Butchers Association
- ✔ Produced generic POS material to promote FQAS
- ✔ Undertook cook and sampling sessions with Sainsbury's, Tesco, Safeway and M&S
- ✔ Representative's visited retailers across Northern Ireland

LMC will continue to exert whatever influence it can on retailers, restaurateurs and the food service sector to use Northern Ireland Farm Quality Assured beef and lamb.

### Objective 4

Ensure key opinion-formers are kept aware of the merits of beef and lamb in a balanced diet.

Communication is at the very core of LMC and so to tackle important issues and deliver LMC's key messages a number of events were attended and organised by LMC staff throughout the year. LMC therefore:

- ✔ Met formally and informally with key journalists on numerous occasions, including hosting a visit by them to SIAL
- ✔ Produced new leaflet outlining what FQAS means to consumers
- ✔ Participated in NI School Catering Association conference and distributed beef samples
- ✔ Hosted annual Professional Development Event, which attracted 160 Home Economics teachers and Health Professionals
- ✔ Participated in 'Health and Wellbeing' in schools awareness day



LMC in SIAL Paris

- ✔ Participated in NI branch of British Dietetic society annual study day
- ✔ Sponsored NI school cook of the year competition
- ✔ Organised a beef sausage and burger competition for the NIMBA Association, and supported their annual draw
- ✔ Funded a school competition on 'food4life' website, which was open to pupils from across Northern Ireland in the KS3/4 age group



[www.food4life.org.uk](http://www.food4life.org.uk)

### Objective 5

Undertake a lamb promotion campaign building on the work carried out in 2002/2003 within the resources available.

The 2004 Lamb Promotion Campaign has been deferred pending the securing of State Aid approval.

## Objective 6

Communicate effectively and efficiently with stakeholders and consumers.

LMC engaged extensively with consumers and levy-payers. It had been agreed in a review of the previous strategy that a Communications Manager would be appointed subject to resource availability. This appointment has now been made.

The communications office:

- ✔ Participated in the Balmoral Show
- ✔ Undertook a series of interviews with butchers and contributed to Farm Week
- ✔ Collated 510 press clippings featuring LMC or LMC events all of which were in a positive tone. 25 negative clippings were also noted
- ✔ Participated in 14 farmer meetings including those run by DARD and IGD



Yvonne Simpson winner of LMC's health awareness competition with John McMaster (butcher) and Dr Geraldine Cuskelly (LMC)

## Technical

### Objective 1

To acquire and distribute reliable and up-to-date technical information to all sectors of the industry.

Progress against the previous Strategic Plan objectives was achieved through the completion of structural reorganisation of departments, which defined responsibilities more clearly, and by the appointment of new high calibre staff. The distribution of information has become the responsibility of the Communications Manager in the Marketing Department, and the role of the Technical Department has re-focused onto the provision of technical information for distribution by that Manager.

During the year the Technical Department was strengthened by the recruitment of a Senior Economist and a Meat Nutritionist. This enabled a substantial increase in the quantity and quality of technical information and analyses provided for distribution to the industry and consumers.

Information was provided to enable continuation of the weekly Bulletin, the quarterly Meat Trader and the daily BBC Farm Gate broadcast, as well as the 2004 Yearbook. The provision of the special articles in LMC publications was enhanced and technical information was provided for, and regularly reviewed on, the LMC Website. Additionally, through the efforts of the Communications Manager, much more information became published in the agricultural press. Furthermore participation in, and the provision of speakers for, industry and consumer meetings increased.

### Objective 2

To assist the industry to develop post Mid Term Review.

A major contribution in analysis and advice to Government was made which was successfully recognised by the achievement of a balancing of the Single Farm Payment between historic and area entitlements that gave the closest overall replication of the historic recycling of subsidy receipts in market prices, thereby not disadvantaging the beef (especially suckler) and sheep sectors.

The Technical Department played a key role in keeping the industry involved in the decision making process by providing information on the debate as it progressed and seeking reaction from stakeholders.

The Technical Department was the first in the industry to:

- ✔ Tabulate the amount of subsidy carried per finished animal,
- ✔ Analyse financial performance without subsidies,
- ✔ Tabulate the total cost of production per kg of beef and lamb, to advance the rationale that beef cattle and sheep should only be farmed if there was profit in doing so,
- ✔ Open-up the debate on cost efficiency measures.

A major Industry Conference was held in September 2004, at which invited 'experts' contributed technical information to assist both producers and processors to make informed decisions. This was summarised in a major Bulletin Special after the conference, and through almost 40 follow-up events, which included speaking at numerous farmer meetings. The follow-up events also included Industry Stakeholder Workshops covering topics such as how the New Zealand Industry adapted to the removal of subsidies, Benchmarking as a tool for improving performance, how the unsubsidised Poultry Industry operates, and the need for Industry Action in response to the changes.

### Objective 3

To be a reliable provider of technical services to all sectors of the industry and to the wider general public to meet the requirements of all customers in the supply chain.

A key focus in the year was to reduce the number of inspections for FQAS participants under Cross-Compliance. Additional services were provided in support of the industry's need to end both OTMS and DBES. Other focuses were on nutritional services in regard to the role and safety of beef and sheepmeat in the diet.

The Technical Department has continued to act as facilitator for the industry's Farm Quality Assurance Scheme and has assisted in the implementation of feed and transport assurance and the deliberations of the Farm Quality Assured Cereals Scheme, all of which are needed within the beef and sheep industry.

Following meetings with DARD the key focus was modified to one of achieving recognition of FQAS participants as low risk with a minimal need for them to be selected for cross compliance inspections, and this is being negotiated at year end.

The Technical Department has achieved an increase in its acquisition of data through reaching an agreement with the APHIS Support Unit, and has increased its provision of technical information to assist the industry push for a lifting of the export ban and for change to the OTM rule. This has included attending a large number of meetings both in NI and GB to represent NI industry interests.

The technical information needed to support nutritional services to the consumer increased, and also led to the publication of a new leaflet explaining FQAS benefits to the consumer.

### Field Services

#### Classification

#### Objective 1

To continue participation in the Classification Service until new technology replaces licensed officers. To lead the industry in the use of new technology to meet stakeholder requirements.

LMC staff classified 406,644 beef carcasses and 616,778 sheep carcasses over the period 1 April 2004 to the 31 March 2005. This was an increase of 121 carcasses for prime cattle classifications and 52,252 sheep carcasses,

LMC's management of scheme activities and beef and sheep carcass classification has continued to deliver value for money in the year just ended. This will remain a major objective for the incoming year and it is LMC's intention that this will be achieved in an efficient and professional manner that recognises the need to continuously improve the quality of the services being delivered.

The achievement of these objectives has been enhanced by the introduction of annualised hours, which has provided greater flexibility in the use of staff resources over seasonal demands. We will continue to monitor all aspects of the business to ensure the best working practices are employed to meet the needs of an ever changing industry. Overall, LMC has restructured its Agency and Classification departments in a way which leaves it ideally suited to providing the most efficient and cost effective service to the industry.



Terry White LMC's Classification Manager judging the Suffolk Sheep Society NI carcass competition in Lurgan



### Over Thirty Months Slaughter Scheme

During the year a total of 118,985 animals were presented to OTMS. Two designated deadweight collection centres participated in the Scheme – Dungannon Meats (Ballymena) and Langford Processors. These centres contributed to a total kill of 91,472 animals sourced directly from producers (including TB / Brucella reactors) or through registered markets.

### Liveweight Collection Centres







During the reporting period, fourteen designated liveweight collection centres operated on a weekly basis with three further markets operating on alternate weeks. Throughout the year a total of 32,801 animals were processed by designated markets in Northern Ireland at 695 separate collections. On average, 47 animals were presented at each collection.

## Agency Services

### Objective 1

To provide commercial services to Government and industry at reasonable commercial margins. These services relate primarily to the supervision of schemes and activities relating to market support and the supervision of industry controls.

Despite limited activity during the reporting year, LMC retained an obligation to maintain its readiness to act as the Rural Payments Agency's agent in the control and supervision, within Northern Ireland, of the following market support activities:

-  Support buying, acceptance and boning supervision of intervention beef
-  Transfers and sales of intervention beef
-  Beef Import Tariff Quota (ITQ)
-  Sheepmeat and Pigeat Private Storage Aid (PSA)
-  Special Export Refund
-  EU Price Reporting

### Funding

LMC's main funding comes from a statutory levy on livestock slaughtered within Northern Ireland. Commercial income is also generated by the provision of a Classification Service to Northern Ireland processors and the provision of Agency Services to the Rural Payments Agency (RPA). LMC has been able to avail of EU finance under promotion and information schemes in recent years.

### Levies

Under the Livestock and Meat Commission (Maximum Levy) Regulations (Northern Ireland) 2003, the maximum sums payable by way of levy are set out below:

|            |                |
|------------|----------------|
| For Sheep  | £1.00 per head |
| For Cattle | £6.00 per head |

The Livestock and Meat Commission (Levy) (No.2) Regulations (Northern Ireland) 2003 provide for actual levies of:

- (a) payable by the owner of livestock (i.e. the producer in the majority of cases) prior to slaughter or leaving Northern Ireland:

|            |                |
|------------|----------------|
| For Sheep  | £0.20 per head |
| For Cattle | £1.00 per head |

- (b) payable by the owner or occupier of premises where livestock are slaughtered:

|            |                |
|------------|----------------|
| For Sheep  | £0.10 per head |
| For Cattle | £1.00 per head |

This raised a total income in the financial year of £1,087,257.

### Classification Fees

Classification fees, payable by processors, are currently set at:

|            |                |
|------------|----------------|
| For Sheep  | £0.20 per head |
| For Cattle | £1.25 per head |

subject to a minimum charge per Classification Officer per day.

This raised a total income in the financial year of £655,628

### Farm Quality Assurance Scheme

Under funding arrangements for the Farm Quality Assurance Scheme, producers pay a £50 joining fee and a £35 annual membership fee. Processors who wish to participate in the scheme pay a fee of £1.00 per bovine animal and £0.10 per sheep slaughtered, plus an annual membership fee which is tiered according to the throughput of the plant.

The total FQAS income in the financial year was £879,469.

### Human Resources

During the 2004 financial year a number of policies were reviewed and formalised within LMC. The HR department continued its implementation of the Equality scheme and the integration of equality within normal business issues. This scheme has been drawn up in line with the requirements of the Northern Ireland Act 1998, which places duties on public authorities to promote equality of opportunity and good relations.

### Staff

Overall staff numbers have remained constant. However, a number of new appointments have been made to strengthen the Marketing and Technical departments. We would like to congratulate and welcome our new additions to the LMC team.

In the Technical Department Jelmer Hania has taken on the role of Senior Economist replacing David Ritchie who retired in March 2005. We were very sorry to see David leave as he had been with the organisation for 21 years and during this time he contributed so much to the successful communication of strategic market information. A Meat Nutritionist role was created within the Technical Department to increase consumer awareness of beef and lamb as part of a healthy diet. The position was filled by Dr Geraldine Cuskelly who has already made an impact on the Northern Ireland marketplace.

In the Marketing Department Maria McLaughlin took on the role of Communications Manager. Maria will work as an integral part of the marketing team to enhance the quality of information provided by LMC right across the supply chain, to levy payers, consumers and key industry stakeholders.

The last report recorded the implementation of PAMS (Personnel Administration Management System). As well as streamlining LMC's Fair Employment Monitoring it has now been used to record and monitor staff absence. The data for the last two years is shown below:

|   | 03/04    | 04/05     |
|---|----------|-----------|
| Percentage days lost through sickness absence | 4.6%     | 2.04%     |
| Cost of absence                               | *£34,110 | **£13,996 |
| Percentage of annual staff costs              | 2.2%     | 0.88%     |

\* includes accrued costs of sickness from start of scheme 1998

\*\* includes one financial year costs

### Acknowledgements

The Commission acknowledges help received from many public and private sector organisations and individuals not mentioned elsewhere in this Report. It would like to thank all those who have helped and supported the Industry in various aspects – Ministers, MPs and other political figures, DARD staff, the media etc. The Commission would like in particular to thank all those individuals and Industry bodies who have participated in various meetings and consultation exercises including the Strategic Plan, the Red Meat Strategy Development Group, the Farm Quality Assurance Industry Board, the Lamb Promotion Advisory Council.

### Freedom of Information Act

As part of LMC's commitment to openness and in the context of the Freedom Of Information Act we have published the LMC's Publication Scheme on the LMC website [www.lmcni.com](http://www.lmcni.com). This shows exactly what LMC publishes and how a copy can be obtained. In addition to this we have published a range of policies relating to the business of LMC.

## Commission Membership



Back Row: Greer McCollum, Owen Brennan (Chairman),  
Colin Duffy  
Front row: Pamela Kane, Martin White,  
missing, Nigel McLaughlin and Gordon Orr

Members are appointed by DARD (which also appoints the Chairman) for three-year terms. There are seven members.

- Owen Brennan
- Colin Duffy
- Pamela Kane
- Gordon Orr
- Greer McCollum
- Nigel McLaughlin
- Martin White

The role of the Commission members is to act effectively as Non-Executive Directors of LMC and to exercise the ultimate control on policy. Management of the Commission is delegated by the Board to the Chief Executive and a Management Team. The Chief Executive, having responsibility also as Accounting Officer, is responsible to the Board for the proper conduct of the affairs of the Commission and the development and implementation of the policies determined by the Commission. Commission members meet routinely once per month, with additional meetings on an ad hoc basis when circumstances so require.



### Owen Brennan

**Chairman** — Owen Brennan's appointment as LMC Chairman began on 1 November 2002 and will run until 31 October 2005.

He is currently the Managing Director of Devenish Nutrition. He was previously Managing Director of Nutec Ireland and has a strong marketing background in agri-business.

Mr Brennan is a past President of the Northern Ireland Grain Trade Association



**Pamela Kane** — Pamela Kane has served on the LMC's Board since 2002 and was re-appointed for three years in February 2005.

She was educated at Cookstown High School and Queen's University, Belfast, graduating with a BSc (Hons) Degree and a postgraduate Diploma in Business Administration.

She has worked for 11 years in the pork and bacon industry as Key Accounts Manager with responsibility for the UK and European retailers, thereby gaining considerable knowledge and experience of the agri-food Industry and the interests of the producer, processor, retailer and consumer.

In addition, she brings to the Commission the knowledge derived from a farming background, while as a wife and mother of two young sons, Daniel and David, her consumer interests are sharpened by her hobbies of cooking and entertaining.

As a member of the Fire Authority for Northern Ireland for six years, she gained valuable experience in the area of public bodies and she is currently serving on Orritor Primary School Board of Governors.



**Colin Duffy** — Appointed to the Livestock and Meat Commission in January 2000, Colin is a past Board Member of the Northern Ireland Food and Drink Association

(NIFDA) and past Chairman of the Northern Ireland Meat Exporters' Association (NIMEA).

Having taken up an initial appointment with the Anglo-Irish Beef Processors Group, he continued his language and international marketing studies in Germany. Whilst on the continent, he gained significant insight and knowledge of the European wholesale and retail markets in red meat.

On his return to Ireland he was appointed Marketing Manager with specific responsibility for the German and Scandinavian markets. In 1991 he was promoted as the youngest ever General Manager of the strategically important AIBP flagship plant in Cahir, Co. Tipperary, with specific responsibility for Third World and European contracts.

In 1996 he transferred to ABP (Newry) and has since become deeply involved in all aspects of the Northern Ireland Meat and Agri-Food Industry. Totally committed to the ideal of complete Food Chain Management, Colin has striven, through the pioneering ABP (Newry) Partnership in Livestock Group, to fully integrate the roles of producer, processor and retailer.



**Gordon Orr** — Gordon Orr was appointed to the Commission in October 2000. He was educated at Loughry College, Harper Adams University College and the University of Ulster.

Gordon, who is an independent Management Consultant, is qualified as a Chartered Marketer and specialises in strategic marketing planning and promotion, mentoring and training in the agri-food and other industries.

A recipient of the CIM President's Award, he is a past Regional Chairman of the Chartered Institute of Marketing and of the Northern Ireland Agri-food Group. Gordon was a member of the launching board of NIFDA and is an executive board member of MIANI (The Mushroom Industry Association for Northern Ireland).

With farming roots, Gordon has been involved with producers and processors in the agri-food industry for most of his career. His consultancy work has included clients from a wide range of industries at home and abroad. Married with a family of three, his main recreational activities include rugby and outdoor activities.



**Greer McCollum** – (appointed to LMC January 2003) Greer McCollum OBE, is a beef, sheep and cereal farmer and ex-President of the UFU in which he is still

actively involved, being a current member of the UFU Council and UFU Executive. He is a member of the Northern Ireland Food Chain Certification Committee, is on the Management Board of Greenmount Agricultural College and is a Board Member of Coleraine Local Action Group for Enterprise Ltd.



**Nigel McLaughlin** – (appointed to LMC January 2003) Nigel McLaughlin is a beef and sheep farmer and Vice-Chairman of the North West UFU Group. He is also

Vice-Chairman of Roe Valley Leader, a Director of Limavady Strategy Partnership and Technical Adviser on the Farm Quality Assurance Scheme and Northern Ireland Food Chain Certification Committee. He is former Vice-Chairman of NIAPA and was a member of the Agri-Food Vision Foot and Mouth Sub-Group.



**Martin White** – (appointed to LMC January 2003) Martin was educated at Abbey Christian Brothers School Newry and Queen's University Belfast. He

graduated with an Honours Degree in Economic History and Business Administration. Martin has worked in the meat industry for over thirty years during which time he co-founded Eurostock in 1985, initially as a commercial de-boning plant. However, Martin subsequently identified a marketing opportunity in France for processed beef and veal offals. This led to the company becoming the first meat processor in N.Ireland to receive a Queen's Award for Exports in 1996.

Since then Martin has successfully managed and grown the business through has extensive experience of exporting and sourcing product in world markets. He brings to the Board a wealth of experience of the problems and opportunities faced by small businesses in dealing with retailers at home and abroad in today's multi national environment. Martin likes to travel and is keen on most sports but especially greyhound racing.

Livestock and Meat Commission  
for Northern Ireland  
Annual report  
for the year ended 31 March 2005

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## Foreword

for the year ended 31 March 2005  
The Commission presents its audited financial statements for the year ended 31st March 2005. These have been prepared in a form directed by the Department of Agriculture and Rural Development with the consent of the Department of Finance and Personnel in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 (the Act). The accounts direction can be found as an appendix to the accounts. Under Article 8 of the Agriculture (Miscellaneous Provisions) (Northern Ireland) Order 1994 the Livestock Marketing Commission for Northern Ireland was renamed the Livestock and Meat Commission for Northern Ireland.

## Background information

The Livestock Marketing Commission for Northern Ireland was established on the 1 August 1967, under the Livestock Marketing Commission Act (Northern Ireland) 1967 (the Act) for the benefit of the livestock and livestock products industries in Northern Ireland. The Commission is an executive non-departmental public body sponsored by the Department of Agriculture and Rural Development. The Commission was given the general duty of examining and recommending improvements in the marketing of livestock and livestock products. Particular functions were to include the following:

- ✔ Examining the structures of the livestock and livestock products industries.
- ✔ Encouraging the making of better arrangements for the movements of livestock and products.
- ✔ Advising on the classification and grading of carcasses.
- ✔ Advising on the characteristics which livestock should possess in order to be readily marketable.
- ✔ Advising on the layout and operation of livestock auction markets and slaughter houses.
- ✔ Disseminating information within the industries about market prices for livestock and livestock products and about the trends of those prices and the requirements of markets for livestock and livestock products.

- ✔ Conducting market research into the requirements of markets (whether in Northern Ireland or elsewhere) for livestock and livestock products.
- ✔ Improving and expanding trade in livestock and livestock products.

To defray the expenses of the Commission the Act provided for the imposition of levies in respect of livestock slaughtered in or exported from Northern Ireland.

Current levy rates per animal are:

|                |              |           |
|----------------|--------------|-----------|
| Producer Levy  | Cattle £1.00 | Sheep 20p |
| Processor Levy | Cattle £1.00 | Sheep 10p |

## Classification service

The Commission operates a Classification Service, which is offered to the Industry. This service is based on individual contracts with livestock slaughtering companies. The contracts are based on a charge per head for each unit of livestock classified, subject to certain minimum charges. The Commission has no statutory obligation to provide this service, however the Board has consulted with the Industry and agreed the continuance of the provision of an independent service.

## Rural Payments Agency

The Commission undertakes the following functions in Northern Ireland for the Rural Payments Agency (previously known as the Intervention Board Executive Agency).

- ✔ the acquisition, storage and disposal of beef and sheep meat;
- ✔ aid for private storage of beef and sheep meat;
- ✔ special export refunds on beef;
- ✔ price reporting: cattle deadweight; and
- ✔ operation of various aspects of the Over Thirty Months Slaughter scheme (OTMS).

## Results

The surplus of income over expenditure after taxation and notional cost of capital for the year ended 31st March 2005 amounted to £439,852.

## Members

The following served as members during the year:

Mr O Brennan  
Mr C Duffy  
Mrs P Kane  
Mr G Orr  
Mr N McLaughlin  
Mr G McCollum  
Mr M White

Mr Orr's appointment continues until 30 September 2006 and Mrs Kane's until 31 January 2008. Mr Brennan's appointment continues until 31 October 2005 and Mr Duffy's, Mr McLaughlin's, Mr McCollum's and Mr White's until 31 December 2005.

### Employee involvement

The Commission is a small organisation in which all employees are in constant contact with management.

### Payment to suppliers

The Commission is committed to the prompt payment of bills for goods and services received in accordance with the 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.

During the year 95% of bills were paid within this standard.

### Significant changes in fixed assets

The movement in fixed assets during the year is set out in note 7 to the financial statements.

### Research and development

The Commission does not directly undertake research and development, but supports projects which may prove to have a positive benefit to the industry.

### Post balance sheet events

There are no significant post balance sheet events arising.

### Charitable donations

It is not the policy of the Commission to make charitable donations.

### Equality policy

It is the policy of the Commission in carrying out its activities, both as an employer and as a provider of services to the industry, including its interface with the general community, to have due regard to the promotion of equality of opportunity:

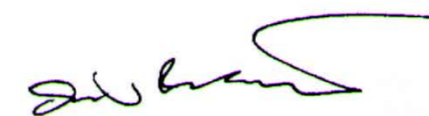
- ✔ between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- ✔ between men and women generally;
- ✔ between persons with a disability and persons without; and
- ✔ between persons with dependants and persons without dependants.

### Auditors

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Livestock and Meat Commission for Northern Ireland and reports his findings to Parliament.

The audit of the financial statements for 2004/5 resulted in an audit fee of £6,850 and is included in the other operating charges in the Income and Expenditure account. The C&AG did not provide any non-audit services during the year.

### By order of the board of members



D Rutledge

Accounting officer

29 June 2005

## Statement of Internal Control

### 1. Scope of responsibility

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

The current accountability arrangements in LMC were instigated in March 2005 with the appointment of the undersigned as Accounting Officer and the implementation of a Management Statement and Financial Memorandum defining the accountability arrangements to our sponsor Department, the Department of Agriculture and Rural Development. These new arrangements deal with shortcomings identified in the NIAO report appended to the 2004 Annual Report. As Accounting Officer I am supported by monthly Board Meetings, by an Audit Committee and by an Executive Committee, with the latter Committee producing Stewardship Reports in regard to their particular functional responsibilities. The Audit Committee is made up of members of the board. No non-executive or independent members serve on the Audit Committee.

### 2. 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 LMC's 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 LMC for the year ended 31 March 2005 and up to the date of approval of the Annual Report and Accounts and accords with DFP guidance.

### 3. Capacity to handle risk

The Executive Committee monitors and reviews the Risk Register which is revised to reflect evolving risk issues. The Risk Register and the Risk Management Plans for each functional area are updated and approved by the Board as appropriate and at least annually. During the year, training of all Executive Staff was provided by the sponsoring Department.

### 4. The risk and control framework

Within each functional area, the Risk Register is maintained by the responsible Manager. These risks are discussed half-yearly by the Executive Committee and from these functional risks are drawn the Corporate Risk Register. During 2004/2005, risk priorities were:

- ✔ The adoption of requirements of the newly implemented Management Statement and Financial Memorandum.
- ✔ Risks arising from external economic circumstances.
- ✔ Risks arising from external Government actions.

The Risk Register is disseminated throughout the organisation and Managers seek to develop and embed risk management in all aspects of the management process. The key stakeholders of LMC are the beef and sheep farmers and processors who pay levy to LMC together with the sponsoring Department, DARD. Frequent meetings with all of the key stakeholders seek to ensure that the risks facing the industry and LMC are widely disseminated and fully debated to reach appropriate conclusions for LMC and for the industry which we serve.

### 5. 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 LMC who have responsibility

for development and maintenance of the internal control framework, and comments made by the external auditors in their management letters 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 Board and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

LMC's system of internal control has recently been strengthened as outlined above and we will seek to continue to develop controls where appropriate. In particular, in the incoming year LMC plans to:

- ✔ Finalise and implement decisions on outstanding matters from the consultant's report of 2004.
- ✔ Further develop the Corporate Risk Register.
- ✔ Ensure the completion of the implementation of minor matters arising from the internal Audit report.

I am unaware of any other significant internal control weaknesses that need to be addressed.







D Rutledge  
Accounting Officer  
29 June 2005

## Statement of the Commission and Accounting Officer's Responsibilities

In accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 the Livestock and Meat Commission for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Livestock and Meat 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 Commission is required to:

-  observe the accounts direction issued by the Department of Agriculture and Rural Development including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
-  make judgements and estimates on a reasonable basis;
-  state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
-  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 Department of Agriculture and Rural Development has designated the Chief Executive as the Accounting Officer for the Livestock and Meat 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 Officer Memorandum, issued by the Department of Finance and Personnel.

The Accounting Officer is responsible for the maintenance of the LMC's website, and establishing suitable security procedures and controls to prevent unauthorised amendment and to ensure the integrity of the website. He is also responsible for ensuring that electronic publication of the financial statements and auditors report properly presents the original certified statements.

## Livestock And Meat Commission For Northern Ireland

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

I certify that I have audited the financial statements on pages 33 to 48 under the Livestock Marketing Commission Act (Northern Ireland) 1967. 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 page 12.

### Respective responsibilities of the Commission, the Accounting Officer and Auditor

As described on page 30, the Commission and Accounting Officer are responsible for the preparation of the financial statements in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 and Department of Agriculture and Rural Development's directions made thereunder and for ensuring the regularity of financial transactions. The Commission and Accounting Officer are also responsible for the preparation of the other contents of the Annual Report. 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 Livestock Marketing Commission Act (Northern

Ireland) 1967 and Department of Agriculture and Rural Development directions made thereunder, 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 read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 28 to 29 reflects the Commission's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the 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 Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

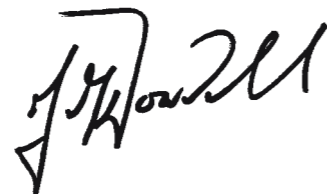
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other 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 Livestock and Meat Commission for Northern Ireland at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 and directions made thereunder by the Department of Agriculture and Rural Development; 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.



J M Dowdall CB  
 Northern Ireland Audit Office  
 Comptroller and Auditor General  
 106 University Street  
 Belfast BT7 1EU  
 6 July 2005

### Income and expenditure account for the year ended 31 March 2005

|   | Notes  | 2005<br>£ | 2004<br>£ |
|---|--------|-----------|-----------|
| <b>Income</b>   |        |           |           |
| Income from activities                                | 2      | 3,714,125 | 3,825,297 |
| <b>Expenditure</b>                                    |        |           |           |
| Staff and related costs                               | 3      | 1,729,348 | 1,770,608 |
| Depreciation (net of deferred grant release)          |        | 71,864    | 63,863    |
| Other operating charges                               | 4      | 1,376,384 | 1,805,350 |
|   | 2      | 3,177,596 | 3,639,821 |
| <b>Operating surplus</b>                              | 2      | 536,529   | 185,476   |
| Income from investments                               | 5      | 65,933    | 42,734    |
| Notional cost of capital                              | 1 & 12 | (150,038) | (126,461) |
| <b>Surplus on ordinary activities before taxation</b> |        | 452,424   | 101,749   |
| Taxation  | 6      | 12,572    | 7,774     |
| <b>Surplus for the financial year</b>                 | 12     | 439,852   | 93,975    |
| Transfer to designated reserves                       | 12     | (205,063) | (116,031) |
| <b>Transfer to/(from) reserves</b>                    |        | 234,789   | (22,056)  |

All amounts above relate to continuing operations of the commission.

The notes on pages 38 to 49 form part of these accounts.

Statement of total recognised gains and losses for the year ended 31 March 2005

|   | 2005           | 2004           |
|---|----------------|----------------|
|   | £              | £              |
| Surplus for the financial year after notional cost of capital | 439,852        | 93,975         |
| Unrealised surplus on revaluation of property                 | 484,334        | 46,821         |
| <b>Total gains recognised since last annual report</b>        | <b>924,186</b> | <b>140,796</b> |

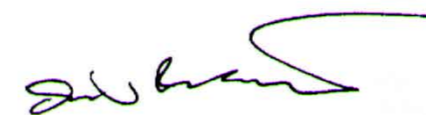
Note of historical cost surplus and deficits for the year ended 31 March 2005

|  | 2005           | 2004          |
|--|----------------|---------------|
|  | £              | £             |
| Reported surplus on ordinary activities before taxation  | 452,424        | 101,749       |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 15,763         | 5,001         |
| Historical cost surplus on ordinary activities before taxation   | 468,187        | 106,750       |
| <b>Historical cost surplus for the year after taxation</b>   | <b>455,615</b> | <b>98,976</b> |

Balance sheet as at 31 March 2005

|  | Notes | 2005             | 2004             |
|--|-------|------------------|------------------|
|  |       | £                | £                |
| <b>Fixed assets</b>                            |       |                  |                  |
| Tangible assets                                | 7     | 1,564,407        | 1,115,240        |
| <b>Current assets</b>                          |       |                  |                  |
| Debtors  | 9     | 627,031          | 1,015,626        |
| Investments                                    | 10    | 1,226,721        | 1,170,746        |
| Cash at bank and in hand                       |       | 1,643,277        | 733,880          |
|  |       | <b>3,497,029</b> | <b>2,920,252</b> |
| <b>Current liabilities</b>                     |       |                  |                  |
| Creditors: amounts falling due within one year | 11    | 236,080          | 287,260          |
| <b>Net current assets</b>                      |       | <b>3,260,949</b> | <b>2,632,992</b> |
| <b>Total assets less current liabilities</b>   |       | <b>4,825,356</b> | <b>3,748,232</b> |
| <b>Reserves</b>                                |       |                  |                  |
| Income and expenditure account                 | 12    | 2,474,398        | 2,123,831        |
| Revaluation reserve                            | 12    | 709,860          | 241,289          |
| Designated reserves                            | 12    | 1,641,098        | 1,383,112        |
|  |       | <b>4,825,356</b> | <b>3,748,232</b> |
|  |       | <b>4,825,356</b> | <b>3,748,232</b> |

The notes on pages 38 to 49 form part of these accounts.



D Rutledge  
Accounting officer  
29 June 2005

### Cash flow statement for the year ended 31 March 2005

|  |       | 2005     | 2004     |
|--|-------|----------|----------|
|  | Notes | £        | £        |
| <b>Net cash inflow from operating activities</b> | 13    | 948,643  | 96,957   |
| <b>Returns on investments</b>                    |       |          |          |
| Interest received                                |       | 61,200   | 42,585   |
| <b>Taxation</b>                                  |       |          |          |
| United Kingdom tax paid                          |       | (7,774)  | (6,608)  |
| <b>Capital expenditure</b>                       |       |          |          |
| Purchase of tangible fixed assets                |       | (36,697) | (22,709) |
| Sale of tangible fixed assets                    |       | -        | 12,000   |
| <b>Net cash outflow from capital expenditure</b> |       | (36,697) | (10,709) |
| <b>Increase in cash in the year</b>              | 14    | 965,372  | 122,225  |

The notes on pages 38 to 49 form part of these accounts.

### Notes to the financial statements for the year ended 31 March 2005

#### 1 Accounting policies

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below. The members of the Commission consider that these accounting policies are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

#### Accounting and disclosure requirements

Without limiting the information given, the financial statements meet requirements equivalent to those of the Companies (Northern Ireland) Order 1986 and the Statements of Standard Accounting Practice and Financial Reporting Standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, so far as those requirements are appropriate.

The guidance on the annual reports and accounts of Executive Non-Departmental Public Bodies requires fixed assets to be reflected in the financial statements at current cost.

### Tangible fixed assets

The cost of fixed assets is restated annually to reflect their replacement cost, using the relevant price indices at the financial year end. The revaluation surplus, net of the corresponding adjustment to accumulated depreciation, is credited to revaluation reserve. Freehold property was valued at 31 March 2005 at current market value for existing uses by the Valuation and Lands Agency. The present amount arising from this valuation is £1,500,000. Depreciation is calculated so as to write off the cost, or revalued amount, 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 principal annual rates used are as follows:

|   | %     |
|---|-------|
| Freehold property                       | 2.27  |
| Exhibition equipment                    | 20.00 |
| Office furniture, fixtures and fittings | 20.00 |

### Income

All income represented by Levies, Classification, FQAS and RPA fees are accounted for on a receivable basis. Income is stated after deduction of value added tax, where applicable.

### Notional costs

The accounts make provision for the notional cost of capital employed by the Commission, calculated as 3.5% of the average capital employed over the financial year.

### Pension costs

Pension scheme contributions are charged for the revenue account in the period to which they relate.

## 2 Income and net operating expenses by activity

|                        | Levy and other income | Rural Payments Agency | Classification service | FQAS income | 2005 Total | 2004 Total |
|------------------------|-----------------------|-----------------------|------------------------|-------------|------------|------------|
|                        | £                     | £                     | £                      | £           | £          | £          |
| Income from activities | 1,221,137             | 957,891               | 655,628                | 879,469     | 3,714,125  | 3,825,297  |
| Net operating expenses | 975,698               | 894,904               | 489,878                | 817,116     | 3,177,596  | 3,639,821  |
| Operating surplus      | 245,439               | 62,987                | 165,750                | 62,353      | 536,529    | 185,476    |

### Employee information

|                                      | 2005      | 2004      |
|--------------------------------------|-----------|-----------|
|                                      | £         | £         |
| <b>Staff costs</b>                   |           |           |
| Salaries                             | 1,440,392 | 1,479,915 |
| Aggregate travelling and subsistence | 135,976   | 131,562   |
| Social security costs                | 102,495   | 106,480   |
| Pension costs                        | 50,485    | 52,651    |
|                                      | 1,729,348 | 1,770,608 |

|   | Number | Number |
|---|--------|--------|
| <b>Average number of persons employed by the commission during the year were:</b> |        |        |
| Commission members  | 7      | 7      |
| Classification/Agency   | 39     | 38     |
| Administration (including levy collection)  | 34     | 34     |
|   | 80     | 79     |

3 Employee information

|                                   | Salary, including performance pay £'000                                    | Benefits in kind £'000 | Real increase in pension and related lump sum at age 60 £'000 | Total accrued pension at age 65 at 31/3/05 and related lump sum £'000 | CETV at 31/3/04 £'000 | CETV at 31/3/05 £'000 | Real increase in CETV after adjustment for inflation and changes in market investment factors £'000 | Employer contribution to partnership pension account including risk benefit cover £'000 |
|-----------------------------------|--|------------------------|---|---|-----------------------|-----------------------|---|---|
| Mr O Brennan<br>Chairman          | 15-20  | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr C Duffy<br>Board Member        | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr G Orr<br>Board Member          | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mrs P Kane<br>Board Member        | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr N McLaughlin<br>Board Member   | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr G McCollum<br>Board Member     | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr M White<br>Board Member        | 5-10   | -                      | -   | -   | -                     | -                     | -   | -   |
| Mr D Rutledge<br>Chief Executive  | 70-75  | 7                      | 0-2.5 plus 0-2.5 lump sum                                     | 5-10 plus 20-25 lump sum  | 101                   | 114                   | 12  | -   |
| Mr P O'Neill<br>Marketing Manager | Consent for disclosure withheld in accordance with guidance DAD(DFP)/12/02 |                        |   |   |                       |                       |   |   |
| Dr M Tempest<br>Technical Manager | Consent for disclosure withheld in accordance with guidance DAD(DFP)/12/02 |                        |   |   |                       |                       |   |   |

The Chief Executive is entitled to the provision of a car under the terms of his contract of employment. A three year agreement is in effect that provides an annual car allowance of £7,392, shown above under benefits in kind.

3 Employee information (continued)

Pension benefits are provided through the Northern Ireland Local Government Officers' Superannuation Committee. This is a tax approved scheme which provides benefits on reckonable service and the pensionable pay in the year to retirement or either of the two previous years if higher, at a normal retirement age of 65. Benefits accrue at a rate of 1/80th of pensionable pay for each year of reckonable service and a lump sum retiring allowance at a rate of 3/80ths of pensionable pay for each year of reckonable service. Employees pay contributions of 6% of pensionable earnings. All pensions are reviewed annually in April under the Pension Increase Legislation and increased in line with inflation. On death of a member, widows receive a pension paid at a rate of one half of the husband's pension at the date of death. Widowers receive a pension paid at a rate of one half the proportion of pension at the date of death which related to the wife's post 5 April 1988 service. On death in service, there is a lump sum payment due to employee's estate of

two years' pensionable pay. If the employee has at least 2 years service, the surviving husband or wife will receive a short- and long-term pension.

This is a defined benefit scheme but the Livestock and Meat Commission for Northern Ireland is unable to identify its share of the underlying assets and liabilities. In accordance with the provisions of FRS 17, the contributions to this scheme are accounted for on a defined contribution basis.

An actuarial valuation of the scheme was carried out as at 31 March 2004. At that date there was a deficit in the scheme, which will require to be recovered by increasing the employers' contribution rates. The contribution rates set by the Actuary for the three years to 31 March 2008 will increase annually to 8.5%, 11% and 13% respectively. However, these rates increases will not recover any part of the deficit and its recovery is therefore delayed until next three-year period from 1 April 2008. A target rate of 17.3% is currently anticipated but will be recalculated and confirmed at the next valuation.

|  | 2005   | 2004   |
|--|--------|--------|
|  | £      | £      |
| The normal charge for the year in respect of this scheme amounted to | 50,485 | 52,651 |
| Additional charge  | -      | -      |
| Contributions outstanding/(prepaid) at the year end amounted to      | -      | -      |

#### 4 Other operating charges

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | £         | £         |
| Information services                                | 194,753   | 193,406   |
| Market development and advertising                  | 923,695   | 1,456,282 |
| Market development grant income – Red Meat Strategy | -         | (184,340) |
| EC Promotions expenditure                           | 48,938    | 27,864    |
| EC Promotions grant income                          | (26,830)  | (26,977)  |
| Administration costs:                               |           |           |
| Office expenses                                     | 235,828   | 339,115   |
|   | 1,376,384 | 1,805,350 |

Office expenses include:

|  | 2005  | 2004  |
|--|-------|-------|
|  | £     | £     |
| Notional charges                             | 2,900 | 2,790 |
| Auditors' remuneration – for audit           | 6,850 | 4,900 |
| – for other services                         | 500   | -     |
| Travel and subsistence of Commission Members | 3,535 | 3,807 |

#### 5 Income from investments

|                                 | 2005   | 2004   |
|---------------------------------|--------|--------|
|                                 | £      | £      |
| Interest on short term deposits | 65,933 | 42,734 |

#### 6 Taxation

|   | 2005   | 2004  |
|---|--------|-------|
|   | £      | £     |
| UK corporation tax at 19% (2004 – 18.2%)              |        |       |
| Based on investment income receivable during the year | 12,572 | 7,774 |

#### 7 Tangible fixed assets

|                                    | Freehold land and buildings | Exhibition equipment, office furniture, fixtures and fittings | Computers      | Total            |
|------------------------------------|-----------------------------|---|----------------|------------------|
|                                    | £                           | £   | £              | £                |
| <b>Cost or valuation</b>           |                             |   |                |                  |
| At 1 April 2004                    | 1,049,756                   | 246,879   | 166,411        | 1,463,046        |
| Additions                          | -                           | 1,443   | 35,254         | 36,697           |
| Disposals                          | -                           | (750)   | (18,841)       | (19,591)         |
| Revaluation                        | 450,244                     | -   | -              | 450,244          |
| <b>At 31 March 2005</b>            | <b>1,500,000</b>            | <b>247,572</b>  | <b>182,824</b> | <b>1,930,396</b> |
| <b>Depreciation</b>                |                             |   |                |                  |
| At 1 April 2004                    | -                           | 223,368   | 124,438        | 347,806          |
| Charge for the year                | 34,090                      | 12,102  | 25,672         | 71,864           |
| Eliminated in respect of disposals | -                           | (750)   | (18,841)       | (19,591)         |
| Revaluation                        | 34,090                      | -   | -              | (34,090)         |
| <b>At 31 March 2005</b>            | <b>-</b>                    | <b>234,720</b>  | <b>131,269</b> | <b>365,989</b>   |
| <b>Net book value</b>              |                             |   |                |                  |
| At 31 March 2005                   | 1,500,000                   | 12,852  | 51,555         | 1,564,407        |
| At 31 March 2004                   | 1,049,756                   | 23,511  | 41,973         | 1,115,240        |

#### 8 Capital commitments

|   | 2005 | 2004 |
|---|------|------|
|   | £    | £    |
| Capital expenditure   |      |      |
| Contracted for but not provided in the financial statements | Nil  | Nil  |

#### 9 Debtors: amounts falling due within one year

|                                       | 2005    | 2004      |
|---------------------------------------|---------|-----------|
|                                       | £       | £         |
| EC Promotions                         | 18,000  | 1,570     |
| Levies-Statutory                      | 209,431 | 162,382   |
| Rural Payments Agency debtor          | 110,253 | 28,688    |
| Classification debtors                | 93,382  | 103,897   |
| Farm Quality Assurance Scheme debtors | 84,924  | 87,120    |
| Corporation tax recoverable           | 807     | 807       |
| Other debtors                         | 17,091  | 500,837   |
| Prepayments and accrued income        | 93,143  | 130,325   |
|                                       | 627,031 | 1,015,626 |

#### 10 Investments

|                     | 2005      | 2004      |
|---------------------|-----------|-----------|
|                     | £         | £         |
| Short-term deposits | 1,226,721 | 1,170,746 |

#### 11 Creditors: amounts falling due within one year

|                                    | 2005    | 2004    |
|------------------------------------|---------|---------|
|                                    | £       | £       |
| Corporation tax                    | 12,572  | 7,774   |
| Accruals                           | 132,711 | 151,972 |
| Other taxation and social security | 90,797  | 127,514 |
|                                    | 236,080 | 287,260 |

## 12 Reserves

|  | Designated reserves           |                        | Total Designated Reserves | Income and Expenditure account |
|--|-------------------------------|------------------------|---------------------------|--------------------------------|
|  | Farm Quality Assurance Scheme | Classification service |                           |                                |
|  | £                             | £                      |                           |                                |
| At 1 April 2004  | 1,007,839                     | 375,273                | 1,383,112                 | 2,123,831                      |
| Surplus for the financial year   |                               |                        |                           | 439,852                        |
| Notional cost of capital   |                               |                        |                           | 150,038                        |
| Other Notional charges   |                               |                        |                           | 2,900                          |
| Transfer from unrealised revaluation reserve to income and expenditure account |                               |                        |                           | 15,763                         |
| Transferred to other designated reserves                                       | 47,483                        | 157,580                | 205,063                   | (205,063)                      |
| Allocation of notional cost of capital   | 36,748                        | 16,175                 | 52,923                    | (52,923)                       |
| At 31 March 2005   | 1,092,070                     | 549,028                | 1,641,098                 | 2,474,398                      |

|  | Unrealised revaluation reserves |
|--|---------------------------------|
|  | £                               |
| At 1 April 2004  | 241,289                         |
| Surplus on revaluation of fixed assets at year end                             | 484,334                         |
| Transfer from unrealised revaluation reserve to income and expenditure account | (15,763)                        |
| At 31 March 2005   | 709,860                         |

## 13 Reconciliation of operating surplus to net cash inflow from operating activities

|   | 2005     | 2004      |
|---|----------|-----------|
|   | £        | £         |
| Operating surplus                           | 536,529  | 185,476   |
| Depreciation charge                         | 71,864   | 75,115    |
| Profit on disposal of tangible fixed assets | -        | (11,716)  |
| Decrease/(Increase) in debtors              | 393,318  | (167,892) |
| (Decrease)/Increase in creditors            | (55,968) | 24,437    |
| Notional charge                             | 2,900    | 2,790     |
| Deferred grant release                      | -        | (11,253)  |
| Net cash inflow from operating activities   | 948,643  | 96,957    |

## 14 Reconciliation of net cash flow to movement in net debt

|                             | 2005      | 2004      |
|-----------------------------|-----------|-----------|
|                             | £         | £         |
| Increase in cash for period | 965,372   | 122,225   |
| Net fund at 1 April 2004    | 1,904,626 | 1,782,401 |
| Net fund at 31 March 2005   | 2,869,998 | 1,904,626 |

|                          | At 1 April 2004 | Cash flow | At 31 March 2005 |
|--------------------------|-----------------|-----------|------------------|
|                          | £               | £         | £                |
| Cash at bank and in hand | 1,904,626       | 965,372   | 2,869,998        |





## 15 Corporate financial targets

The Commission receives no government funding and no financial targets are set by the Department of Agriculture and Rural Development.

## 16 Losses and special payments

There were no losses or special payments in the year.

## 17 Related Party Transactions

The Department of Agriculture and Rural Development is regarded as a related party. During the year, the Commission has had various material transactions with the Department. The Commission has also had a number of material transactions with the Rural Payments Agency.

In addition the Commission is a one-eighth owner of Northern Ireland Food Chain Certification and is represented on the board of directors. During the year the Commission provided accounting, administration and human resources services to the company valued at £107,000. Northern Ireland Food Chain Certification provided the commission with inspection services and marketing information during the year valued at £660,000. The amount due from NIFCC at 31 March 2005 equals £67,813.

During the year, none of the Commission members, members of key management staff or other related parties has undertaken any material transactions with the Commission.