

LMC

Livestock and Meat Commission
for Northern Ireland



TSO

information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0870 600 5522
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone 0870 240 3701

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:
TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-337-09511-5



9 780337 095115

Annual Report
and Accounts
2008/09

This document may be made available in a range of formats such as large print, e-mail or minority languages. If you have any individual requirements please let us know and we will do our best to assist you.

Livestock and Meat Commission
Lissue House
31 Ballinderry Rd
Lisburn
BT28 2SL

Tel: 028 9263 3000
Fax: 028 9263 3001

Email: info@lmcni.com
Website www.lmcni.com

Livestock and Meat Commission for Northern Ireland

Annual Report and Accounts
for the year ended 31 March 2009

*Laid before the Northern Ireland Assembly
under the Livestock Marketing Act (Northern Ireland) 1967 (as amended) by
the Department of Agriculture and Rural Development Northern Ireland*

31 March 2010

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned. For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey, TW9 4DU or e-mail: licensing@opsi.gsi.gov.uk



CONTENTS

Chairman's Statement	04
Chief Executive's Review	08
Summary of Achievement of Core Objectives	11
Marketing Director's Report	14
Technical Director's Report	16
Funding and Audit	20
Human Resources Report	22
Sustainability Report	24
Commission Membership	25
Remuneration Report	29
Corporate Governance	34
LMC Audit Committee Roles and Responsibilities	38
Statement of the Commission and Accounting Officer's Responsibilities	40
Statement on Internal Control	41
Report of the Auditors	45
Income and Expenditure Account	48
Statement of Total Recognised Gains and Losses	49
Note of Historical Cost Surplus and Deficits	49
Balance Sheet	50
Cash Flow Statement	51
Notes to the Financial Statements	52





CHAIRMAN'S STATEMENT

I am pleased to present the forty-second annual report of the The Livestock and Meat Commission for Northern Ireland (LMC). This report covers the period 1st April 2008 to 31st March 2009.

Thanks to the previous Chairman

I wish to start this report by highlighting the tremendous work and commitment of my predecessor, Owen Brennan, who served as Chairman throughout the period reported upon. Owen, over the last six and a half years, has contributed enormously to LMC, and to the industry sector, through his Chairmanship of LMC, and of the Northern Ireland Red Meat Task Force. He has shown extraordinary commitment in terms of time and effort to advance the interests of the beef and sheepmeat industry of Northern Ireland (NI). I, on behalf of the LMC Board, wish to formally record our thanks to Owen for his immense contribution.

The Year in Review

The year has been one of considerable change in the economy at local, national, and international levels. At the beginning of the year, our main concerns were associated with the rapidly rising costs of the inputs to our industry and with the challenges of improving the economic performance throughout the chain, via increasing consumer, processor and farmgate prices. By the end of the year, however, our focus had moved towards changes in the market place arising from downtrading by consumers in the light of the growing recessionary environment in our major markets.

Uplift in Red Meat Prices

Against the backdrop of the Red Meat Task Force Report published in October 2007, the initial challenge of seeking substantial increases in beef prices at farmgate level seemed daunting. In spite of this, very substantial uplifts in beef prices have taken place, and have been well sustained through most of the year. Whilst the Task Force, we believe, has had some influence on these uplifts, there have been other major influencing factors. The substantial reduction in South American beef imports, drought circumstances in Australia and New Zealand, and particularly, the



decline in the value of sterling against the Euro and other world currencies have also contributed. Accordingly, beef prices at farmgate level have increased by 29% and sheepmeat by 25% compared to 2007/08.

Decline in Slaughtering

The livestock slaughtering numbers within Northern Ireland over the last year showed significant decline, particularly in regard to clean cattle, which showed a decline of 7%, compared to 2007/08. However, a 23% increase in cow slaughterings meant that the total tonnage of beef produced was only down by 4%, with the cow kill therefore compensating for a significant part of the clean cattle decline. Sheep slaughterings also declined by 18% from 2007/08.

Destocking of Beef Suckler Herd

The indication is that the unprofitability of beef production that has been exhibited since the decoupling of subsidies in January 2005 is now resulting in some measure of destocking of the beef suckler herd, which is down 10% from the year 2004 – the last year of coupled subsidies. Further declines in slaughterings, with a lower proportion of the kill originating in the beef suckler herd, are likely over the years ahead. The use of correct processing techniques to ensure that the final eating quality to the consumer is enhanced therefore become ever more important, as we become increasingly dependent on cow and dairy-origin beef as a raw material.

LMC and Northern Ireland Red Meat Task Force

LMC continued an active engagement with the Northern Ireland Red Meat Task Force over the course of the year and a significant amount of work was done which has been separately reported by the Task Force on its website, www.niredmeattaskforce.co.uk. However, it is encouraging to note that the very low likelihood of profitability of suckler beef production disclosed at the date of publication of the Task Force report has significantly changed over the course of the last year or so. Initially the market price improvements were counteracted by significant increases in input costs, but the last year has seen reversals of many of the cost increases, while the market prices have held reasonably well.

This has brought considerable benefit to the returns of both beef and sheep farmers, and will help in their efforts to become sustainable without using their single farm payment to support their beef and sheep enterprises. It was particularly gratifying to note the strong sheepmeat prices towards the financial year end and the prospects for the first time in several years that early lamb producers would have a real return to profitability. The sustainability of our industry is highly dependent on the continuation and indeed the further improvement of current farmgate prices.





Consumer Demand

Consumer demand for beef and lamb has held up reasonably well, as the recessionary environment progressed throughout the year. In Great Britain (GB), our principal market, consumer retail expenditure on beef increased by 8% and on lamb by 1%. However, most of this was accounted for by increases in the average retail prices per kilo – by 13% for beef and by 12% for lamb. The retail volumes of consumer purchases therefore declined in both segments – by 5% for beef and by 10% for lamb (TNS data 52 w/e 22 March 2009). There were clear indications of increasing trends towards minced, stewing and casserole products, and away from the more expensive cuts. Market prices were sustained in this environment, mainly through the fore-quarter of animals (lower value cuts) making a greater contribution to the realised value of carcasses.

These trends have put pressure on processors to realise further value from the marketplace. The high dependence of our industry upon major GB multiple retailers has, we believe, been a restraint. Whilst a change in currency relativities should make NI red meat more competitive in export markets, there is inevitably some time-lag in benefitting from such developments. Moving from the security and payment reliability of existing customers to the risks of taking on new export customers, needs to be done in a manner that does not expose our local industry to undue risk. However, an important factor in developing new export customers is export credit insurance and we would call for Government to ensure its reintroduction as a matter of priority. We understand processors have already made approaches to Government regarding its non-availability.

Final Quarter

Over approximately the final quarter of the year reported upon, the Northern Ireland meat industry was impacted significantly by an incident of dioxin contamination, more particularly of pigmeat, but also of beef. This was brought about by contaminated feed stuff supplied from the Republic of Ireland to a number of large-scale beef farm businesses in Northern Ireland. The Northern Ireland traceability system for its cattle allowed for the rapid isolation of the affected animals and the removal of any potentially harmful product from the food chain.

Incidents of this nature have the potential to severely damage our industry in general and our red meat industry in particular. The potential exists to lose massive parts of our customer base through such incidents. The industry must review how these risks can be reduced for the good of the industry and consumers. LMC is committed to working with a broad range of interest groups from producers to Government to find whether improved controls by the industry and/or Government can contribute to such a risk reduction and work has already been initiated to this end.





Thanks to our Stakeholders

I would now like to take this opportunity to thank our stakeholders for their warm welcome to me as Chairman of LMC. Over the years, our stakeholders have provided immense support to the work of the Commission and to the development of our plans and strategies. As reported in more detail in our Chief Executive's Report, significant changes have been taking place that have given rise to the need for a fundamental review of LMC. Such a review process has now been agreed with our sponsoring department, the Department of Agriculture and Rural Development (DARD). We look forward to our stakeholders making an active and thoughtful contribution to the review and we will determine how best the functions of LMC can be provided in the future. It is clear to us change must take place to ensure that the correct balance between the needs of industry and the needs of Government is regained and that a higher level of clarity is achieved in regard to how support organisations can contribute dynamically towards the betterment of our industry sector. We in LMC will fully support the outcome of the review.

On behalf of the Board, I wish to express our appreciation of the work done by our team of highly motivated management and staff. LMC is privileged to have in its employment people who are passionate about our industry and its continued success.

Pat O'Rourke

Chairman

17 February 2010



CHIEF EXECUTIVE'S REVIEW

Industry Overview

The financial year 2008/2009 has seen further positive development of farmgate prices for both cattle and sheep. The uplift of 29% for beef meant that the average farmgate price for prime beef in the period reported upon was £2.59/kg carcass weight; up from the £2.01/kg of the previous year. For sheepmeat, the figures were £2.93/kg, a 25% uplift from 2007/08.

However, as of the year end, there was little indication that the significantly improved market prices were altering the decline in slaughter numbers referred to in the Chairman's report. The high level of cow slaughterings leads us to expect a continuing decline in prime cattle slaughter numbers over the next few years. This trend of decline will of course have implications also, for LMC's future budget, which I will return to later in this report.

Significant Issues

Animal health issues were raised on a number of occasions through the year; particularly in regard to the risks to our industry from bluetongue. To date, the island of Ireland has remained clear of this disease but concern has been expressed by many at the continuing importation of animals from infected areas. The potential damage to our industry from this disease does not appear to be fully appreciated. The considerable mortality impact in sheep and the decline in fertility and milk yields in cattle would impact directly on livestock farmers in the sheepmeat, beef and dairy industries. LMC would join with others in urging caution when contemplating imports from bluetongue affected and vaccinated areas.

The matter of the dioxin contamination of beef in Northern Ireland has also been substantially reported in the media. LMC's endeavours in this area are to seek to reduce as far as possible the risks of occurrences of this type, arising from either accidental, negligent or unscrupulous activities that could impact seriously on individual businesses or the broader industry. The work, which is continuing in this area, must also recognise the limitations of farm businesses in regard to further inspection requirements.

The financial year saw the ending of the Older Cattle Disposal Scheme (OCDS) and the increase in age of Bovine Spongiform Encephalopathy (BSE) testing to 48





months. These are further steps in putting BSE history behind us and are strongly welcomed by LMC. However, given that our participation on behalf of the Rural Payments Agency (RPA) in this scheme and previously in the Over Thirty Months Scheme (OTMS), has contributed significantly to LMC's overhead costs, the process of re-normalising the industry will impact further on LMC's future budgeting.

Outturn for the year

Our accounts for the year are set out on pages 48-66. The operating deficit for the financial year of £133,196 is set out in the income and expenditure report on page 48. The balance sheet on page 50 shows again the significant impact of pension scheme changes. The pension scheme assets have, as anticipated in the turbulent economic environment which has pertained throughout the year, shown a significant reduction in value at year end. The pension scheme creditor liability has increased at year end to £1.32 million from £240,000 at previous year end. The net effect is a reduction in our year end net worth by over one million pounds to £3.15 million.

Accounts and Budgets

LMC has, throughout its forty-two years of existence, seen its budgeted and actual expenditure and income fluctuate. In some years we achieved a surplus, and in others a deficit. It has been established custom and practice that LMC accumulated surpluses in its reserves and expended those reserves to fund deficits in years when this was appropriate. Overall LMC has focused on expending its resources to meet opportunities for serving the industry, while taking a prudent approach to expenditure and seeking out appropriate streams of commercial income. We did not seek to balance income and expenditure in any particular year but to do so over time.

However, there has been a change in treatment of LMC by Government, in that we have been instructed to operate a balanced budget i.e. income and expenditure in balance over the accounting year. This has significantly impacted on our activities during the year, as we sought, as far as possible, to meet the Government requirement. Our budget for the 2008/09 year had expenditure in excess of income. As a consequence of the budgeted deficit, DARD was unable to provide the budgetary cover required in order to approve our budget until the year was almost over. Due to LMC's status as a Non Departmental Public Body (NDPB), DARD has explained to us that Government accounting rules stipulate that any expenditure by LMC, which exceeds our income in any one year, represents "resource consumption" by Government, and has to be accommodated within the DARD accounts as expenditure.

These circumstances have given rise to a serious dilemma within LMC. We have collected money from the industry to provide services, most notably for our Farm Quality Assurance Scheme (FQAS). In the early years of this scheme, having prepared prudently, we collected more than was expended but now we are at the point of expending more than our annual income. The earlier surplus funds are in our





reserves and should be available to continue to fund the activities for which they were collected but Government rules are now preventing this.

Since funding for LMC does not come from DARD, we find it difficult to understand this budgeting treatment. We have corresponded extensively with DARD to protest their interpretation but as of the date of publication of this report we have not succeeded in identifying a solution. We have confirmed with the Northern Ireland Audit Office that the current accounting treatment in the accounts is correct. It is not possible to apply LMC reserves in any other way under the current rules and regulations. While sufficient budgetary cover was provided by DARD to enable a balanced business plan to be presented for the accounting year of 2008/09, clearly this is an unsatisfactory position that requires a permanent solution.

LMC Review

These matters highlight most vividly the urgent need for a fundamental review of LMC. It is increasingly clear that changes taking place within the industry, changes to LMC income and the increasing level of bureaucracy emanating from Government create the need to think again about the role and purpose of LMC. It also brings into question the appropriateness of many of the activities of LMC being carried out under Government control. We raised this matter in our Annual Report last year and we are pleased to note that at time of writing the Review has been published but a Ministerial decision is awaited, pending the completion of a Business Case. However we are encouraged by the level of stakeholder engagement in the process thus far. One of the key objectives of this strategic review is to identify a model which will deliver the best results, for those stakeholders who pay a levy to the LMC. Any model which changes the current NDPB status will have significant implications for the organisation.

There appears to be a consensus for change, however this is a decision for the DARD Minister Michelle Gildernew, MP MLA. While we await the outcome with interest, we remain committed to working for the betterment of the Northern Ireland beef and sheepmeat industries.

LMC Performance

I would invite the reader to review our performance in the appropriate section on pages 11-13, and the Technical and Marketing Directors' Reports on pages 14-19 to gain a further understanding of our activities. Further sections on Funding and Audit, and Human Resources are also included.

A handwritten signature in black ink, appearing to read 'David Rutledge'.

David Rutledge
Chief Executive
17 February 2010





SUMMARY OF ACHIEVEMENT OF CORE OBJECTIVES 2008/09

Organisational Purpose

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. 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. The Commission (LMC) is an executive non-departmental public body sponsored by the Department of Agriculture and Rural Development. The Act tasks LMC with the general duty of examining and recommending improvements in the marketing of livestock and livestock products. To defray LMC's expenses, the Act provides for the imposition of levies on livestock slaughtered in or exported from Northern Ireland.

Vision

Our vision is for a sustainable and profitable future for the Northern Ireland beef and sheepmeat industry at all levels of the supply chain.

Mission

LMC serves the Northern Ireland beef and sheepmeat industry.

Values

- LMC will be unequivocally an advocate for the Northern Ireland red meat industry and champion the industry with independence, transparency and integrity
- LMC will employ high calibre staff. We will ensure that every member of staff will have the right skills, training, experience, and resources to deliver on our commitments
- LMC will utilise its resources in a cost-effective and efficient manner through sound governance, accountability and control systems and processes which safeguard levy-payers' funds
- LMC will demonstrate professionalism, openness and a "can do" attitude at all times



Strategic Objectives 2007 - 2010

Highlights in our performance against the year's business objectives in contributing to the achievement of our strategic objectives are set out in the table below.

Summary of Achievement of Strategic Objectives – 2008/09

LMC has five Strategic Objectives. Supporting these are 25 Business Objectives for the financial year 2008/09. In order to monitor these objectives, 91 individual targets were identified. Of these, 82 were achieved, eight partially achieved and one was not achieved. Of the targets either not completely achieved or not achieved, none had any material implications for delivery of the LMC business plan, nor did they compromise LMC's legal or legislative obligations. For further information on the monitoring of 2008/09 business objectives please contact LMC.

The table below sets out the performance highlights for the year 2008/09.

Strategic Objectives	Performance Highlights in 2008/09
<p>Assist the industry to achieve sustainable, long-term profitability through all levels of the supply chain</p>	<ul style="list-style-type: none"> • Facilitated the implementation of the agreed NI Red Meat Task Force strategy action plan. • Assisted the industry in dealing with changes arising from the Common Agricultural Policy (CAP) 2008 Health Check • Continued to represent to Government and politicians the need for a "level playing field" of legislation and standards when competing in global markets • Assisted the industry develop an enhanced understanding of its costs through support of, and involvement in, a range of initiatives such as benchmarking • Ongoing involvement in and support of Research and Development programmes appropriate to the needs of the industry
<p>Develop effective and efficient evidence-based communications with industry stakeholders</p>	<ul style="list-style-type: none"> • Maintained and developed a knowledge warehouse through the acquisition, interpretation and dissemination of relevant information to the whole supply chain • Advised Government on a wide range of issues relating to the Sector including providing key support during the dioxin crisis. • Supported a wide and diverse range of industry events ►





Strategic Objectives	Performance Highlights in 2008/09
<p>Assist the Northern Ireland industry in achieving optimum competitive advantage within domestic and export markets</p>	<ul style="list-style-type: none"> • Provided trade marketing support for the industry through beef/lamb sampling services in multiple retail outlets and support of industry events. • Assisted the industry to develop export markets through organisation and facilitation of 2 major international exhibitions • Provided ongoing monitoring of consumer and market trends through research and feeding this back to the industry via a range of avenues. • Facilitated the development of niche markets, including live exports (e.g. live cattle and sheep, and breeding stock and other genetic material) through providing representation at international shows and providing support for exhibition stands.
<p>Provide information support to the Northern Ireland beef and sheepmeat industry</p>	<ul style="list-style-type: none"> • Utilised a range of activities and media to communicate to retailers, the wholesale and foodservice sectors the merits of NI beef and lamb • Developed and implemented a range of annual beef / sheepmeat information / promotions campaigns • Engaged with key opinion formers, policy makers and consumers on the benefits of using beef and sheepmeat as part of a healthy and balanced diet
<p>Provide an independent support service to Government and industry stakeholders on commercial terms where appropriate</p>	<ul style="list-style-type: none"> • Continued to provide an independent classification service • Administered the Older Cattle Disposal Scheme on behalf of Rural Payments Agency until its termination on 31/12/08 • Managed, on behalf of industry, the Northern Ireland Beef & Lamb Farm Quality Assurance Scheme

As stated above, 90 of the 91 individual targets were either achieved or partially achieved. The target not achieved was to carry out a research exercise to determine attitudes to the effectiveness of information purchased on behalf of the industry from the 'Meat Traders' publication. This was not carried out because staff had not been replaced as part of cost saving initiatives required to satisfy DARD instructions to achieve a balanced budget within the financial year. These instructions have been referred to in the Chief Executive's review.





MARKETING DIRECTOR'S REPORT

As reported by the Chairman, beef & lamb retail prices increased significantly, but shoppers are buying less beef and lamb in an attempt to save money in the current recession.

Promotions

Red meat is an important source of high biological value protein, iron, zinc, calcium, selenium, copper manganese, vitamins B and D, omega-3 fatty acids and conjugated linoleic acid, all of which are all essential for a balanced diet. In order to highlight the importance of incorporating beef and lamb into a balanced diet, LMC carried out 198 cookery demonstrations in schools and produced two recipe booklets, in addition to a conference for Home Economics teachers. A major consumer public relations campaign "Love Beef Week" achieved approximately £75,000 worth of publicity, using radio, press and website activity. This was complemented by instore sampling featuring a variety of recipes which included both steaks and cheaper cuts such as mince. Furthermore, a suite of new recipes and a series of posters for butchers have been developed. LMC also re-ran its TV advertising campaign in March highlighting the quality, safety and traceability of NI Farm Quality Assured beef, building further awareness of the NI Farm Quality Assurance Scheme logo.

Provenance

Despite the difficult economic climate, there is still a growing consumer interest in provenance. A survey commissioned by LMC found that when it comes to eating out, over 60% of Northern Ireland consumers want to know where the beef they eat has come from. LMC has therefore advertised in the hospitality trade press highlighting the benefits of the NI Farm Quality Assurance Scheme in reassuring customers.

Exports

Looking outside Northern Ireland, LMC has continued to support the positioning of NI beef sold in the Netherlands and contributes to a project to drive consumption of lamb in France. On the trade marketing side, LMC once again coordinated the Northern Ireland industry stand at the international food fairs at Salon International de l'Agroalimentaire (SIAL), in Paris and Cibus in Italy and industry feedback indicates



these events generated significant new business for Northern Ireland beef and lamb. In partnership with InvestNI, a red meat mission to Spain was coordinated to learn about the market opportunities and a series of successful meetings was held with Spanish red meat buyers.

Livestock Genetics

In support of the Livestock and Genetics sector, LMC became a member of the UK Export Certification Partnership, working with Government to secure access to export markets currently closed to Northern Ireland livestock and genetic material. LMC also facilitated the coordination of the Northern Ireland livestock and genetics stands at exhibitions in Romania, Russia and Germany, and has coordinated a number of meetings throughout the year to discuss livestock and genetics issues.

Communications

Effective and efficient communications are required for all of this work. Unfortunately, after 40 years, it became no longer viable to continue with weekly postage of the LMC Bulletin, due to dramatically increased postage costs. However, the Bulletin is now contained within one of the local farming newspapers at the suggestion of LMC levy payers and is also available for download from the LMC website. An increasing number of people also receive the weekly price updates by text message and from our answerphone service and we greatly appreciate the support of our levy payers on this matter.





TECHNICAL DIRECTOR'S REPORT

Red Meat Industry Task Force

The Technical Department has played a key role in taking the industry strategy forward through assisting in a number of primary initiatives. These are:

- The development of production protocols for calf rearing and grassland sheep.
- The development of the legal documentation, business case, housing requirements and production and bio-security protocols for a Northern Ireland calf company.
- Investigating possibilities to better reward farmers for the production of “public goods” through environmental schemes and the Northern Ireland Rural Development Plan.
- The development of a Grass-Clover initiative.
- Developing proposals for lifelong learning programmes for farmers on ‘the language of Dry Matter’ and ‘grass budgeting’ in order to improve grassland management on beef and sheep farms.
- Participation in a Best Practice Mission to New Zealand and on other visits to investigate low cost beef and sheep systems.
- Developing proposals for the use of CAFRE's Abbey Farm as a low cost, grass/ clover/brassica beef and sheep farm unit

More detail can be found on the Task Force website www.niredmeattaskforce.co.uk.

Research Projects

As a member of the UK Devolved Bodies Joint R&D Committee, LMC commenced co-funding of five new national research projects in the financial year reported on. These are concerned with:

- The genetic improvement and development of productive and persistent high quality forage grasses and clovers to improve nitrogen and phosphorus use efficiency and reduce losses to water courses from grassland and improve nitrogen use in the rumen, thereby benefiting beef and sheep farmers.
- The effects of grazing chicory on sensory meat quality in lambs.
- The sheep foot disorder known as ‘Shelly Hoof’.



- The complete genome sequencing and annotation of the bacterium *Cornybacterium pseudotuberculosis* which causes caseous lymphadenitis in sheep.
- Comparative life-cycle assessment of food commodities procured for UK consumption through a diversity of supply chains, including a comparison of beef production in Brazil and the UK.

More information on these projects, other ongoing projects and ten completed projects can be found on the LMC website www.lmcsi.com.

In addition the joint production of a DVD on Grassland Management was co-funded as part of LMC's ongoing Knowledge and Technology Transfer (KTT) initiative.

LMC has also continued to assist in the identification and development of research projects through membership of AgriSearch's Beef and Sheep Advisory Committees.

Beef Eating Quality Project

The Technical Department has been a part of the management team for this project which has now finally come to its scientific conclusion with a series of three validation tests on various mathematical models.

The validation evidence has shown that the Northern Ireland version of the models is the most effective for providing the industry with the ability to better differentiate beef in terms of its eating quality and could be a useful tool in improving the consistency of eating quality delivered to the consumer. The system is now available for commercial exploitation and the next steps are concerned with demonstrating how processors could engage with the market on eating quality assurances and to begin negotiations on the commercial aspects of licensing the system for use in Northern Ireland. This will determine the uptake of industry ownership of grading beef carcasses on the basis of their eating quality and the extent to which increased market share and prices may be realised.

Farm Quality Assurance Scheme (FQAS)

Total participation in FQAS continues to decrease. In the year under review, there was a contraction of 4.8% and at the end of the year the number of participating beef and sheep farmers stood at 10,326. This follows the decline in the number of cattle and sheep farms in Northern Ireland of 2.4% between June 2007 and June 2008 [DARD Statistical Review of Northern Ireland Agriculture, 2008].

In the 2008-09 contract year (1 May to 30 April), 7,755 routine and spot-check farm inspections were conducted by the certification body Northern Ireland Food Chain





Certification (NIFCC). This represents an average surveillance inspection interval of 16.8 months.

A major benefit for scheme participants in the year was the recognition by DARD's Service Delivery Group (SDG) that FQAS participants constituted a low risk of having breaches of Cross Compliance requirements. This reduces the chance of FQAS participants being selected for a Cross Compliance inspection.

Similarly, because of their lower risk, FQAS participants also have a reduced likelihood of receiving a new Food Hygiene inspection as a consequence of the agreement between Assured Food Standards and LACORS (Local Authorities Coordinators of Regulatory Services). This agreement is recognised by DARD and the Food Standards Agency in Northern Ireland.



Following the Dioxin incident, the FQAS Board agreed that the previous derogation to allow warranty declarations for feed sourced from non-assured merchants would end. There are now sufficient Universal Feed Assurance Scheme (UFAS) approved merchants in Northern Ireland, and the requirement to source feedstuffs from assured merchants or assured manufacturers will be implemented in full from 1 May 2009.

Nutrition matters

The Technical Department made representations to the Northern Ireland Food Advisory Committee (NIFAC) about its choice of red meat as an example food with an allegedly high fat content. LMC suggested to NIFAC that, in its objective to reduce saturated fat intake and achieve a better balance

of energy intake in the human diet (an objective to which LMC subscribes), rather than using the example of reducing red meat intake, it should be advising consumers to cut down on their intake of snack foods and biscuits and be further advising





consumers of the merits of lean red meat as part of a balanced diet which will maintain intake of several essential nutrients. LMC's position is derived from the UK national evidence base of scientific tables of food composition.



FUNDING AND AUDIT

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.

Levies

Under the Livestock and Meat Commission Regulations (Northern Ireland) 2003 the maximum sums payable by way of levy and the actual levies charged are set out as follows.

	Maximum Statutory Levy	Actual Levy	
		Producers	Processors
Sheep	£1.00	£0.20	£0.10
Cattle	£6.00	£1.00	£1.00

LMC continues to seek from DARD the mechanism to be put in place for the collection of levies on live exports, which is provided for under the Act by which LMC was established.

Classification Fees

Classification fees, payable by processors, are currently set at sheep £0.21 per head and for cattle £1.40 per head subject to a minimum charge per classification officer per day.

Northern Ireland Beef & Lamb Farm Quality Assurance Scheme (NIFQAS)

Under funding arrangements for NIFQAS, producers pay a £50 joining 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 licence



fee of £400 for a slaughter/processor, £250 for a secondary processor and £100 for a butcher.

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 report his findings to the Northern Ireland Assembly.

The Accounting Officer has taken steps to make himself aware of any relevant audit information and to establish that the C&AG is informed of that information. So far as he is aware, there is no relevant audit information of which the C&AG is unaware.

The audit of the financial statements for 2008/09 resulted in an audit fee of £8,500 and this 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.



HUMAN RESOURCES REPORT

LMC continues to make steady progress towards attainment of the Investors in People Standard (IIP), which focuses on improving overall business performance. Improved results in the last staff survey and growing appreciation of staff conferences are helping us measure our performance.

Staff

During the year a number of staff were made redundant, primarily through the cessation of the Older Cattle Disposal Scheme at the end of December (which was bound by legislation) but also due to changes in the requirement for benchmarking data collection and export activities. Nonetheless, LMC continues to provide a high quality service to all its customers. We wish all those departing our employment every success in finding new jobs and thank them for their years of dedicated service to LMC.

The record of staff absence for the last two years is shown below:

	2007/2008	2008/2009
Percentage days lost through sickness absence	3.44%	2.51%
Cost of absence	£35,721	£24,991
Percentage of annual staff costs	2.39%	1.7%

There has been a significant reduction in absence in the year being reported (almost a full percentage unit). This is mainly due to a minimal level of long term sickness absence. The 2.51% overall equates to an average of 4.3 days lost per employee.



Equality policy

It is LMC policy in carrying out its activities, both as an employer and as a provider of services to the industry, 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 disability; and between persons with dependants and persons without dependants.

In addition, without prejudice to its obligations under the above, LMC, in carrying out its functions, shall have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The aim of this policy is to develop the relationships and structures for our sector that seek to promote respect, equity and trust and embrace diversity as appropriate to the industry we serve.

Charitable donations

It is not LMC policy to make charitable donations.



SUSTAINABILITY REPORT

Environmental sustainability

LMC provides services for the largest private sector industry in Northern Ireland. By assisting towards achieving sustainability of the beef and sheepmeat industry, we contribute to the social betterment of the rural community. Part of this contribution is through assisting all elements of the food chain, both producer and processor, to deliver their end products as efficiently and effectively as possible.

LMC has set in place good environmental practices such as maintaining a contract to recycle various waste products (paper, card, plastic etc.). In the first year (2007/2008), LMC recycled 3.41 tonnes of material. This has increased by almost 30 per cent to 4.40 tonnes for the reported period.

MATERIAL	TONNES 07/08	TONNES 08/09	% CHANGE
Paper	1.76	2.49	+41%
Card	1.63	1.82	+12%
Plastic	0.02	0.09	- -
TOTAL	3.41	4.40	+29%

Not only has recycling increased in terms of volume, but this has been achieved with an overall cost reduction for waste disposal in general.

COMMISSION MEMBERSHIP

Commission Membership

The table below sets out the attendance of Commission Members at Board and Audit Committee meetings where applicable.

NAME	BOARD MEETINGS	AUDIT COMMITTEE
Owen Brennan	10/11	-
Greer McCollum	7/8	-
Mary McCormack	2/3	0/1
John McGaughey	11/11	-
Nigel McLaughlin	7/8	3/3
Jim Noble	9/11	3/3
Phelim O'Neill	3/3	1/1
Kenneth Sharkey	3/3	-
Campbell Tweedie	9/11	-
Richard Watson	7/8	3/3

*Greer McCollum, Nigel McLaughlin and Richard Watson left the Board in December 2008.
Mary McCormack, Phelim O'Neill and Kenneth Sharkey were appointed to the Board in January 2009.
Mary McCormack and Phelim O'Neill replaced Nigel McLaughlin and Richard Watson on the Audit Committee in January 2009.*

The Minister for Agriculture and Rural Development appoints the chairman and members of the LMC Board for three-year terms. As of 31 March 2009 there are seven members on the Commission ("the Board"), three members had left and three have been appointed during the year:

- Owen Brennan (Chairman)
- Mary McCormack
- John McGaughey
- Jim Noble
- Phelim O'Neill
- Kenneth Sharkey
- Campbell Tweedie

The role of the Board is to act effectively as Non-Executive Directors of LMC and to exercise the ultimate control on policy. Management of LMC 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 LMC affairs and the development and implementation of the policies determined by the Board. The Board meets routinely once per month, with additional meetings on an ad hoc basis when circumstances require.

Owen Brennan – Chairman

Owen Brennan's appointment as LMC Chairman began in November 2002. He was re-appointed in November 2005 and held the post until 31 March 2009. 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.

Mary McCormack

Mary McCormack was appointed to the Board in January 2009. She is a farmer's wife and has a Diploma of Agriculture from Loughry College. Mrs McCormack is currently studying at Queens University for a Foundation degree in Land Use, Environment and Sustainability. She co-ordinates Camowen Farmers Group which provides advocacy and facilitation support to the farming community, is vice chair

of Northern Ireland Agricultural Consultants Association, a trustee with the Agrisearch Board, a committee member of the Producer Committee of Lakeland Dairies for a number of years and secretary of Northern Ireland Charolais Club.

John McGaughey

John McGaughey was appointed to the Board in October 2006. He studied agriculture at Kings College, The University of Newcastle Upon Tyne where he specialised in animal production. He worked for many years for the Department of Agriculture and is well known for his practical development work within the beef and sheep sectors. He was a founder member of the National Sheep Association





in Northern Ireland and a past chairman. He is a member of a wide range of professional and agricultural organisations and is a Fellow of the Royal Agricultural Societies (FRAS). John now works as an industry consultant.

Greer McCollum OBE

Greer McCollum was appointed to the Board in January 2003, and re-appointed for a further three years in January 2006 and retired from the Board on 31 December 2008. He is a beef, sheep and cereal farmer and former President of the Ulster Farmers Union (UFU); he is still a current member of the UFU Council and UFU Executive. He is a Board Member of Coleraine Local Action Group for Enterprise Ltd.

Nigel McLaughlin

Nigel McLaughlin was appointed to the Board in January 2003, and re-appointed for a further three years in January 2006 and retired from the Board on 31 December 2008. He is a beef and sheep farmer and former Chairman of the North West UFU Group. He is also a board member of Roe Valley Leader and former member of the NIFQAS Technical Advisory Committee of 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. Nigel is a founder member of two lamb producer groups and provides business support for Highlands Ltd.

Jim Noble

Jim Noble was appointed to the Board in February 2008. He brings to LMC knowledge derived from a farming background and a career in the food industry. He studied food processing and agriculture at Loughry College and industrial engineering at Queens University. Most of his career was spent in the local dairy industry where he gained a wide experience of processing, product development and marketing. Mr Noble has extensive knowledge of directing and managing customer facing organisations in the private and public sectors. He was Managing Director of Dromona Quality Foods for 12 years and is a past Board member and Chairman of the Safety Committee of the Northern Ireland Transport Holding Company. He has served on a number of industry representative bodies and is currently a Board member of the Agri-Food and Biosciences Institute.

Phelim O'Neill

Phelim O'Neill was appointed to the Board in January 2009. He comes from a farming background in Co Tyrone; graduated from Queen's University with an honours degree in Law and later obtained a Masters in Business Strategy from the University of Ulster. His entire career has been spent in various roles in the red meat industry and currently is the Chief Executive of the Northern Ireland Meat Exporters' Association. He is a regular contributor to the print and broadcast media on the industry and holds a number of other industry related board positions.





Kenneth Sharkey

Kenneth Sharkey was appointed to the Board in January 2009. He is a progressive beef and sheep farmer and ex-President of the Ulster Farmers' Union who has significant personal experience of the agri-food industry and related issues. This includes fulfilling a representational role, engagement with the different parts of the food supply chain and developing policy. He is also a Director of Countryside Services, Glenfarm Holdings and the NFU Mutual.

Campbell Tweedie

Campbell Tweedie was appointed to the Board in July 2007. He has been in the vanguard of the Northern Ireland meat processing industry for the past five decades, beginning in the offal department of the old Belfast Abattoir. Throughout his career Campbell has developed many business interests in the meat processing industry and successfully built trading relationships with all of the major retail and food service customers of our industry today, both in the UK and mainland Europe. He is current President of the Northern Ireland Meat Exporters' Association and vice-chair of Safefood NI. He farms outside Newtownards and is active in Church and charity activities.

Richard Watson

Richard Watson was appointed to the Board in January 2006 and retired from the Board in December 2008. Mr Watson previously served on the Board for three years from 1999 - 2001. He was educated at Portora Royal School and continued his industry development through the Institute of Meat. Richard was appointed as CEO of the Foyle Food Group in 2005 and was involved in many areas of the Northern Ireland meat industry.



REMUNERATION REPORT

The detail regarding Board Members' remuneration is set out in their contracts on appointment. This is subject to annual review in line with awards made by the Senior Salaries Review Body. The Department of Finance and Personnel (DFP) instructs LMC when an annual review has been approved.

DFP operates a control on the review of employees' remuneration and all reviews are subject to a pay remit approval process. A remuneration committee of the board approves all remuneration reviews. LMC makes new appointments based on market rates as appropriate to the role.

Service Contracts

Appointments made by LMC are in accordance with approved policy and procedures which are continually updated to reflect best practice.

Unless otherwise stated, the employees covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Policy relating to notice periods is contained in each individual's contract of employment.





Salary and pension entitlements (audited)

The following sections provide details of the remuneration and pension interests of the Board Members and senior managers of the Commission.

Name	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr O Brennan <i>Chairman</i> (until 31 March 2009)	15-20	-	15-20	-
Mrs P Kane <i>Board Member</i> (until 31 January 2008)	-	-	5-10 (Full year equivalent 5-10)	-
Mr P O'Neill <i>Board Member</i> (from 1 January 2009)	0-5 (Full year equivalent 5-10)	-	-	-
Mrs M McCormack <i>Board Member</i> (from 1 January 2009)	0-5 (Full year equivalent 5-10)	-	-	-
Mr K Sharkey <i>Board Member</i> (from 1 January 2009)	0-5 (Full year equivalent 5-10)	-	-	-
Mr G McCollum <i>Board Member</i> (until 31 December 2008)	0-5 (Full year equivalent 5-10)	-	5-10	-
Mr J McGaughey <i>Board Member</i>	5-10	-	5-10	-





Name	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr N McLaughlin <i>Board Member</i> (until 31 December 2008)	0-5 (Full year equivalent 5-10)	-	5-10	-
Mr J Noble <i>Board Member</i> (from 1 February 2008)	5-10	-	0-5 (Full year equivalent 5-10)	-
Mr C Tweedie <i>Board Member</i> (from 1 July 2007)	5-10	-	0-5 (Full year equivalent 5-10)	-
Mr R Watson <i>Board Member</i> (until 31 December 2008)	0-5 (Full year equivalent 5-10)	-	5-10	-
Mr D Rutledge <i>Chief Executive</i>	85-90	-	85-90	-
Dr M Tempest <i>Technical Director</i>	65-70	-	55-60	-
Mrs Naomi Waite <i>Marketing Director</i>	55-60	-	35-40	-

Salary

'Salary' includes gross salary and any allowances to the extent that it is subject to UK taxation. This report is based on payments made by the Commission and thus recorded in these accounts.





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.

NILGOSC Pensions (audited)

Name	Accrued pension at age 65 as at 31/3/09 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/09	CETV at 31/3/08	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr D Rutledge <i>Chief Executive</i>	10-15 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	272	244	15	-
Dr M Tempest <i>Technical Director</i>	25-30 plus lump sum of 75-100	-	554	540	-	-
Mrs Naomi Waite <i>Marketing Director</i>	0-5 plus lump sum of 5-10	0-2.5 plus lump sum of 0-2.5	33	23	8	-

Pension benefits are detailed in Note 22 to the accounts.

No pension benefits accrue to Board Members.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or





arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the NILGOSC has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This 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.

D Rutledge
Accounting Officer

17 February 2010



CORPORATE GOVERNANCE

The Minister for Agriculture and Rural Development is accountable to the Northern Ireland Assembly for the activities and performance of LMC. The Management Statement and Financial Memorandum, created by DARD in 2005, defines the accountability arrangements of LMC to DARD (Food Policy Branch being LMC's sponsors within DARD). LMC is reviewed periodically, in accordance with the business needs of DARD and LMC. A fundamental review of LMC is planned for 2009.

LMC Board

The LMC Board meets once a month and comprises a chairman¹ and six non-executive¹ members. The appointments are made under section 1 of the Livestock Marketing Commission Act (Northern Ireland) 1967 and are made in accordance with the Commissioner of Public Appointments for Northern Ireland Code of Practice.

The Board has corporate responsibility for ensuring that LMC fulfils the aims and objectives that are approved by DARD and for prompting the efficient, economic and effective use of staff and other resources by LMC. To this end, and in pursuit of its wider corporate responsibilities, the Board:

- Establishes the overall strategic direction of LMC within the policy and resources framework determined by DARD and its Minister
- Ensures that DARD and its Minister are kept informed of any changes which are likely to impact on the strategic direction of LMC or on the attainability of its targets, and determines the steps needed to deal with such changes
- Ensures that any statutory or administrative requirements for the use of public funds are complied with, that the Board operates within the limits of its statutory authority and any delegated authority agreed with DARD and in accordance with any other conditions relating to the use of public funds, and that, in reaching decisions, the Board takes into account guidance issued by Government

¹ All Board members are independent from the day to day running of LMC.





- Ensures that it receives and reviews regular financial information concerning the management of LMC, is informed in a timely manner about any concerns about the activities of LMC and provides assurances to DARD that appropriate action has been taken on such concerns
- Demonstrates high standards of corporate governance at all times; and
- Appoints, with DARD's approval, a Chief Executive to LMC and, in consultation with DARD, sets performance objectives and remuneration terms for the Chief Executive, which gives due weight to the proper management and use of public monies.

Evaluation of Board Performance

DARD is responsible for the evaluation of LMC's overall performance. The senior management of DARD's Food, Farm and Environmental Policy Division assess the LMC Chairman annually. The LMC Chairman assesses individual Board members annually.

Committees of the Board

The Board has established and delegated powers to an Audit Committee (see page 38) and a Remuneration Committee (see page 29).

Planning, Budgeting and Control

The Strategic Plan

The strategic plan provides an overview of the statutory purpose of LMC. It identifies the major factors influencing LMC's strategy and formalises the major inputs from its stakeholder consultation process. The strategic plan outlines LMC's strategic objectives over a rolling three year period and associated business objectives for the next year.

LMC normally submits a draft of its updated strategic plan to DARD annually. The Strategic Plan has not been updated due to a need for an urgent fundamental review of LMC. DARD, once they have agreed the plan, submit it to the Department of Finance and Personnel (DFP) for their agreement. The main elements of the plan, including the key performance targets, are agreed in the light of DARD's decisions on policy and resources, taken in the context of the Government's wider policy and spending priorities and decisions.

The Business Plan

The first year of the strategic plan, amplified as necessary, forms the business plan, which includes key targets and milestones for the year immediately ahead and is





linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by DARD.

Financial Budgets

Financial budgets are produced annually for the forthcoming 12-month period and underpin the three-year strategic plan and annual business plans. Preliminary budgets are consolidated and presented to the Board during January of each year.

Reporting Performance to the Sponsor Department

LMC operates management information and accounting systems which enable it to review, in a timely and effective manner, its financial and non-financial performance against the budgets and targets set out in its agreed strategic and business plans.

LMC informs DARD of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a significant change to the budget or objectives as set out in the strategic or business plans.

LMC's performance in helping to deliver DARD policies, including the achievement of

key objectives, is reported to DARD on a quarterly basis. Performance is formally reviewed twice yearly by DARD. The Minister or her nominated representative meets the Board formally each year to discuss LMC's performance, its current and future activities and any policy developments relevant to those activities.

LMC's performance against key targets is reported in this annual report and accounts (pages 11 to 13). The annual report offers a review of LMC's performance in the financial year, together with comparable outturns for the previous year.

Internal Audit

LMC has a service level agreement with DARD's Internal Audit Branch to ensure that it meets its internal





audit requirements fully. External Audit has a right of access to all documents prepared by LMC's internal auditor. In addition, DARD has a right of access to all LMC records, other information, personnel and systems for purposes such as sponsorship audits and operational investigations.

External Audit

The Comptroller and Auditor General (C&AG) audits and certifies LMC's annual accounts, after which LMC gains ministerial approval to lay them before the Northern Ireland Assembly. For the purpose of audit, the C&AG have a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. The C&AG shares with DARD information identified during the audit process and the audit report at the end of the audit.

The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the LMC has used its resources in discharging its functions.





LMC AUDIT COMMITTEE ROLES AND RESPONSIBILITIES

The Audit Committee supports the Board in their responsibilities for issues of risk, control and governance, by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

The members of the Audit Committee in 2008/2009 were:

- Mr David Gray (Chair): independent, external member appointed by the Board in April 2007, for an initial one year period, renewable for up to two further years
- Mr Richard Watson (until 31 January 2009): non-executive Board member appointed by the Board in March 2006 for a three year period (or until Board membership ends, whichever is sooner)
- Mr Nigel McLaughlin (until 31 January 2009): non-executive Board member appointed by the Board in August 2007 for the duration of his membership of the Board
- Mr Jim Noble: non-executive Board member appointed by the Board in May 2008 for the duration of his membership of the Board
- Mr Phelim O'Neill: non-executive Board member appointed by the Board in February 2009 for the duration of his membership of the Board
- Mrs Mary McCormack: non-executive Board member appointed by the Board in February 2009 for the duration of her membership of the Board

Reporting

The Audit Committee meets at least three times a year, and reports formally to the Board after each meeting. It also provides the Board and Accounting Officer with an Annual Statement, timed to support finalisation of the accounts and the Statement on Internal Control, summarising its conclusions from the work it has done during the year.

Responsibilities

The Audit Committee advises the Board and Accounting Officer on:



- The strategic processes for risk, control and governance and the Statement on Internal Control
- The accounting policies, the accounts and the annual report of LMC, including the process for preparation of the accounts for audit, levels of error identified, and management's letter of representation to the external auditors
- The planned activity and results of both internal and external audit
- Adequacy of management response to issues identified by audit activity, including External Audit's management letter
- Assurances relating to the corporate governance requirements for LMC
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- The Audit Committee also periodically reviews its own effectiveness and its independent chair reports the results of that review to the chair of the commission.





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 (DFP). The accounts are prepared on an accruals basis and must give a true and fair view of LMC's state of affairs at the year end, of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts LMC is required to:

- Observe the accounts direction issued by DARD including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgments 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 DARD has designated the LMC Chief Executive as the LMC Accounting Officer. 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 DFP.

The Accounting Officer is responsible for the maintenance of 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 auditor's report properly present the original certified statements.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of LMC's policies, aims and objectives, whilst 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. As Accounting Officer I am supported by monthly Board Meetings, by an Audit Committee and by an Executive Committee, with members of that Committee producing Stewardship Reports in regard to their particular functional responsibilities. The Audit Committee comprises three members of the Board and is chaired by an independent, external member (appointed by the Board) who brings expertise in financial and accounting matters to the Audit Committee. During the year, no executive management served on the Audit Committee.

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, their 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 2009 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.



Capacity to Handle Risk - Leadership

Leadership is given to the risk management process via the Board, the Audit Committee and the Executive Committee. The Executive Committee monitors and reviews the Risk Register, revising it to reflect evolving risk issues at least quarterly (this will increase to monthly reviews next year). The Risk Register is reviewed at all meetings of the Audit Committee and the Risk Management Plans for each functional area are updated and approved by the Board (through the Audit Committee) as appropriate and at least annually.

The Risk and Control Framework

Risk Management Policy

LMC's risk management policy constitutes a key element of its internal control and corporate governance framework and covers its approach to risk management, roles and responsibilities and key aspects of the risk management process.

Risk Appetite

LMC's risk appetite is determined by the extent to which the tolerance of risk is embedded within LMC's overall risk management framework. In broad terms, all currently identified controllable risks are considered to be within the risk appetite of the business.

Risk Register

Within each functional area, the Risk Register is maintained by the responsible manager. These risks are discussed at least quarterly by the Executive Committee and from these functional risks are drawn the Corporate Risk Register. During 2008/09, risk priorities were:

- Implement the requirements of the 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 sheepmeat farmers and processors who pay a levy to LMC, together with DARD, our sponsor department. Frequent meetings with all of the key stakeholders seek to ensure that the risks facing the industry and LMC are disseminated widely and debated fully to reach appropriate conclusions for LMC and the industry we serve.





Reputational Risk

Following instructions from DARD to achieve a 'balanced budget' in the 2008/09 year, considerable operational steps had to be taken to reduce costs as LMC was instructed that existing reserves could not be used. These reserves primarily were funds collected from the industry in previous years to ensure funding was in place for the industry's Farm Quality Assurance Scheme. The need to operate a 'balanced budget' places the Industry's Farm Quality Assurance Scheme in jeopardy, by preventing the planned use of scheme income classified in our accounts as designated reserves to underwrite current operating losses, which was the sole intention of the advance industry contributions and thereby potentially putting LMC at risk of breach of contract with the scheme's Certification Body.

Information Risk

LMC will be carrying out a review of this area in 2009/10. Pending the outcome of this, management and staff are aware of their responsibilities in ensuring that such information is not transferred to media which can be lost, misplaced or abused.

Business Continuity Plan

LMC has a comprehensive Business Continuity Plan (BCP), the purpose of which is to identify ways and means for LMC to continue to operate its core activities should a major disruption occur at its head office. Our current BCP was revised in January 2009 and communicated to key staff in February.

Anti-Fraud Policy

LMC is committed to ensuring that the risk of fraud in all its forms is minimised. An important part of this approach is our Anti-Fraud Policy, which informs staff of LMC's approach to the serious issue of fraud and incorporates a Fraud Response Plan. This policy was updated in June 2008.

Whistle-Blowing Policy

The LMC Whistle-blowing Policy provides workers who report wrongdoing ('whistle blowing') with statutory protection against dismissal or detriment where they make certain disclosures of information in the public interest if that disclosure is made in accordance with procedures specified in the policy. LMC has defined its policy and procedure through this policy, which was revised in February 2008.

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 the development and maintenance of the internal control framework and comments made by the external auditors in their





management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

LMC continues to strengthen its system of internal control and to develop controls where appropriate. In particular, in the incoming year, LMC plans to implement any matters arising from the Internal Audit report, the External Auditor's report to those charged with governance and other reports.

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

A handwritten signature in black ink, appearing to read 'D Rutledge'.

D Rutledge
Accounting Officer
17 February 2010





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

I certify that I have audited the financial statements of the Livestock and Meat Commission for the year ended 31 March 2009 under the Livestock Marketing Commission Act (Northern Ireland) 1967. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

The Commission and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and 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. These responsibilities are set out in the Statement of the Commission and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 and Department of Agriculture and Rural Development's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Chief Executives Review and the Corporate Governance section included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Assembly and the financial transactions conform to the authorities which govern them.



In addition, I report to you if the Livestock and Meat Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Livestock and Meat Commission's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Livestock and Meat Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises Chairman's Statement, Summary of Achievement of Core Objectives, Marketing Director's Report, Technical Director's Report, Funding and Audit, Human Resources Report, Sustainability Report, Commission Membership, LMC Audit Committee Roles and Responsibilities and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Livestock and Meat 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.





Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 and directions made thereunder by Department of Agriculture and Rural Development, of the state of the Livestock and Meat Commission's affairs as at 31 March 2009 and of its net operating costs, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967 and Department of Agriculture and Rural Development's directions made thereunder; and
- information, which comprises the directors' report, the management commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

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

19 March 2010





Income and expenditure account for the year ended 31 March 2009

	Notes	2009 £	2008 £
Income			
Income from activities	2	3,552,836	3,325,034
Expenditure			
Staff and related costs	3	1,473,370	1,557,558
Depreciation (net of deferred grant release)		81,516	70,026
Other operating charges	4	2,131,146	2,782,575
		3,686,032	4,410,159
Operating (deficit)	2	(133,196)	(1,085,125)
Income from investments	5	98,485	112,989
Notional cost of capital	1 & 12	(130,364)	(138,292)
(Deficit) on ordinary activities before taxation		(165,075)	(1,110,428)
Taxation	6	20,682	22,598
(Deficit) for the financial year	12	(185,757)	(1,133,026)
Transfer (from) designated reserves	12	95,476	280,012
Transfer (from) reserves		(90,281)	(853,014)

All amounts above relate to continuing operations of LMC.
The notes on pages 52-66 form part of these accounts.





Statement of total recognised gains and losses for the year ended 31 March 2009

	2009 £	2008 £
(Deficit) for the financial year after notional cost of capital	(185,757)	(1,133,026)
Actuarial (loss)/gain in respect of defined benefit pension scheme	(1,110,000)	1,469,000
Prior year adjustments	-	-
Unrealised surplus on revaluation of property	12,089	219,014
Total (losses)/gains recognised since last annual report	(1,283,668)	554,988

Note of historical cost surplus and deficits for the year ended 31 March 2009

	2009 £	2008 £
Reported (deficit) on ordinary activities before taxation	(165,075)	(1,110,428)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	28,206	27,814
Historical cost (deficit) on ordinary activities before taxation	(136,869)	(1,082,614)
Historical cost (deficit) for the year after taxation	(157,551)	(1,105,212)





Balance sheet as at 31 March 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	1,936,182	1,893,131
Current assets			
Debtors	9	673,821	786,346
Investments	10	354,702	1,429,438
Cash at bank and in hand		1,897,991	1,394,800
		2,926,514	3,610,584
Current liabilities			
Creditors: amounts falling due within one year			
	11	388,896	964,134
Net current assets		2,537,618	2,646,450
Total assets less current liabilities		4,473,800	4,539,581
Creditors: amounts falling due after more than one year			
Pension scheme creditor	22	1,324,000	240,000
Total assets less liabilities		3,149,800	4,299,581
Reserves			
Income and expenditure account	12	371,418	1,469,174
Revaluation reserve	12	1,094,397	1,110,514
Designated reserves	12	1,683,985	1,719,893
		3,149,800	4,299,581

D Rutledge
Accounting Officer
 17 February 2010





Cash flow statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash (outflow) from operating activities	13	(535,132)	(783,664)
Returns on investments			
Interest received		103,967	124,709
Taxation			
United Kingdom tax paid		(22,597)	(19,593)
Capital expenditure			
Purchase of tangible fixed assets		(117,783)	(31,153)
Sale of tangible fixed assets		-	786
Net cash (outflow) from capital expenditure		(117,783)	(30,367)
(Decrease) in cash in the year	14	(571,545)	(708,915)





Notes to the financial statements for the year ended 31 March 2009

1 Accounting policies

The significant accounting policies adopted are set out below. The Board of the Livestock and Meat Commission for Northern Ireland consider that these accounting policies are suitable, have been consistently applied and are supported by reasonable and prudent judgments and estimates.

Accounting and disclosure requirements

The financial statements have been prepared in accordance with the 2008-2009 Government Financial Reporting Manual (FRM) issued by the Department of Finance and Personnel. The accounting policies contained in the FRM follow UK generally accepted accounting policies for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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 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 freehold property was valued externally on 31 March 2005 at current market value for existing uses by the Valuation and Lands Agency at £1.5 million. The cost of fixed assets is restated annually, between external valuations, 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. Depreciation is calculated 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	- 2.50
Exhibition equipment	- 20.00
Office furniture, fixtures and fittings, computers	- 20.00





Income

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

Payment to suppliers

LMC 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.

Notional costs

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

FRS 17 'Retirement Benefits'

LMC provides a defined benefit pension scheme for employees through NILGOSC. The assets of the scheme are held separately from those of LMC. The pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using appropriate rates.

The pension scheme deficit is recognised in full on the balance sheet as a liability and as a pension scheme reserve. Contributions paid during the year are shown as movements in the liability. Other finance costs and current service costs associated with the pension scheme are recorded in the profit and loss account. Any deferred tax relating to a defined benefit liability is offset against the defined benefit liability and not included with other deferred tax assets or liabilities.

Financial Instruments

LMC has implemented accounting standards FRS25, 26 and 29 in accordance with the 2008-09 Financial Reporting Manual.





2 Income and net operating expenses by activity

	Income from activities £	Net operating expenses £	Operating deficit £	2008 Total £
Levy and Other Income	1,177,544	1,244,157	(66,613)	(656,852)
EU Income	-	-	-	(18,060)
Beef Restoration Programme	538,732	538,732	-	-
Rural Payments Agency Classification Service	256,669	242,141	14,528	(147,446)
NIFQAS Income	716,205	665,399	50,806	100,391
NIFQAS Income	863,686	995,603	(131,917)	(363,158)
Total	3,552,836	3,686,032	(133,196)	(1085,125)

3 Employee information

	2009 £	2008 £
Staff costs		
Salaries	1,248,321	1,268,796
Social security costs	94,870	95,504
Pension costs	120,090	193,258
Reorganisation costs	10,089	-
	1,473,370	1,557,558

	Number	Number
Average number of persons employed by the commission during the year were:		
Commission members	7	7
Classification/Agency	23	23
Administration (including levy collection)	29	33
	59	63





4 Other operating charges

	2009 £	2008 £
Information services	285,674	304,295
Market development and advertising	1,527,993	2,180,974
Administration costs:		
Office expenses	233,083	211,130
Aggregate travelling and subsistence	84,396	86,176
	2,131,146	2,782,575

Office expenses include:

	2009 £	2008 £
Notional charges	3,523	3,480
Auditors' remuneration – for audit	8,500	7,500
– for other services	-	-
Travel and subsistence of LMC Board Members	2,177	2,376

5 Income from investments

	2009 £	2008 £
Interest on short term deposits	98,485	112,989

6 Taxation

	2009 £	2008 £
UK corporation tax at 21% (2008 – 20%) Based on investment income receivable during the year	20,682	22,598





7 Tangible fixed assets

	Freehold land and buildings £	Exhibition equipment, office furniture, fixtures & fittings £	Computers £	Total £
Cost or valuation				
At 1 April 2008	1,891,814	273,426	200,962	2,366,202
Additions	17,896	20,147	79,740	117,783
Disposals	-	(2,814)	(46,257)	(49,071)
Indexation	(34,052)	-	-	(34,052)
At 31 March 2009	1,875,658	290,759	234,445	2,400,862
Depreciation				
At 1 April 2008	46,141	246,753	180,177	473,071
Charge for the year	46,891	13,193	26,737	86,821
Eliminated in respect of disposals	-	(2,814)	(46,257)	(49,071)
Revaluation	(46,141)	-	-	(46,141)
At 31 March 2009	46,891	257,132	160,657	464,680
Net book value				
At 31 March 2009	1,828,767	33,627	73,788	1,936,182
At 31 March 2008	1,845,673	26,673	20,785	1,893,131





8 Capital commitments

	2009 £	2008 £
Capital expenditure		
Contracted for but not provided in the financial statements	Nil	Nil

9 Debtors: amounts falling due within one year

	2009 £	2008 £
Levies-Statutory	138,704	115,533
Rural Payments Agency debtor	131,095	90,851
Classification debtors	128,484	125,332
Farm Quality Assurance Scheme debtors	121,497	100,590
Other debtors	122,493	270,809
Prepayments and accrued income	31,548	83,231
	673,821	786,346

10 Investments

	2009 £	2008 £
Short-term deposits	354,702	1,429,438

11 Creditors: amounts falling due within one year

	2009 £	2008 £
Corporation tax	20,682	22,598
Accruals	264,866	304,197
Deferred Income-Other	21,220	538,731
Other taxation and social security	82,128	98,608
	388,896	964,134





12 Reserves

	Designated Reserves			Income & Expenditure Accounts £
	Farm Quality Assurance Scheme £	Classification Service £	Total Designated Reserves £	
At 1 April 2008	769,389	950,504	1,719,893	1,469,174
Deficit for the financial year				(185,757)
Actuarial loss on pension scheme liability				(1,110,000)
Notional cost of capital				130,364
Other Notional charges				3,523
Transfer from unrealised revaluation reserve to income and expenditure account				28,206
Transferred to other designated reserves	(138,344)	42,868	(95,476)	95,476
Allocation of notional cost of capital	24,944	34,624	59,568	(59,568)
At 31 March 2009	655,989	1,027,996	1,683,985	371,418
				Unrealised Revaluation Reserves £
At 1 April 2008				1,110,514
Surplus on revaluation of fixed assets at year end				12,089
Transfer from unrealised revaluation reserve to income and expenditure account				(28,206)
At 31 March 2009				1,094,397





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

	2009 £	2008 £
Operating (deficit)	(133,196)	(1,085,125)
Depreciation charge	86,821	70,026
Actuarial (loss)/gain recognised	(1,110,000)	1,469,000
Decrease in debtors	107,039	198,702
Increase/(decrease) in creditors	510,681	(1,438,961)
Notional charge	3,523	3,480
Profit on disposal of tangible fixed assets	-	(786)
Net cash (outflow) from operating activities	(535,132)	(783,664)

14 Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
(Decrease)/increase in cash for period	(571,545)	(708,915)
Net fund at 1 April 2008	2,824,238	3,533,153
Net fund at 31 March 2009	2,252,693	2,824,238

	At 1 April 2008 £	Cash Flow £	At 31 March 2009 £
Cash at bank and in hand	1,394,800	503,191	1,897,991
Investments	1,429,438	(1,074,736)	354,702
	2,824,238	(571,545)	2,252,693

15 Corporate financial targets

LMC receives no government funding and DARD sets no financial targets. As required by the Management Statement and Financial Memorandum, LMC's business plan for the year was approved by DFP.

LMC receives income from the Rural Payments Agency, as RPA's agent in Northern Ireland.





16 Losses and special payments

There were no losses or special payments in the year.

17 Related party transactions

DARD is regarded as a related party. During the year, LMC has had various material transactions with the Department. LMC has also had a number of material transactions with the Rural Payments Agency.

In addition LMC is a one-eighth owner of Northern Ireland Food Chain Certification (NIFCC) and is represented on the board of directors. During the year LMC provided accounting, administration and human resources services to NIFCC valued at £86,750. NIFCC provided LMC with inspection services and marketing information during the year valued at £764,864. The amount due to NIFCC at 31 March 2009 was nil.

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

18 Post balance sheet events

The Annual Report and Accounts were authorised to be issued and laid in the Northern Ireland Assembly on 31st March 2010. There are no significant post balance sheet events arising.

19 Contingent liabilities

There are no contingent liabilities arising at the year-end.





20 Intra Government Balances

	Debtors amounts falling due within one year £	Debtors: amounts falling due after more than one year £	Creditors: amounts falling due within one year £	Creditors: amounts falling due after more than one year £
Balance with other central government bodies	131,095	-	102,810	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Balances with bodies external to government	542,726	-	286,086	1,324,000
At 31 March 2009	673,821	-	388,896	1,324,000

	Debtors amounts falling due within one year £	Debtors: amounts falling due after more than one year £	Creditors: amounts falling due within one year £	Creditors: amounts falling due after more than one year £
Balance with other central government bodies	90,851	-	121,206	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Balances with bodies external to government	695,495	-	842,928	240,000
At 31 March 2008	786,346	-	964,134	240,000





21 Financial instruments

FRS 13, *Derivatives and 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. Because of the largely non-trading nature of its activities and the way in which it is financed, LMC is not exposed to the degree of financial 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. LMC has very limited powers to borrow or invest surplus funds and except for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing LMC in undertaking activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months of the balance sheet date have been omitted from the currency profile.

Liquidity risk

LMC is financed primarily by levy and commercial income. The extent to which levy may be raised and retained for use in operations is set out in statute. LMC is not exposed to significant liquidity risks.

Interest rates and foreign currency risks

All LMC's material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or foreign currency risk.

Fair values

There is no material difference between the book values and fair values of LMC's financial assets and liabilities as at 31 March 2009.

22 Pension scheme information

Pension benefits are provided through the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC Scheme). This scheme is a 'multi-employer' pension scheme with some sixty-five thousand members. It provides a final salary (i.e. defined benefits) pension scheme for eligible employees and other members of the scheme. 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 two years' service, the surviving husband or wife will receive a short- and long-term pension. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers.

An actuarial valuation of the scheme was carried out as at 31 March 2007. 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 2011 will increase annually to 15%, 16% and 17% respectively.

The principle assumptions used by the independent qualified actuaries in updating the valuation to 31 March 2009 for FRS17 purposes were:

	2009	2008	2007
	%	%	%
Rate of salary increases	4.6	5.1	4.7
Discount rate	6.9	6.9	5.4
Inflation assumption	3.1	3.6	3.2
Pension increases	3.1	3.6	3.2





Fair value of employer assets

	2009 £	2008 £
Equities	3,065,000	4,287,000
Bonds	588,000	630,000
Property	294,000	441,000
Cash	252,000	84,000
Total	4,199,000	5,442,000

Balance sheet

	2009 £	2008 £
Fair Value of Employer Assets	4,199,000	5,442,000
Present Value of Funded Liabilities	(5,523,000)	(5,682,000)
Net (Underfunding) in Funded Plans	(1,324,000)	(240,000)
Net (Liability)	(1,324,000)	(240,000)
Amount in Balance Sheet		
Liabilities	1,324,000	240,000
Net (Liability)	(1,324,000)	(240,000)

Recognition in the income and expenditure account

	2009		2008	
	£	% of pay	£	% of pay
Current Service Cost	120,000	12.7%	193,000	18.6%
Interest Cost	393,000	41.6%	389,000	37.4%
Expected Return on Employer Assets	(399,000)	(42.2%)	(395,000)	(38.0%)
Total	114,000	12.1%	187,000	18.0%
Actual Return on Plan Assets	(1,267,000)		(200,000)	





22 Pension scheme information (continued)

Reconciliation of defined benefit obligation

	2009 £	2008 £
Opening Defined Benefit Obligation	5,682,000	7,194,000
Current Service Cost	120,000	193,000
Interest Cost	393,000	389,000
Contributions by Members	59,000	62,000
Actuarial Losses/ (Gains)	(573,000)	(1,922,000)
Estimated Benefits Paid	(158,000)	(234,000)
Closing Defined Benefit Obligation	5,523,000	5,682,000

Reconciliation of fair value of employer assets

	2009 £	2008 £
Opening Fair Value of Employer Assets	5,442,000	5,544,000
Expected Return on Assets	399,000	395,000
Contributions by Members	59,000	62,000
Contributions by the Employer	140,000	128,000
Actuarial Gains / (Losses)	(1,683,000)	(453,000)
Benefits Paid	(158,000)	(234,000)
Closing Fair Value of Employer Assets	4,199,000	5,442,000

Amounts for the current and previous accounting periods

	2009 £	2008 £
Fair Value of Employer Assets	4,199,000	5,442,000
Present Value of Defined Benefit Obligation	(5,523,000)	(5,682,000)
(Deficit)	(1,324,000)	(240,000)
Experience Gains / (Losses) on Assets	(1,683,000)	(453,000)
Experience Gains / (Losses) on Liabilities	-	805,000





Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

	2009 £	2008 £
Actuarial Gains / (Losses)	(1,110,000)	1,469,000
Actuarial Gains / (Losses) recognised in STRGL	(1,110,000)	1,469,000
Cumulative Actuarial Gains and Losses	(560,000)	550,000







Printed by the Stationery Office Limited on behalf
of Livestock and Meat Commission for Northern Ireland
PC2546 03/10

