

Livestock and Meat Commission for Northern Ireland

**Annual Report and Accounts
for the year ended 31 March 2019**

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

24 March 2021

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Performance Report

Overview

This section is intended to provide an overview of the Livestock and Meat Commission for Northern Ireland (LMC) and how it has performed over the last twelve months. It also provides a summary of its strategic/business outcomes and activities, as well as the key issues and risks that could prevent it from meeting those outcomes. The section begins with a Statement from the Chairman which provides his perspective on LMC's key activities and achievement during the year ended 31 March 2019. It concludes with highlights of LMC's performance from Industry Development and Market Information departments.

Non-Executive's Report

I am pleased to present the fifty second Annual Report and Accounts of the Livestock and Meat Commission for Northern Ireland (LMC). This report covers the period 1 April 2018 to 31 March 2019 and I have prepared my report following consultation with the other members of the LMC Board.

This Annual Report and Accounts sets out details of the Commission's activities throughout the year, and I invite you to read about our work and to provide us with any constructive feedback to help inform our future strategy, business planning and related priorities.

LMC is a Non Departmental Public Body (NDPB) established by Statute (The Livestock Marketing Commission Act (NI) 1967) to assist the development of the livestock and livestock products industries. LMC is also the lead organisation actively providing agri-food marketing and promotion services specifically to the local beef and sheep meat sectors. The specific functions of the Livestock and Meat Commission are set out in the 1967 LMC Act and we continue to identify and deliver our priorities within the framework of the LMC Strategic Plan 2018-2021. Each year the Board updates and reviews its strategy. The Board also engages directly with frontline staff to help inform our strategic outcomes.

As LMC is very much a product of the beef and lamb industry, we remain in constant dialogue with our production and processing stakeholders in order to help address the

needs of the industry in our provision of support for the marketing of livestock and livestock products. Each year, I also engage in a comprehensive round of one to one meetings directly with key stakeholders within the industry and these meetings help provide the Board with valuable insights into the challenges and issues of concern to the beef and lamb sector. It is through this active engagement with stakeholders, both individually and collectively, that the Board ensures the activities of LMC reflect the strategic needs of the wider industry. The LMC Business Plan 2018-19 informed the activities which LMC undertook throughout the year in support of the agreed strategic and business outcomes for LMC.

I am encouraged, from the feedback received, that awareness of the variety of services provided by LMC continues to increase as much of our work is not carried out under the glare of the media spotlight. Throughout the year LMC has invested more time and resource to increase its presence in the media, including social media, to inform the public about the industry and to highlight the excellence of Northern Ireland beef and lamb. We continue to promote the consumption of beef and lamb through the “Flavour your Life” media campaign, the LMC school cookery demonstrations, and through LMC’s consumer and education websites. We also hosted lamb sampling sessions as part of Love Lamb Week. LMC continues to undertake cattle deadweight price reporting to the EU and we collate and disseminate market information and consumer data which is highly valued by industry stakeholders. Data is provided through various channels to help inform future business decisions.

Inevitably Brexit dominated industry discussion throughout the year and LMC continued to support and communicate the interests of the red meat industry. Following on from the publication in August 2017, of the LMC commissioned research report into the “Impact of WTO Trading on the NI Beef and Sheep Meat Industry”, LMC staff engaged, throughout the year in a number of engagements with, and on behalf of, the industry in order to assist the red meat industry to prepare for Brexit. This included highlighting to decision makers the potential impacts of a no-deal Brexit on Northern Ireland farming and processing.

In April 2018 LMC and the Agriculture and Horticulture Development Board (AHDB) hosted a pan European meeting of leading farm organisations and levy bodies in Brussels to set out shared objectives for industry post Brexit. LMC also partnered with colleagues from the

Northern Ireland Meat Exporters Association (NIMEA), Dairy UK and the British Veterinary Association in June 2018 to give evidence to the Northern Ireland Affairs Committee inquiry at Westminster into the challenges and opportunities for NI agriculture arising from the decision to leave the EU. The Commission will continue to support the sector in maintaining a unified voice and to communicate the sector's interests in order to achieve the best possible outcome for Northern Ireland's red meat industry.

With attention turning towards what future trading partnerships might look like for the UK, LMC continues to fund and work with partner organisations within the UK Export Certification Partnership (UKECP) to help secure access to new export markets with significant work on-going in relation to China, the U.S.A. and other key markets.

Central to any success in achieving new export markets will be the availability of quality produce. To this end, the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS), which is managed by LMC, remains a vital tool for the Northern Ireland red meat industry. The NIBLFQAS, which operates with equivalence to Red Tractor, already works very effectively to ensure that the red meat industry is able to service our core domestic market, as the United Kingdom remains our biggest single trading market. Within the context of Brexit and with the United Kingdom's ambitions to secure new markets, the NIBLFQAS will remain an even more essential resource for the red meat sector going forward. Furthermore, the NIBLFQAS remains central to assuring consumer confidence in Northern Irish beef and lamb. I wish to acknowledge the support of the industry which continues to show great confidence in the scheme and which continues to champion it.

Further detail of LMC's services and activities are detailed in the Strategic Report section of this Annual Report.

I would like to take this opportunity to thank my colleagues on the Board of LMC for their continued support throughout the year, and I commend them for the breadth of expertise and experience they bring to the Commission. I also wish to congratulate the excellent and knowledgeable team of staff at LMC for their continued hard work and dedication to the job of supporting Northern Ireland's red meat industry.

In conclusion, I would also like to acknowledge our valued stakeholders, including the Department of Agriculture, Environment and Rural Affairs (DAERA), whose support and encouragement throughout the past year has been steadfast. We are looking forward to continued engagement with our stakeholders in the future and to developing an enhanced programme of industry support services in conjunction with producers and processors.

A handwritten signature in black ink, appearing to read 'G McGivern', written in a cursive style.

Gerard McGivern

Chairman

Livestock and Meat Commission

5 July 2019

Strategic Report

Introduction

The Commission presents its Annual Report and Accounts for the 2018-19 business year.

The Annual Report and Accounts have been prepared in compliance with the accounting principles and disclosure requirements of the relevant edition of the Government's Financial Reporting Manual (FRM) and under an Accounts Direction given by the Department of Agriculture, Environment and Rural Affairs (DAERA) in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967.

Our Purpose

The Livestock and Meat Commission for Northern Ireland (LMC) is an Executive Non-Departmental Public Body (NDPB), which was established by Statute (The Livestock Marketing Commission Act [Northern Ireland] 1967) to assist the development of the livestock and livestock products industries. LMC's sponsor body is the Department of Agriculture, Environment and Rural Affairs (DAERA). LMC collects statutory levies from beef and sheep producers and slaughterers in Northern Ireland and in return provides a range of services to the industry. LMC also advises DAERA on matters relating to the sector.

Our Vision

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

Our Mission

Our mission is to support, examine and inform the marketing and development of the Northern Ireland beef and sheep meat industry.

Our 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; and
- LMC will demonstrate professionalism, openness and a 'can do' attitude at all times.

Strategic Outcomes

LMC has six strategic outcomes:

1. The industry is equipped with the tools to encourage its commercial development
2. A better informed industry and general public
3. Advising and influencing the policy making process
4. Facilitating industry relationships with impartiality and integrity
5. To be a relevant customer focused organisation that stakeholders understand, and meets their agreed requirements
6. To have in place an effective, efficient and sustainable organisation.

Supporting these strategic outcomes are business outcomes for the financial year 2018-19. These identify what LMC is seeking to achieve with its services and link directly to the strategic outcomes (there were 12 business outcomes in the 2018-19 business plan). Under each of the business outcomes detailed business activities with individual targets were undertaken. Progress against the business outcomes was monitored throughout 2018-19, and was formally recorded at the end of each quarter in the LMC business monitor.

Chief Executive's Review

I am delighted to report that during 2018-19, in line with our Mission Statement, LMC successfully delivered a comprehensive programme of assurance, education, industry development, market information and promotional activity across our various service delivery sections. This activity is in direct support of the organisation's strategic outcomes, which align closely to our statutory functions under the 1967 LMC Act. LMC's strategic outcomes also align closely with the strategic outcomes of DAERA and the draft Programme for Government for Northern Ireland. Details of LMC's performance against the specific targets, as outlined in our business plan at the start of 2018-19, are reported later in this Annual Report. Also provided in this report are highlights of work undertaken within the main business areas throughout the year in support of our strategic outcomes and the audited financial statements for the organisation.

The 2018-19 business year for LMC was a very busy one and all of the 12 business outcomes in the approved business plan for the year have been achieved in full. In line with the statutory provisions of the 1967 LMC Act, the organisation provides a range of services to support the marketing and development of the beef and sheep meat industry in Northern Ireland, and works under the sponsorship of DAERA. In the absence of a functioning Northern Ireland Executive the 2018-19 LMC business plan and budget was approved by the Departmental Board of DAERA but it remained in draft form throughout the entire reporting period as Ministerial approval of the business plan was not possible. Last year was characterised by major external factors that had a significant impact on the industry within which LMC provides its services.

At the beginning of the reporting period, a very cold late spring resulted in fodder stocks being completely exhausted on many livestock farms and, with this spell being followed by a long dry period in early and mid-summer there were very real concerns that fodder could have been in short supply in Northern Ireland coming into the winter housing period in late 2018. Fortunately weather and ground conditions in late summer and early autumn were unusually favourable and they allowed for forage to be conserved very late into the season to help replenish stocks and to extend the grazing season for many livestock farmers.

The other significant external factor that featured heavily in industry discussion throughout the year was the negotiation of the UK exit from the European Union (EU). The UK was originally scheduled to leave the EU on 29 March 2019 two years after it started the exit process by invoking Article 50 of the EU's Lisbon Treaty. As this date approached, industry remained very uncertain about future arrangements for trading with its EU customers. Not only that but the uncertainty surrounding Brexit left the industry questioning on what basis it would be able to get access to labour from outside the UK, what direction and funding for future agricultural support there would be in Northern Ireland outside the Common Agricultural Policy and, what direction future UK trade policy would take after the UK's exit from the EU. The withdrawal agreement reached between the EU and UK has not been ratified by UK MP's in Westminster and a six-month extension has been agreed until 31 October 2019. If an agreement on withdrawal terms is agreed by then, the all-important next stage of future UK-EU relationships will need to be negotiated. LMC's major stakeholders in the farming and processing sector strongly opposed throughout the year a no deal exit from the EU and were concerned this would be extremely damaging to the beef and sheep meat industry in Northern Ireland.

In the first quarter of the financial year 2018-19, LMC participated in a number of important events. In April 2018 the Agriculture and Horticulture Development Board (AHDB) Office in Brussels, which LMC co-funds with AHDB, hosted an international seminar for farming organisations and levy bodies from across the EU to discuss the topic of 'Brexit - Our Shared Farming Future'. Emanating from that seminar was a common sense of purpose that an orderly Brexit and a close future relationship between the UK and the EU would be in the best interests of farmers and agri-businesses within the UK and the EU-27.

During May 2018, LMC welcomed a large number of stakeholders, guests and members of the public to its stand at the four day Balmoral Show. LMC Board members and staff put in a huge effort of time and energy to facilitate LMC's presence at this premier agricultural show. It provided an excellent opportunity for LMC to engage with visitors about topical matters such as Farm Quality Assurance, Brexit, market prices and dynamics, the nature of the industry and its products, to highlight the importance of including red meat in the diet and to sample excellent quality beef and lamb dishes with visitors to the stand. LMC was especially delighted to host visitors from the Consulate-General of the People's Republic of

China in Belfast to the stand, which preceded an important announcement in June 2018 that the Bovine Spongiform Encephalopathy (BSE) ban on the export of UK beef to China had been lifted. LMC is a strategic and funding member of the UK Export Certification Partnership and we will continue to work with industry and government partners to get direct access for Northern Irish beef and lamb to this hugely important and growing market at the earliest possible opportunity.

Another important milestone in the first quarter of the year was the coming into force of the General Data Protection Regulations (GDPR) on 25 May 2018. As a public body, LMC already had good systems and procedures in place to comply with the new regulations and throughout the year we continued to invest in our people and processes to ensure that data security, processes and responsibilities were fully understood across the organisation.

Also in the first quarter, LMC was invited to give evidence to the Northern Ireland Affairs Committee Inquiry into Brexit and Northern Ireland: Agriculture. This Westminster based Committee heard detailed evidence from representatives across the Northern Ireland agri-food industry and published a report on its findings and recommendations in October 2018. In June 2018, LMC also attended the International Meat Secretariat World Meat Congress in Dallas Texas. The Congress' theme was 'Trusting in Trade' and with American President Donald Trump imposing tariffs on steel and aluminum imports from the EU, Canada and Mexico at the same time as the Congress was taking place, this development clearly highlighted just how complex and challenging the international trading environment can be.

At the end of June 2018, LMC was invited to attend Award Ceremonies at CAFRE's Loughry and Greenmount campuses. It was very encouraging to see the large numbers of young people graduating with agri-food related qualifications. Farming and processing stakeholders have been vocalising their concerns throughout the year about the lack of young talented people choosing to enter the farming and food industry as a career choice. LMC as part of its education and communication activities, has been highlighting to young people, parents and teachers the importance of the agri-food sector to the Northern Ireland economy and the breadth of careers that can be successfully pursued within the industry.

Quarter two continued with the busy theme for the year. LMC actively engaged in a number of meetings of the Ammonia Stakeholder Forum, which had been established by DAERA to consider how best to address the growing challenges caused by Ammonia emissions from the agri-food sector. Emissions from ruminant livestock farming are a particular focus point and with sustainability high on the agenda of all stakeholder communities, a careful path will have to be navigated through this difficult issue that allows industry to become more productive and competitive whilst ensuring that obligations around environmental protection and management are met and maintained.

In July 2018 the LMC Board and DAERA Board held their annual joint meeting at the Klondyke Building in Belfast. The Permanent Secretary of DAERA chaired this meeting and he also played an important role in extending the appointments of five LMC Board members who completed their first three year terms of office during 2018-19 (until a process for formal reappointments is in place). As an Executive Non-Departmental Public Body (NDPB), LMC works very closely with its sponsorship team in DAERA led by the Director of Sustainable Agri-Food Development. LMC operates within a highly regulated public sector control framework which ensures that there is strong accountability and governance for safeguarding the funds that LMC receives through statutory levy and service income to deliver its programmes for industry and government. LMC has daily engagement with its Sponsorship Team and we are grateful for the constructive working relationships that have been built with DAERA to oversee and support LMC's functioning.

Farm Safety Week 2018 was held in July and LMC, as an Affiliate Member of the Farm Safety Partnership, undertook a range of communications across its various digital, print and social media platforms to highlight the risks on farms and the importance of thinking SAFE before undertaking any activity on farm where there is the potential for serious injury or death to occur. An important outcome from the review of the NIBLFQAS Standard, which was finalised in April 2018, was to bring to the attention of farmer members a new section on farm safety, which would feature as part of their on farm inspections from June 2018.

Towards the end of Quarter two, Love Lamb Week took place across the UK during September 2018. LMC worked closely with farming, processing and retail stakeholders during the week long campaign to highlight the versatility, value, quality and importance of

lamb production within rural communities across Northern Ireland. The campaign demonstrated to LMC the importance of having an active presence on social media to tell the truth about meat production and provide consumers with the evidence and facts they need to feel confident about eating lamb and beef.

Quarter three was a significant period for launches and events. In October 2018, LMC participated in a Global Conference on Sustainable Beef in Kilkenny at which the European Roundtable for Beef Sustainability (ERBS) was launched. LMC is a founding member of the ERBS and has one of the seats on the Interim Board of the organisation. Sustainability of the beef industry is a key focal point across the world and the ERBS is playing an important role in bringing together a united approach to sustainability priorities along supply chains from primary producers to end retailers of beef.

LMC launched the second year of its 'Flavour your Life' advertising campaign in October 2018 with significant media activity up to Christmas. When the Kantar Worldpanel data for meat retail sales in Northern Ireland during the 12 week period ending 30 December 2018 was published, it was encouraging to note that beef sales during the period were up by half a million pounds in value relative to the same period in 2017. Also during October 2018, the global food fair at SIAL Paris took place and five of LMC's levy paying processor businesses exhibited at the event. In the uncertain environment created by Brexit, it was important for our local businesses to be present at this global event to meet with international customers and to show competitors that our industry is still seriously engaged in the export of beef and lamb.

In November 2018, LMC partnered with the College of Agriculture, Food and Rural Enterprise (CAFRE), Agri-Food and Bio-Sciences Institute (AFBI), Ulster Farmers Union (UFU), Northern Ireland Meat Exporters Association (NIMEA) and National Beef Association (NBA) to host a 'Healthy Cattle: Healthy Profits' Beef Conference at Greenmount for over 250 delegates who attended the event. A key driver of sustainability and profitability on farm is the operation of a proactive approach to herd health planning and management which can improve productivity and reduce mortality rates. LMC is a firm believer in working collaboratively with other like-minded organisations to deliver improved outcomes for

stakeholders and we will be partnering up again to deliver two sheep conferences in late 2019.

The final quarter of the 2018-19 financial year kicked off with 'Veganuary', the so-called alternative name for the month of January during which consumers are encouraged by vegan activist groups to give up meat and milk consumption and switch to vegan alternatives. Whilst there was no recorded downturn in the overall volume of meat and fish sales during this month, across the UK there was some switching between categories as consumers ate more fish and chicken and ate less red meat. Whilst there is no real evidence that the UK is becoming a nation of vegans and vegetarians, there are undoubtedly more consumers who are adopting a flexitarian approach to their diets and may choose to eat red meat on fewer days per week. The EAT-Lancet Commission also published its report on sustainable diets and food systems at various locations around the world in January 2019. This well-funded initiative is also recommending a total re-think of consumer diets with less meat and more plant based consumption to feed the world's population sustainably. LMC is doing significant work in this space domestically and internationally to challenge the often inaccurate messages about meat production and to highlight the importance of including red meat as part of a healthy balanced diet.

Perhaps one of the most important and salient events which took place towards the end of the financial year in March 2019, which was attended by LMC, was a Resilient Farmers Conference jointly hosted by Rural Support, the Farm Safety Partnership and the Farm Safety Foundation at CAFRE's Greenmount Campus. One of the key messages conveyed at the conference was that people are the most important resource in any business whether that be sole operator farm businesses, levy bodies like LMC or large-scale processing businesses. The physical and mental well-being of everyone who plays a role in the business is of paramount importance and LMC actively participated in the 'Mind Your Head' campaign earlier this year to help raise awareness and reduce the stigma of mental health in the agriculture sector. As an organisation LMC actively undertakes regular performance appraisal of all of its staff members to help identify any issues at work. We promote a culture of openness and transparency and we encourage all of our staff to undertake training to help deliver their job functions as effectively as possible. We have also initiated

staff and board member engagement days to improve communication within the organisation and to build stronger social connections within and across teams.

Lissue House in Lisburn (LMC's headquarters office building) was very severely damaged by fire on 09 June 2016 and it remains in an unusable condition. LMC had insurance policies in place at the time of the fire but the insurer declined liability for LMC's claim under the terms of its policies. LMC retained the services of specialist insurance legal experts to challenge the insurer's position through the insurance dispute resolution process and a formal arbitration hearing was held in Belfast during June 2018. Although strongly disputed by LMC, it was held by the arbitrator that the insurers were entitled to decline cover.

During the 2018-19 reporting year, LMC has conducted all of its business operations from temporary rented office premises at 1A Lissue Walk, Lisburn. LMC is working with the Asset Management Unit of the Strategic Investment Board to determine the future of the Lissue House site at 31 Ballinderry Road, which remains the registered headquarters of LMC, but on which the main office building was destroyed by fire in June 2016.

Environmental Sustainability

LMC provides services for the largest private sector industry in Northern Ireland. By assisting towards achieving sustainability for the beef and sheep meat industry, we contribute to the social betterment of the rural community. Part of this contribution is through assisting all elements of the food chain, including producers and processors, to deliver their end products as efficiently and effectively as possible. More details regarding LMC's work on sustainability and climate change are outlined in the Industry Development section of this Annual Report. LMC has set in place good environmental practices within our own organization such as maintaining a contract to recycle various waste products (cans, paper, card and plastic).

Funding

LMC was established by the Livestock Marketing Commission Act (Northern Ireland) 1967 as a body corporate with perpetual succession. As an Executive NDPB, LMC is classified to the

central government sector for national accounts purposes and is sponsored by DAERA. The 1967 Act provides for the collection of a statutory levy on livestock slaughtered within Northern Ireland for the purpose of defraying the expenses of the Commission. LMC also has a Service Level Agreement with DAERA for cattle deadweight price reporting to the European Union.

Levies

Under the Livestock and Meat Commission Regulations (Northern Ireland) 2003 the maximum sums payable per head 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

Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS)

Under 2018-19 funding arrangements for NIBLFQAS, producers pay a £55 joining and a £55 annual membership fee. Processors who wish to participate in the scheme pay a throughput fee of £1.00 per bovine animal and £0.10 per sheep slaughtered, plus an annual membership fee of £400 for a slaughterer/processor and £250 for a secondary processor.

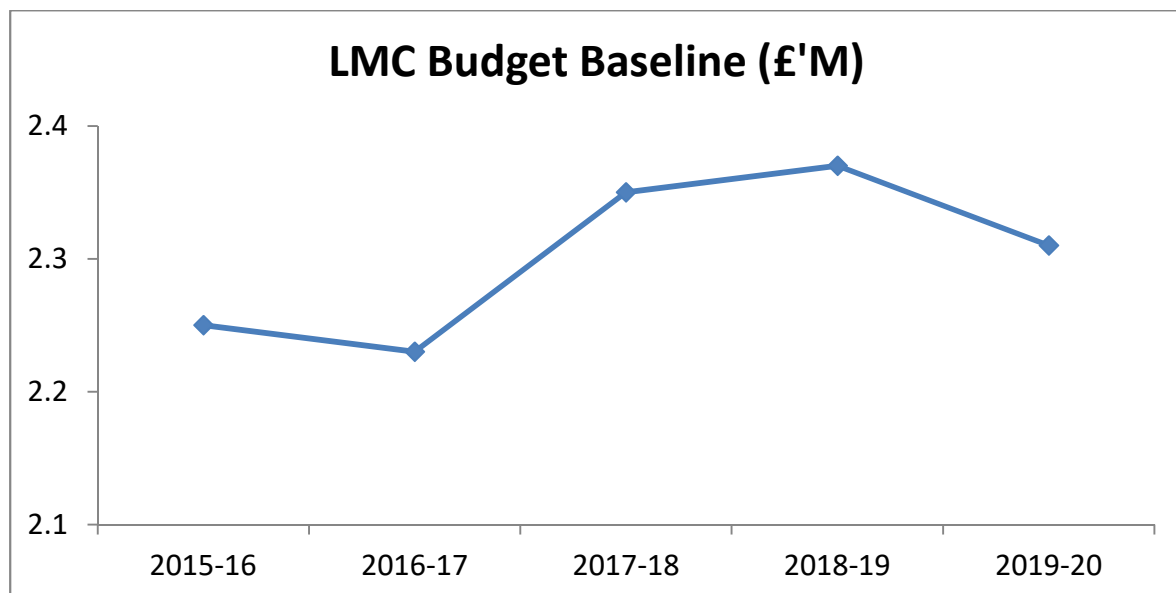
Financial Review

The accounts for the year are set out on pages 74-96. The number of cattle and sheep slaughtered within Northern Ireland on an annual basis is the current main determining factor in LMC income. Prior to the commencement of each financial year we calculate our balanced budget on projected cattle and sheep slaughterings for the financial year ahead. Throughout the financial year we monitor our actual income and expenditure on an on-going basis and if pressures or easements arise in particular areas of staff costs, general overheads or department costs we will maintain budgetary balance by reallocating expenditure as appropriate with the agreement of the LMC Board. Whilst LMC receives no

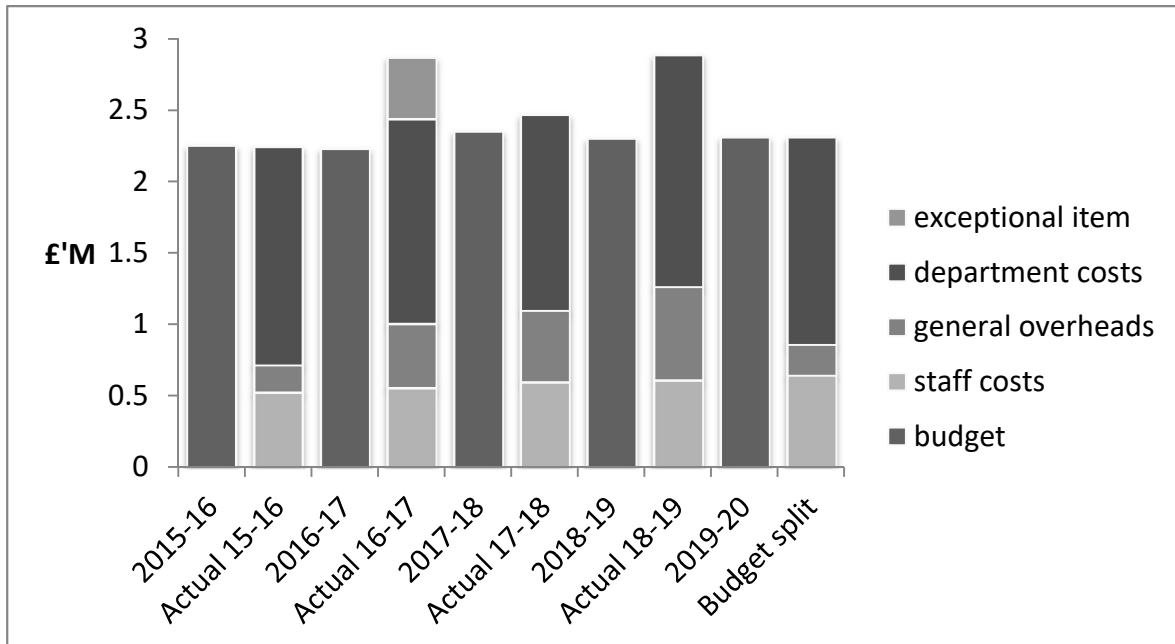
grant-in-aid from our Sponsor Department, our expenditure forms part of DAERA's Departmental Expenditure Limit (DEL) and it is possible in monitoring rounds for LMC to apply for additional DEL cover to draw on our reserves if a requirement to do so arises. During the course of 2018-19 LMC, with the agreement of DAERA, was granted additional DEL cover in each of the three monitoring rounds to draw on our reserves to address in year pressures and priorities. This is also in line with our strategy to reduce our overall level of historic reserves.

Long-term Expenditure Trends

The chart below captures the long-term summary expenditure profile of the LMC budget over the period 2015-16 to 2019-20.



The chart below shows the LMC budget split by major expense heading over the period 2015-16 to 2019-20.



Performance Analysis

LMC Performance 2018-19

The table below summarises LMC's performance against its business plan targets for 2018-19. For further information on the detailed monitoring of 2018-19 outcomes please contact LMC.

LMC Business Plan Outcomes		Key Performance Indicators	Performance Assessment at 31 March 2019
1	Market Access and Development is Facilitated	Attend bimonthly meetings of UKECP and support at least two inward / outward technical missions before the end of March 2019 to progress market access to key third country priority markets	Achieved
2	An Effective and Efficient NIBLFQAS Membership Scheme is Provided	Manage NIBLFQAS in line with industry needs by facilitating and supporting the outcomes of four NIBLFQAS stakeholder meetings within the financial year	Achieved
3	Beef and Sheep Meat Business Improvement Initiatives are Facilitated	Support (financially or in kind) a minimum of two business improvement initiatives in the financial year relevant to the sector	Achieved
4	Stakeholder Understanding of LMC is Improved	By end of Quarter 1 develop and implement an External Communications Plan to improve communication with stakeholders across all platforms	Achieved
5	Essential Research for Industry Benefit is Commissioned / Leveraged	Facilitate the research needs of the red meat industry by attending and supporting the outcomes of four stakeholder meetings in the financial year	Achieved
6	The Sustainability Credentials of Industry are Enhanced	Participate in at least one domestic and one international sustainability initiative and communicate progress to stakeholders at two relevant stakeholder meetings before the end of March 2019	Achieved

7	Beef and Lamb Consumption by Consumers is Promoted	Deliver a media neutral beef and lamb advertising campaign before the end of March 2019 using relevant creative content and evaluate its performance	Achieved
8	Strategic Education Services are Provided	Deliver 330 school cookery demonstrations between September and March ensuring pupil and teacher resources are up to date and relevant	Achieved
9	Staff Knowledge and Skills are Developed	All staff appraisal reviews and personal development plans to be completed by end of July 2018 and training needs for all staff identified	Achieved
10	Essential Market Information is Assembled	By 31 March 2019 have fully serviced the market information needs of our stakeholders through the collection and collation of relevant time series and other specialist data throughout the financial year	Achieved
11	The Red Meat Industry's Response to Brexit is Assisted	Identify and respond to the needs of red meat industry stakeholders in relation to Brexit by engaging in a minimum of one relevant stakeholder meeting per quarter	Achieved
12	Essential Market Information is Communicated to Stakeholders	Produce and publish 50 LMC Bulletins, four editions of the LMC Quarterly and 12 copies of the LMC news within the financial year	Achieved

Review of Activity 2018-19

Industry Development Department Report

LMC is a recognised facilitator and honest broker in the industry and is engaged in the strategic development of a sustainable and profitable beef and sheep meat sector in Northern Ireland through provision of a range of Industry Development services. The Industry Development department is responsible for developing and implementing LMC's Industry Development services which also include the operation and development of the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) and the operation and development of LMC's Education and Consumer Promotion programmes.

1. Industry Development

Highlights of LMC's Industry Development activity for 2018-19 include the following:

Food and Feed Safety

During the course of the year LMC engaged with the Food Standards Agency Northern Ireland as part of the Food and Feed Industry Advisory Panel (FFIAP). In Quarter four this group focused primarily on the impact of Brexit on the agri-food sector and was a key communication channel between industry and regulators.

Antimicrobial Resistance

LMC attended meetings of the Cattle Antimicrobial Usage Data Collection Steering Group throughout the reporting period. This group was set up to bring industry and Government representatives together to ensure an industry aligned UK-wide approach for the quantification of antimicrobial use in cattle. This follows the O'Neill report on Antimicrobial Resistance (AMR) and the commitment by the UK Government to deliver on a five year strategy to tackle AMR. LMC has also contributed to Northern Ireland's strategic response to AMR through attendance at cross departmental consultation meetings. LMC also is a task

lead on a DAERA funded project looking at Strategic Antimicrobial use in Dairy, Beef and Sheep Production.

Genetic Improvement Systems for Northern Ireland

LMC continues to participate in an initiative with the objective to progress the restructuring of genetic improvement systems for Northern Ireland's dairy, beef and sheep sectors to increase rates of genetic improvement and help to position NI among the international leaders in the application of genetics in these sectors. LMC continues to contribute in the next phase of this project through a multi stakeholder working group.

Sustainability and Climate Change

LMC is a member of the Sustainable Agriculture Initiative (SAI) Platform and has been actively participating in the Platform's Sustainable Beef Working Group (SBWG) since its establishment in 2011. The Working Group (whose members who are active in the production, processing, procurement, promotion and retailing of beef) meets regularly at locations throughout Europe and maintains a three-year rolling work plan to address key priorities in order to work towards the delivery of the Working Group's vision. Following the set-up the European Roundtable for Beef Sustainability last year and the formal recognition of this group by the Global Roundtable for Sustainable Beef (GRSB) a Global Conference on Sustainable Beef was held in Kilkenny in October. During that conference, the European Roundtable for Beef Sustainability (ERBS) was launched with four key priority areas of focus: environment (greenhouse gas emissions); animal medicines; animal health and welfare and farm management. The ERBS (of which LMC is a member) also issued a consultation to key stakeholders across Europe on beef sustainability outcome targets under each of the four priority areas.

LMC is also actively engaged in the work of DAERA's Greenhouse Gas (GHG) Implementation Partnership and has been working with other members during the year on the 2016-2020 Implementation Plan of Efficient Farming Cuts Greenhouse Gases. LMC and other members met with AFBI during the reporting period to discuss on-going research on carbon sequestration. Working closely with other industry stakeholders LMC has fully participated in discussions with DAERA throughout the year to highlight sectoral views and needs as an action plan on ammonia is developed.

Research and Development

LMC is involved in a number of important Research and Development projects on behalf of its stakeholders. LMC participated in three meetings of the Research and Development (R&D) Joint (Levy Body) Committee this year which includes members from Northern Ireland (LMC and AgriSearch), Wales (Hybu Cig Cymru), Scotland (Quality Meat Scotland) and England (Agriculture and Horticulture Development Board). This provides an opportunity to contribute to larger research projects on a pro rata basis. LMC is also represented on the AgriSearch Beef and Sheep Advisory Committees and made a financial contribution to sheep research this year. The funding of the Sheep Committee has allowed a number of important projects to continue. The key project funded during the reported period was Ram Compare (NI). The project investigated the effect of terminal sire estimated breeding values (EBVs) and finishing diet on progeny performance, net feed efficiency (NFE) and meat quality through a central progeny test flock. It sought to develop an understanding of the effects of sire breeding indexes for muscle and/or fat on such parameters.

Animal Health and Welfare

LMC participated in Animal Health and Welfare Stakeholder Forum meetings throughout the year. The meetings are facilitated by DAERA and provide an opportunity to update industry representatives on disease trends and welfare issues. Northern Ireland's Bovine Viral Diarrhoea (BVD) voluntary eradication initiative part funded by LMC and taken forward by Animal Health and Welfare (NI) is now enshrined in legislation. LMC is represented on the BVD Eradication Programme Implementation Group and LMC's Industry Development Manager is also a member of the Animal Health and Welfare Northern Ireland (AHWNI) Board.

Assisting Export Marketing

LMC owns and manages the European Union Trade Mark 'Greenfields' (for class 29 meat and meat extracts) on behalf of the beef and sheep meat industry. Greenfields is predominately used as a consumer facing brand in the Benelux countries by Dutch retailer Albert Heijn and is supplied by meat processing companies operating in Northern Ireland

and the Republic of Ireland. LMC renewed its registration of Greenfields in 2016 for a further 10 year period.

During the year LMC carried out a wide range of activities to support the export marketing of the Northern Ireland beef and sheep meat industry and its products. LMC participated in the global food fair at SIAL, Paris during October 2018. As an active and funding industry member of the UK Export Certification Partnership (UKECP) LMC has worked closely with other members of the partnership and wider industry stakeholders throughout the year to promote and prioritise third country market access negotiations for UK beef, lamb, pork and livestock genetics. In April 2018 LMC co-funded an inward technical mission to the UK by an inspection team from China to examine BSE controls in the UK and on 28 June 2018 China announced that it was lifting the BSE ban on UK beef. LMC also welcomed visitors from the Consulate General of the People's Republic of China in Belfast to its stand at Balmoral Show during May 2018. As part of the next phase of market access to China a comprehensive questionnaire was completed during the reporting period. Work on access to the Japanese and US markets is also on-going. At the end of 2018 UKECP announced the agreement on an Export Health Certificate (EHC) for lamb to India and hosted a special meeting for exporters to discuss EU exit EHC related issues. In the final quarter of the reporting period the LMC Board hosted a stakeholder meeting with Export Certification Limited to discuss Brexit Day 1 arrangements for exports of UK beef and sheep meat products, on-going work to open up third country access to UK beef and lamb and priorities for new market access work through UKECP.

2. Education Services and Consumer Promotion

LMC educates consumers about the nutritional value of red meat in the diet and promotes beef and lamb in home markets. As part of this service to industry, we operate a highly valued education programme and successful retail sampling sessions which bring the best of Northern Ireland Farm Quality Assured beef and lamb to the consumers of today and tomorrow.

Highlights of LMC's Education and Consumer Promotion activity for 2018-19 include the following:

Cookery Demonstrations

LMC's educational programme continued this year with 350 beef and lamb cookery demonstrations being conducted in Food and Nutrition classes in secondary schools throughout Northern Ireland. LMC's panel of freelance demonstrators (currently nine on the team) have the opportunity to teach young consumers the role of red meat in a balanced diet. The demonstrations are tailored to complement the Food and Nutrition syllabus and pupils are supported in their coursework and homework with information provided on LMC's nutritional website www.food4life.org.uk which more recently has been updated, with the help of the British Nutrition Foundation, to include new information on the new A level Nutrition and Food syllabus. The importance of looking for Northern Ireland Farm Quality Assured beef and lamb is outlined, and the role of the NIBLFQAS is explained in a simple and meaningful way. Pupils are further enabled to make an informed choice about red meat by discussing suitable cuts, simple, fast, tasty recipes and cooking methods. Food and Nutrition teachers now accept a beef and lamb dish being cooked at most demos. LMC's current quick and simple lamb recipes have proved to be extremely popular with pupils.

Beef and Lamb Workshops for Home Economics/Food and Nutrition Teachers

Three very successful practical workshops for new, non-specialist and experienced Food and Nutrition teachers took place during April and May 2018. The workshops provided the teachers with the practical skills and confidence to prepare, handle, cook and present red meat in the classroom.

Resources

During the year LMC produced a further information booklet 'The secret to simple, fuss-free beef and lamb'. The booklet outlined the importance of the Northern Ireland Farm Quality Assurance Scheme, gave nutritional information and included beef and lamb recipes. This booklet was distributed at all LMC school demonstrations. A further suite of beef and lamb recipes and videos was produced in August for use in schools, on LMC's education and consumer websites and on social media platforms – Facebook, Twitter and Instagram.

Communication of LMC's Education and Industry Development Activities

LMC has a member of staff tasked with communications (corporate Twitter account and corporate Facebook page). The Industry Development department placement student helps further contribute to LMC communications work through the consumer Instagram page and consumer Facebook page. This ensures that beef and lamb messages flow throughout the year enticing stakeholders to cook beef and lamb. Information is also uploaded on a regular basis to the education and consumer websites www.food4life.org.uk and www.beefandlambni.com.

MeatMATTERS

LMC remains a member of the joint levy body initiative Meatmatters, which promotes the benefits of red meat in the diet to consumers across the UK. It also ensures negative press coverage regarding health scares is responded to by appropriate experts in the red meat industry (the Meat Advisory Panel) in a timely manner. Throughout the year rebuttal / informative messages were given to the press on issues such as veganism, coronary heart disease, diabetes, red meat and cancer and the danger of reducing the amount of red meat in the diet, especially for females. This work with Meatmatters has allowed positive messages about red meat to reach over 42 million consumers across the UK.

Stakeholder Engagement

LMC's presence at Balmoral Show during the reported year gave ample opportunity to highlight the role the Commission plays in the agri-food industry. Beef and lamb cookery demonstrations were held on LMC's stand and small samples were distributed to consumers each day. Resources were given to all consumers visiting the stand. Meetings throughout the year were held with educators including the Northern Ireland examining body CCEA, Ulster University PGCE students and the British Nutrition Foundation. LMC continued to support UFU and Open Farm Weekend with a presence on the steering committee and LMC demonstrators carrying out cookery demos on two participating farms. LMC also worked with UFU to promote and cook lamb during Love Lamb Week. Staff from LMC were involved in the ABP Aberdeen Angus Youth Challenge, from providing a judge to carrying out a demo

for the finalists and supporting an evening event in one of the successful schools. LMC provided a member of staff to judge the Northern Ireland Food and Drink Association (NIFDA) awards and sponsored the main course at the NIFDA Awards dinner.

LMC Media Campaign-NIBLFQAS

The second year of LMC's current beef and lamb media campaign saw television advertisements, outdoor advertising, press advertising, online and social media advertising centred around the message 'Flavour your Life'. The whole campaign was supplemented by school cookery demonstrations in schools, and a planned communications programme in the agricultural and consumer press. Consumers were able to log on to LMC's beefandlambni.com website for new recipes and consumer information. The campaign was a great opportunity to continue to build on awareness of the Northern Ireland Farm Quality Assured logo and further improve consumer confidence in choosing and cooking beef and lamb. Recognition of the NIBLFQAS logo was extremely positive and increased, especially for lamb.

Placement Students

LMC provided a year-long placement to an undergraduate student from Loughry College. The student worked with the Industry Development department in the education section, for four days a week and with the administration department the remaining day. The exercise worked well for both LMC and the student. A fresh recruitment process took place for another year-long placement student in March 2019.

3. Northern Ireland Beef and Lamb Farm Quality Assurance Scheme

Participation

In the 2018-19 financial year producer numbers participating in the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) have decreased slightly, with an approximate decrease in scheme membership of 0.2% in comparison to the 2017-18 financial year. In the 2018-2019 financial year there was a 4.9% decrease in NIBLFQAS applications to the scheme in comparison to the financial year end 2017-18. At the end of the 2018-19 financial year producer participation in NIBLFQAS stood at 12,115, a decrease in

membership of 23 or 0.2% relative to the end of the last financial year. Overall the percentage of price reported domestic prime cattle that were farm assured at time of slaughter was 99.03% at the end of the 2018-19 financial year. Steers represented the highest category for assurance proportion at 99.34% with cull cows reaching a level of 90.1% assurance during the year.

Certification

In the 2018-19 financial year 8,489 surveillance inspections were conducted by the Certification Body, Northern Ireland Food Chain Certification (NIFCC), which represents an average surveillance inspection interval of 16.4 months against a maximum target of 18 months. There were 615 spot-check inspections, representing 5.5% of scheme members against a minimum target of 5%. It is important to note that the NIFCC Certification Contract year runs from November to October and as such the reported inspection intervals for the financial year are not directly comparable to the yearly contractual obligations. On-going monitoring of performance against contract is undertaken by LMC and reported to the NIBLFQAS Industry Board and LMC Board. By the end of the contract year three (31 October 2018) NIFCC were 56 inspections above target. This contract was awarded for an initial contract period of three years with the option to extend for two additional one year periods. NIFCC are currently in year four of this contract.

NIBLFQAS Management

NIBLFQAS Industry Board/Standard Setting Committee

In 2018-19 LMC continued to facilitate meetings of the NIBLFQAS Industry Board and NIBLFQAS Standard Setting Committee (SSC) to ensure that NIBLFQAS continues to operate effectively and efficiently in line with industry needs.

Earned Recognition

LMC continued to operate earned recognition with Food Standards Agency (FSA) and the future mechanism for earned recognition is being explored with DAERA Food and Farming Group. LMC have engaged with Northern Ireland Environment Agency (NIEA) on developing earned recognition for statutory inspections and NIBLFQAS.

Standards Review

The new standards came into effect in 2018-19 year. Participants were inspected against the new standards from 1 June 2018.

NIBL FQAS CRM Database Development

In 2018-19 an upgrade of the NIBLFQAS Customer Relationship Management (CRM) database took place. In Quarter three of 2018-19 the CRM upgrade went live. The system has been working efficiently and the upgrade has been a success. Data is starting to be drawn from the system for analysis.

Assured Food Standards

LMC continues to maintain good lines of communication with Assured Food Standards (AFS) with regards to the Red Tractor (RTA) Beef and Lamb Assurance Scheme. NIBLFQAS and RTA Beef and Lamb are considered equivalent assurance schemes therefore LMC meets with AFS throughout the course of the year to discuss scheme developments. LMC also continues to keep open lines of communication with other devolved schemes such as Quality Meat Scotland (QMS) and Farm Assured Welsh Livestock (FAWL).

Communications

LMC continued to update NIBLFQAS participants on scheme developments via the NIBLFQAS Newsletter which is distributed bi-annually and the text messaging service. In conjunction with the LMC Communications Officer, press releases have been sent out along with text messages, bulletin and LMC news have been used to advertise mart clinics and other developments. NIBLFQAS also took part in the British Veterinary Association (BVA) blog in August 2019. Staff represented NIBLFQAS at a wide range of events and stakeholder meetings throughout the reporting period.

Farm Liaison

The NIBLFQAS Farm Liaison Service continued to provide valuable assistance before and after inspections to NIBLFQAS participants during the 2018-19 reporting period. The Liaison Service continued to actively call members of the NIBLFQAS at both suspension and revocation stages to offer assistance in rectification of non-conformances. The Liaison

Service handled a significant volume of queries through the FQAS Helpline and referrals from the Certification Body. The NIBLFQAS Farm Liaison Officer dealt with on average 178 calls per month from and to members of the NIBLFQAS. The Farm Liaison Officer extends the Liaison Service to Livestock Markets in each of the six counties to assist NIBLFQAS members in their locality. During the year the Farm Liaison Officer visited every quality assured mart in Northern Ireland and held FQAS clinics.

Scheme Funding

The current funding streams that are in place for NIBLFQAS are based on contributions from both producers and processors. Producers pay an annual participation fee of £55 + VAT and processors pay a throughput fee on each animal slaughtered (£1.00 per bovine animal and £0.10 per ovine animal). Processors also pay an annual membership fee of £400 for a slaughter/processor and £250 for a secondary processor. In order to ensure the economic sustainability of NIBLFQAS a decision was made by the NIBLFQAS Industry Board that the annual membership fee would increase to £60+VAT and this is in effect from 1 April 2019. There are no longer sufficient reserves to draw from in order to deliver essential business activities without this increase in membership fee.

Market Information Department Report

During the 2018-19 financial year LMC continued to deliver Market Information services to support the NI red meat industry. The Market Information department delivered on its commitment to provide timely and accurate information that informs stakeholders about market developments using a mixture of basic statistics, research and analysis all delivered through LMC publications, the LMC website, as well as a number of events, seminars and presentations.

Beef Market Overview 2018-19

In the first quarter of 2018-19 there was an improvement in the deadweight cattle trade in Northern Ireland in response to tighter prime cattle supplies for slaughter. A delayed spring and forage shortages meant some producers delayed finishing cattle and instead turned them back to grass. However as the year progressed improved cattle supplies combined with some reduction in demand from consumers for beef placed downward pressure on the trade with deadweight prices in the final quarter of the financial year back to 2016 levels.

Prime cattle throughput in local plants remained relatively strong in the second half of 2018 and this continued into 2019. Improved cattle supplies combined with heavier carcass weights increased the volume of beef being processed by local plants, especially in the second half of the year. Strong calf registrations in NI during 2016 and into early 2017 combined with reduced levels of export for further production and direct slaughter have increased supplies of NI origin cattle during 2018-19. However the decline in beef sired calf registrations as 2017 progressed will start to impact on supplies for slaughter in the 2019-20 financial year. Reduced profitability in the suckler sector in particular has impacted on calf registration levels with suckler cow numbers back five % in the DAERA Agricultural Survey in December 2018.

A weaker sterling against euro has reduced the competitiveness of EU beef imports (primarily from ROI) on the UK retail market which has resulted in increased demand for locally produced beef to fulfil consumer demand. In addition a weaker sterling makes NI and UK beef exports much more competitive in the important EU market.

Prime cattle throughput in NI during 2018-19 totalled 339,219 head, a 1.5 % increase on prime cattle throughput during the previous year when 334,023 prime cattle were killed locally. The increased throughput during 2018-19 is the third consecutive year in which the NI prime cattle kill has recorded an increase. This follows on from a prolonged period of steady decline in prime cattle throughput in NI plants. As outlined above there was an increase in the average carcass weights during 2018-19, particularly in the third and fourth quarter. The average prime cattle carcass weight during 2018-19 was 338kg, a 3.2kg increase from an average carcass weight of 334.8kg during 2017-18. Overall the volume of beef from prime cattle handled by NI plants totalled 114,720 tonnes during the 2018-19 financial year, an increase of 2,918 tonnes or 2.6 % from the previous year.

Cow throughput in NI plants remained strong during the first half of 2018-19 however a notable decline was recorded in quarter three. There was some recovery in throughput in quarter four but total cow throughput ended the year at 99,529 head, notably lower than the 105,604 cows slaughtered during the previous year. This accounts for a 5.7 % decline in cow throughput year on year. Continued low levels of cow exports to ROI for direct slaughter during the first half of 2018-19 contributed to the higher cow throughput as well as some cow imports from GB for direct slaughter. A mild autumn and good grass growing conditions may have encouraged some producers not to cull cows which will have contributed to the decline in cow throughput. The heavy culling in the first half of the year may also have meant cows just were not available for slaughter in the second half of the year.

The average cow carcass weight recorded an increase to 302kg during 2018-19 compared to 297.5kg during the previous financial year. The volume of cow beef handled by local processors during 2018-19 was 4.1 % lower than year earlier levels. This decline in cow beef throughput comes after three years in which substantial increases in the volume of cow beef processed by NI plants had been recorded.

The average R3 steer price in NI during 2018-19 was 357.4/kg, back by 4.5p/kg from 361.9p/kg during the 2017-18 period. It is worth noting that while deadweight prices were fairly strong in the first quarter they came under pressure as the year progressed and were significantly lower than year earlier levels by quarter four. Cow prices in NI also came under

pressure during 2018-19 when compared to year earlier levels. The average O3 cow price in NI during 2018-19 was 270.6p/kg compared to 278.5p/kg during 2017-18.

Beef sired calf registrations on NI farms came under pressure in 2018-19 with a total of 341,343 beef sired calves registered. This was back 5.6 % from the 361,888 beef sired calves registered during the previous financial year. Most of the decline in beef sired calf registrations is a consequence of a decline in the Northern Ireland suckler herd which was 4.2% smaller in June 2018 relative to June 2017. Beef calf registrations to dairy cows only recorded a marginal decrease during 2018-19.

The number of cattle for beef production on NI farms at the end of the 2018-19 financial year was back in the majority of age groups as the reduction in beef calf sired calf registrations over the last two years starts to come into effect. There has been a notable increase in the number of Aberdeen Angus and Hereford calf registrations which has resulted in more of these animals on Northern Ireland farms and they are also starting to account for a larger proportion of the prime cattle kill. The number of dairy sired male calves registered in NI during 2018-19 totalled 74,132 head, back from 78,735 dairy male calves registered during the previous year.

Imports of cattle from ROI for direct slaughter in NI during 2018-19 totalled 9,496 head, a slight increase from 9,164 head imported during 2017-18. A further 4,720 cattle were imported from GB for direct slaughter during 2018-19 and these were predominantly cows. This was back from 6,677 cattle imported during 2017-18 which were also predominantly cows. Cattle exports from NI for direct slaughter in ROI totalled 8,039 head during 2018-19. This was back slightly from the 2017-18 levels when 9,412 head were exported and the second consecutive year in which it has declined. During 2017-18 a total of 1,970 cattle were exported from NI for slaughter in GB, back from 3,509 head during the previous year. There was a notable decline in the number of prime cattle making the journey to GB for direct slaughter in particular and this can be attributed to a narrowing in the price differential for prime cattle between the two regions and also firm demand for cattle from local processors.

Sheep Market Overview 2018-19

A difficult spring in 2018 had a strong negative impact on lamb availability for slaughter in Northern Ireland during the 2018-19 financial year. Lamb/hogget throughput totalled 378,238 head during 2018-19, a 10.3 % decrease on 2017-18 levels when 421,546 lambs/hoggets were killed in local plants. This is the third consecutive year in which lamb/hogget throughput in local plants has recorded a decline. The average carcass weight of lambs/hoggets killed locally during 2018-19 was 21.9kg, a slight increase from 21.5kg during the previous year. Favourable grazing conditions in the autumn and a mild winter have resulted in good lamb performance and this has contributed to the heavier carcass weights, particularly towards the end of the financial year. The average carcass weight of hoggets killed in quarter four of 2018-19 was 23kg compared to 21.7kg in the previous year.

The decrease in annual lamb/hogget throughput in local plants can be attributed primarily to the difficult spring in Northern Ireland impacting lambing survival rates. Exports to ROI for direct slaughter also recorded a decline although not to the same extent as the fall in domestic slaughterings. During 2018-19 there were 332,767 lambs/hoggets exported from NI for slaughter in ROI, back by 23,330 head from the previous year. Much of this decrease in exports occurred in quarter four and will have been a result of lower numbers of hoggets on NI farms when compared to previous years. However a weaker sterling has the benefit of making NI lamb more cost competitive on other key EU markets which contributed to an increase in NI deadweight prices.

The average deadweight lamb/hogget price in NI during 2018-19 was 433.6p/kg, up from 415p/kg during 2017-18. This increase by 18.6p/kg equates to £3.90 on a 21kg lamb/hogget year on year and is the third consecutive year in which the NI sheep market has recorded an increase in average deadweight prices.

Price Reporting Services

LMC continued to deliver statutory price reporting obligations for DAERA and 52 price reports were submitted to the European Commission during the year. The basis of this service is the provision of individual factory price reports to LMC on a weekly basis and in 2018-19, 85% of all cattle slaughterings in Northern Ireland were price reported. LMC has

communicated its weekly price reports in a range of formats and publications, including the LMC Bulletin, LMC Quarterly, the LMC website and through the agricultural media.

Market Analysis and Research

The Market Information department has continued to conduct bespoke analysis using a range of data sources in response to on-going trends observed throughout the year. LMC has also engaged with a range of stakeholders over the course of the year and through the data request service the Market Information department has provided the NI beef and sheepmeat industries with a wide range of information including specifications, prices and supplies of cattle and sheep. The Market Information department has also provided presentations and speakers for a number of public events over the course of the year in response to requests from industry bodies.

Publications

LMC continued to deliver a comprehensive range of statistical publications in 2018-19. The weekly LMC Bulletin remains the primary distribution method for providing the NI beef and sheepmeat industry with impartial market information. The Bulletin is published every Saturday in the Farming Life newspaper, on the LMC website and is distributed to email subscribers. The information and reports contained within the Bulletin are constantly being reviewed and improved to ensure it continues to meet industry needs.

The Bulletin is complemented by the LMC Quarterly publication which gives the deeper analysis of strategic issues. This is distributed via post to LMC stakeholders and hosted on the LMC website. Topics covered in this year's editions included a focus on Brexit and its potential implications for the NI red meat sector, an overview of the NI beef and sheepmeat markets and a look at the global red meat markets.

The text message service is an increasingly popular and effective vehicle for provision of weekly market information to producers. There are now over 7,500 subscribers to the LMC text messaging service. LMC continues to provide daily price updates on the LMC answerphone service and to BBC Radio Ulster.

The Market Information department also provides a range of monthly reports for publication on the website during the year. This includes a report on the number of cattle available for production on NI farms, an update on calf registrations and a monthly snapshot of the beef and lamb market in Northern Ireland.

Export Development

LMC continued to support the work of the UK Export Certification Partnership (UKECP) this year. With the UK opting to leave the EU, market access issues became an even higher priority in 2018-19. During 2018-19 LMC worked closely in partnership with other UK Levy Bodies and Government Departments to try to progress access to priority markets. Key developments during 2018-19 have been the arrival of NI beef in the Philippines for the first time in more than 20 years while Japan has lifted its ban on UK beef. Progress has also been made in accessing the valuable Chinese market. LMC will continue to prioritise this important work area.

Efficient Beef Production Conference

LMC, AFBI, CAFRE and the UFU came together in November 2018 to jointly host the 'Healthy Cattle, Healthy Profits' conference. Over 250 people from across the beef sector attended the successful event which was held at CAFRE Greenmount campus. Speakers focused on what the industry is currently doing well and also to identify how to improve cattle health to maximise performance and profit.

Communications Report

In 2018-19 LMC developed a communications plan to improve external communications with stakeholders across all platforms including print and broadcast media, social media and the LMC website. The key aims were:

- To promote the quality and breadth of work that the organisation does
- To project a positive image of LMC among stakeholders and the general public

Print Media

In 2018-19 LMC has had a total of 79 articles published across various print media outlets. These range from agri-press, business magazines, national and regional newspapers and UK based publications. Below are some of the main print press highlights of the past year:

- LMC hosts first practical workshop for teachers
- IMS World Meat Congress
- Northern Irish meat being exported to China, the Philippines and Japan
- LMC's guest blog article with the British Veterinary Association (BVA) on Farm Quality Assurance
- Love Lamb Week
- The success of LMC's advertising campaign
- Meat Management's focus on Northern Ireland
- Brexit reaction (coverage has been on going, particularly over recent months)
- Bank of Ireland Open Farm Weekend sponsorship

Radio

LMC's radio coverage has been increasing continuously with Ian Stevenson and Colin Smith completing interviews with BBC Radio Ulster's Farm Gate segment on a regular basis. Since January 2019, Farm Gate has covered the following stories:

- EAT Lancet report
- LMC's work in schools
- The future of suckler beef marketing

Television

In September 2018 BBC Newsline provided coverage of Love Lamb Week.

Social Media

Analytics over the past year has shown that LMC's social media presence has grown steadily. Since April 2018, LMC's Facebook 'likes' have grown from 95 to 444 and LMC's 'followers' have increased from 94 to 454. LMC's Twitter following has also increased from 420 in April 2018 to 532 in March 2019.

LMC has been involved in numerous social media campaigns during this time including:

- Beef Week
- Farm Safety Week
- Farm 24
- Love Lamb Week
- National Obesity Awareness Week
- Mind Your Head Week

Advertising

In November 2018, Meat Management Magazine published a three page editorial with a full page advertisement focusing on Northern Ireland and in particular, LMC's role within the local red meat industry. The feedback from stakeholders on this feature was very positive.

LMC also continued to improve internal communications over the course of the 2018-19 year with the introduction of the LMC 'Insider News' and monthly staff meetings. This is to ensure LMC staff are well informed about business activities and organisational developments.



Ian Stevenson
Accounting Officer
5 July 2019

Accountability Report

Corporate Governance Report

Directors Report

Commission Membership

The Minister for Agriculture, Environment and Rural Affairs appoints the chairman and members of the LMC Board for three-year terms. As of 31 March 2019 there are six members on the Commission (“the Board”). Board appointments and committee membership are set out below:

Name	Date appointed	Date term expires/expired	Committee Membership
Gerard McGivern	06 Nov 2015	*06 May 2022	Chairman Remuneration (Chair)
Patrick McElroy	01 Feb 2014	31 Jan 2020	Audit and Risk Assurance (Chair)
Harry Sinclair	01 Jul 2015	*06 May 2022	Audit and Risk Assurance
Oonagh Chesney	01 Jul 2015	*06 May 2022	Audit and Risk Assurance Remuneration
Jim Lennon	01 Jul 2015	*06 May 2022	Audit and Risk Assurance
Gerry Maguire	22 Oct 2015	*06 May 2022	Remuneration

*Members appointed for a second term of three years with effect from 07 May 2019. Appointments for the second term were made by the Secretary of State for Northern Ireland under the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018

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.

Conflict of Interests

None of the members of the Board has any significant interests which would conflict with their corporate responsibilities. The Commission maintains a Register of Interests for all Board members and staff. The following section outlines Board members interests. The Governance Statement gives further details in relation to the management of any Conflict of Interest.

Gerard McGivern (Chairman)

Mr. Gerard McGivern has served as the Chairman of LMC since 06 Nov 2015. Mr McGivern is a Fellow of the Chartered Institute of Marketing and a Fellow of the Institute of Economic Development. He has been involved at a senior level in a number of district councils in various marketing and development roles and has led numerous cross border initiatives. He is Company Secretary of Banbridge District Enterprises Ltd, and a Non-Executive Director of the Northern Health and Social Care Trust.

Patrick McElroy

Mr. Patrick McElroy was appointed to the LMC Board in February 2014. He is currently a Director of Artillery One Limited, Artillery Two Limited and Refineblend Limited. From 1997 to 2007 he was Company Accountant at Omagh Meats. He has significant financial experience at a senior level in the meat processing industry and, in addition to his financial skills, brings experience and a good understanding of the issues facing the red meat processing sector to the work which the LMC does.

Harry Sinclair

Mr. Harry Sinclair was appointed to the LMC Board in July 2015. Mr Sinclair is a suckler cow, beef and sheep farmer producing Aberdeen Angus beef for premium markets and lamb for the UK markets. As a past President of the Ulster Farmers Union (UFU), he has extensive experience of advocacy on behalf of the farming community. He has served as Chairman of the UFU's Hill Farming and Beef and Lamb Committees and is a founder member and current Chairman of the Farm Safety Partnership. He has served as Vice-President of the Committee of Professional Agricultural Organisations ("COPA") and has represented the UK on the EU Commission's Sheep and Beef Advisory Committees. He has also served as Chairman of AgriSearch's Beef Committee and as a producer representative on the Red

Meat Taskforce. He brings significant experience of working on policy committees to the Board of the LMC. Mr Sinclair is a board member of the Health and Safety Executive for Northern Ireland (HSENI).

Oonagh Chesney

Ms. Oonagh Chesney was appointed to the LMC Board in July 2015. Ms. Chesney is Company Secretary for Fane Valley Co-op Society Ltd and its group subsidiary companies including Linden Foods Ltd. She has an active role in the family beef farming business. She combines corporate governance experience with a good understanding of the challenges facing the LMC and will bring her experience of red meat production and processing to the Board of the LMC. Mrs Chesney holds no other public appointments.

Jim Lennon

Mr. Jim Lennon was appointed to the LMC Board in July 2015. Mr Lennon is a beef farmer specialising in the production of Aberdeen Angus cattle. He is also involved in the Derrynoose Farming Community Group which promotes investment and training in livestock production. He has significant wider senior public sector experience shown in both his current role as Head of Corporate Service for Middletown Centre for Autism and various senior roles in the National Health Service. He has also been involved in local economic and social regeneration matters. He was Chair of the Blood Transfusion Service until 31 March 2019.

Gerry Maguire

Mr. Gerry Maguire was appointed to the LMC Board in October 2015. Mr Maguire has 37 years' experience in the Red Meat processing industry. He is currently Managing Director of Linden Foods. He is directly responsible for the Linden Foods Group which has an annual turnover of £400million. He is also Director of Slaney Foods and has previously served three years on Bord Bia's Meat and Livestock Board.

Pension Liabilities

Further details in relation to the pension schemes are given in accounting policy note 1 to the accounts and in the Remuneration Report.

Auditors

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

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

The audit of the financial statements for 2018-19 resulted in an audit fee of £14,000 and this is included in the other operating charges in the Statement of Comprehensive Net Expenditure. The C&AG did not provide any non-audit services during the year.

Financial Risk Management

Further details in relation to financial risk management are given in accounting policy note 1 to the accounts.

Data Protection

LMC has robust policies and procedures in place in relation to data protection which have been extensively reviewed in line with the introduction of GDPR In May 2018. There were no personal data related incidents in 2018-19.

Complaint Handling

LMC is committed to providing the highest possible standards of service to all its customers, and has a Staff Code of Conduct that details the core standards of service our staff are expected to deliver. Central to these is the facility for customers to lodge formal complaints if things go wrong. LMC's Complaints Procedure is publicly accessible on the LMC website and informs customers how to make a complaint if they are unhappy with the level of service received. All staff in LMC have been briefed and issued with written guidance which outlines the clear procedures for complaint handling by the organization. The overall managerial responsibility for complaints rests with the Chief Executive. In line with our

complaints procedures, and our equality commitments, we monitor complaints received and our handling of them. There were no complaints received in 2018-19.

Significant Issues

Further details in relation to any significant issues are given in the Strategic Report and Governance Statement.

Statement of the Commission and Accounting Officer's Responsibilities

Under the Livestock Marketing Commission Act (Northern Ireland) 1967 the Department of Agriculture, Environment and Rural Affairs (DAERA) has directed the Livestock and Meat Commission for Northern Ireland (LMC) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction provided by the Department of Finance (DoF). 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 comprehensive net expenditure, financial position at year end, changes in taxpayers equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the accounts direction issued by DAERA 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 as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the "going concern" basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer of DAERA has designated the LMC Chief Executive as the LMC Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records and for safeguarding the LMC's assets, are set out in Managing Public Money NI, issued by DoF.

The Accounting Officer is required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the

Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

As far as the Accounting Officer is aware, there is no relevant audit information of which the LMC auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that LMC's auditors are aware of that information.

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

Governance Statement 2018-19

This governance statement sets out the governance, risk management and internal controls that are in place at LMC and explains how the Accounting Officer receives assurance on the management of risks to delivering the performance targets. The statement sets out how the Board and associated committees provide assurance and demonstrate value for money, regularity and propriety in delivering its strategic outcomes.

Scope of Responsibility

LMC is responsible for ensuring that its business is conducted in accordance with the law and proper standards. In discharging this overall responsibility, LMC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Accounting Officer for DAERA 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 Managing Public Money Northern Ireland (MPMNI), issued by Department of Finance (DoF).

The Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of the Livestock and Meat Commission's aims and objectives, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Governance Framework

The governance framework comprises the systems and processes, culture and values by which LMC is directed and controlled. It enables LMC to monitor the achievement of its strategic outcomes and to consider whether those outcomes have led to the delivery of appropriate services and value for money for its stakeholders. LMC's governance framework adapts, to the extent appropriate for an organisation of LMC's size, scope and risk, the

principles of the Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013.

The Minister for Agriculture, Environment and Rural Affairs is accountable to the Northern Ireland Assembly for the activities and performance of the LMC. The Management Statement and Financial Memorandum (MSFM) define the accountability arrangements of LMC to DAERA.

LMC Sponsor Branch is DAERA's Agri Food Policy Branch II which is responsible for managing the overall relationship between DAERA and LMC. LMC attends quarterly Accountability Meetings with Sponsor Branch to ensure effective and efficient governance is in place. The Accounting Officer for LMC is supported by the LMC Senior Management Team, Corporate Governance Manager and a non-Executive Board. The Senior Management Team consists of the Accountant, Economist and Industry Development Manager.

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 outcomes over a rolling three year period and associated business outcomes for the next year. The business plan is formed from the first 12 months of the strategic plan and includes key targets and milestones. Financial budgets are produced annually for the forthcoming 12 month period. The LMC strategic plan 2018-2021, along with the LMC business plan and budget for 2018-19 were approved by the Departmental Board on 26 August 2018, with the view to having formal sign off by the Minister once in place.

The governance framework has been in place at LMC for the year ended 31 March 2019 and up to the date of approval of the Annual Report and Statement of Accounts.

LMC Board

The LMC Board comprises a chairman and five non-executive members, appointed by the Minister for Agriculture, Environment and Rural Affairs for three year terms. Throughout the course of the 2018-19 year, DAERA announced a number of extensions to the terms of

appointment to LMC Board members. In July 2018 the terms of appointment of Ms. Oonagh Chesney, Mr. Harry Sinclair and Mr. Jim Lennon were extended for six months, to 30 December 2018. In November 2018 DAERA announced a six month extension to the term of appointment for Mr. Gerry Maguire to 21 April 2019 and the Chairman of LMC to 06 May 2019. The terms of appointment of Ms. Oonagh Chesney, Mr. Harry Sinclair, Mr. Jim Lennon and Mr. G Maguire were further extended by DAERA until the Secretary of State for Northern Ireland (SoS) formalised their second terms of appointment to the Commission for 3 years from 07 May 2019. The Chairman was appointed for a second term of three years by the SoS from 07 May 2019.

The Board meets routinely once per month, with additional meetings on an ad hoc basis when circumstances require.

The Board has corporate responsibility for ensuring that LMC fulfills the aims and objectives that are approved by DAERA, 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 DAERA and its Minister;
- Ensures that DAERA 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 DAERA 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;
- Ensures that it receives and reviews regular financial information on the management of LMC, is informed in a timely manner about the activities of LMC, and provides assurances to DAERA that action has been taken to make appropriate adjustments where required;
- Demonstrates high standards of corporate governance at all times; and

- Appoints, with DAERA’s approval, a Chief Executive to LMC and, in consultation with DAERA, sets remuneration terms for the Chief Executive.

Evaluation of Board Performance

Table 1 sets out the attendance of Commission Members for the financial year 2018-19 at Board and Audit and Risk Assurance Committee (ARAC) meetings where applicable:

Table 1

NAME	BOARD MEETING	ARAC
Gerard McGivern Appointed 6/11/2015	12/12	-
Patrick McElroy Appointed 1/2/2014	11/12	4/4
Harry Sinclair Appointed 1/7/2015	11/12	3/4
Oonagh Chesney Appointed 1/7/2015	12/12	3/4
Jim Lennon Appointed 1/7/2015	10/12	3/4
Gerry Maguire Appointed 22/10/2015	11/12	-

Prior to each Board meeting papers and the meeting agenda are issued to aid discussions. Regular performance and financial information is provided to the Board. The minutes of Board meetings are provided to DAERA and hosted on LMC’s website.

DAERA’s Director of Sustainable Agri-Food Development assesses the LMC Chairman’s performance annually. The LMC Chairman assesses individual Board members annually.

In April 2019 the Board completed a performance self-assessment checklist with regard to the 2018-19 financial year which had just completed. The checklist uses the six core elements of corporate governance in the ‘Good Governance Standard for Public Services’. All members stated the compliance of the Board in each of the 6 sections either met or exceeded expectations, including:

- The Board is actively involved in strategic planning and policy decisions;
- The Board has a clear and effective relationship with its executive team;
- The Board acknowledges its responsibility for ensuring that the Board operates the highest standards of governance appropriate to a public bod, including regularity propriety and value for money;
- The Board has put in place procedures for dealing with risk management and is supported by a properly constituted Audit Committee;
- The Board is composed of the right level of skills, knowledge and aptitude;
- The Board understands its role in building and enhancing the organisation’s reputation; and
- The Board understands that they are accountable to its sponsor department, ministers and stakeholder groups.

The results of the self-assessment were discussed at the April 2019 Board meeting, and the overall results of the checklist are shown in Table 2.

Table 2

Exceeded expectation	Met expectations	Partially met expectations	Did not meet expectations
48%	52%	0%	0%

Committees of the Board

The Board has established and delegated powers to an Audit and Risk Assurance Committee and a Remuneration Committee. The Remuneration Committee is appointed and operated as a committee of the LMC Board. This committee meets periodically to discuss remuneration matters, as required by the LMC Board. It is chaired by the LMC Chairman and has two further appointed members from the LMC Board, currently Ms. Oonagh Chesney and Mr. Gerry Maguire.

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance 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.

Mr Patrick McElroy has been Committee Chair since February 2014. A detail of attendance by Committee members is given above in Table 1. The Committee is attended also by the Northern Ireland Audit Office (NIAO) as external auditor, representatives of Internal Audit (DAERA IA), representatives of the sponsor body (DAERA), and senior members of LMC staff. It is established practice of the ARAC for members to meet with external audit and internal audit at the beginning of each meeting without LMC staff present.

The Audit and Risk Assurance Committee advises the Board and Accounting Officer on:

- The strategic processes for risk, control and governance and the Governance Statement;
- 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 Report to Those Charged with Governance;
- Assurances relating to the corporate governance requirements for LMC.
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- The Audit and Risk Assurance Committee also periodically reviews its own effectiveness and its chair reports the results of that review to the chair of the Commission.

The Audit and Risk Assurance Committee met formally four times during the 2018-19 financial year, reporting to the Board after each meeting. The Audit and Risk Assurance

Committee provides the Board and Accounting Officer with an Annual Statement, summarising its conclusions from the work it has done during the year. Highlights from the report include:

- The Chairman thanked Mrs Oonagh Chesney, Mr Jim Lennon and Mr Harry Sinclair for their contribution to the Committee over the last year, particularly their ability to work effectively and co-operatively to achieve the objectives of the Committee;
- The principal focus of the Committee during the year was on providing oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations while effectively supporting the Board and Accounting Officer;
- A number of policies were reviewed and updated throughout the year and these were duly approved by the Board;
- The Draft Final Internal Audit report for the 2017-18 year was issued on 22 June 2018. An overall opinion of “satisfactory” was recorded. This report was considered and approved by members of the ARAC at a meeting on 25 June 2018. The Final Internal Audit report was issued on 27 June 2018;
- The Terms of Reference for the 2018-19 Internal Audit and Review were approved by correspondence in November 2018;
- The final Report to Those Charged with Governance (RTTCWG) for 2016-17 was tabled for the ARAC meeting in May 2018. This was approved. In June 2018 the NIAO delegation presented to the Committee the draft RTTCWG for 2017-18. An “unqualified” audit opinion was proposed. The final RTTCWG for 2017-18 was approved on 23 July 2018;
- Risk Management is a standing agenda item at each monthly meeting of the Commission and is reviewed at each ARAC meeting. The Risk Register identified significant risks in the areas of uncertainty with Brexit; the lack of a Government Executive; and; the continued difficulty posed by the timing of Board succession
- The Terms of Reference for the ARAC were reviewed, updated and subsequently approved in May 2018;
- In August 2016 the sponsor branch approved, on a trial basis, an increase of the delegated spending limit. This trial continues to operate and during the reporting year one business case was considered and approved internally;

- GDPR came into effect on 25 May 2018; in light of this a full review of Data Protection Policies was undertaken. LMC were required to establish a Data Protection Officer. These responsibilities have been included in the role of Corporate Governance Manager;
- In March 2019 all ARAC members attended refresher training on 'Effective Audit and Risk Committee'; and
- LMC continued to operate with the exemption granted by Equality Commission for the undertaking of an Equality Scheme and Disability Action Plan. In January 2018 LMC completed the three yearly Article 55 review to assess composition of the workplace, employment practices and fair participation.

In summation the Chairman states "The Committee is satisfied that the LMC as a whole is aware of the importance of risk management and that the Corporate Risk Register is an effective reflection of the risks facing the organisation. The finance management and accounting systems are in full compliance with the Government Financial Reporting Manual. The Accounts and Annual Report have been subject to robust review by the Accounting Officer and the Board."

In April 2019 the Audit and Risk Assurance Committee completed an Audit and Risk Assurance Committee effectiveness self-assessment checklist with regard to the 2018-19 financial year using the five principles as detailed in the HM Treasury's Audit and Risk Assurance Committee Handbook. All members stated the compliance of the ARAC in each of the five sections of the checklist including:

- The ARAC have a clear understanding of their terms of appointment, expectations and performance;
- The ARAC are satisfied that collectively they have the range of skills required to ensure that the Accounting Officer and Board gain the assurance needed on governance, risk management, control environment and integrity of Annual Report and Accounts;
- The ARAC give sufficient and timely attention to financial management and reporting issues;
- The ARAC sufficiently challenge the work of internal and external audit;

- The ARAC regularly review the Terms of Reference to ensure they are consistent with the model Terms of Reference provided in HMT's ARAC Handbook;
- The work of the ARAC is effectively and promptly reported to the Board and Accounting Officer after each meeting and reports copied to Head of Internal Audit and External Auditor; and
- Relationships and communications are sufficiently well developed.

Account of Corporate Governance

LMC aims to ensure that its governance arrangements follow best practice and “the 2013 Code” to the extent that its size and status allows. LMC as an NDPB complies with all relevant aspects of the 2013 Code.

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 Report to Those Charged with Governance.

The Internal Audit Branch of DAERA (IA) gave an overall “Satisfactory” assurance, in its 2018-19 Annual Report and Opinion of the Livestock and Meat Commission for Northern Ireland, concluding that LMC’s internal control framework and risk management and governance processes are effective and that they enable achievement of the Commission’s objectives. IA noted the following processes were in place:

- LMC have an approved strategic plan for 2018-2021 which is approved by the LMC and Departmental Boards, this is directly linked to strategic outcomes and a business plan. This has been developed to reflect and support the delivery of an outcomes based Programme for Government;
- LMC have held discussions with stakeholders to consider the potential impacts of Brexit on the industry, this included a meeting of key industry stakeholders to discuss market access, future priorities and Brexit preparation;
- LMC have key controls in place for Financial Management including the use of a Centre of Procurement Excellence, an approved procurement policy, authorized signatories, management checks and bank reconciliations; and
- LMC have developed a number of policies in relation to Health and Safety. First aiders and fire wardens have received appropriate training.

One recommendation was made which was to develop a Business Impact Analysis and Risk Assessment in line with the guidance in the Cabinet Office's Business Continuity Management toolkit.

Conflicts of Interest

Conflict of Interest (Col) Declarations are undertaken for all staff and Board members on an annual basis and as and when required if circumstances change. The Chief Executive checks and signs all Col Declarations and will ensure that any potential or perceived conflict of interest issues are properly managed within the running of LMC operations. Any disclosures of Board Members' interests are reported in the Annual Report. The Chief Executive will discuss with the Chairman any potential Conflict of Interest issues when setting the Board agenda. If a Conflict of Interest arises during a Board meeting, the Board member excuses themselves from the meeting for the duration of that agenda item. No Conflicts of Interest were reported in 2018-19.

Account of Assurances and Evidence

As Accounting Officer I am supported by monthly Board Meetings, by an Audit and Risk Assurance Committee and by the Senior Management Team, whose Stewardship Reports in regard to their particular functional responsibilities, I have relied upon. I am responsible to the Board for the proper conduct of affairs of the Commission and the development and implementation of policies determined by the Board. In meeting these responsibilities I am supported by a Corporate Governance Manager and a team of senior managers comprising the LMC Accountant, Economist and Industry Development Manager. Senior Management Team meetings are regularly held and will plan the follow up to any Board recommendations.

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

LMC's performance in helping to deliver DAERA policies, including the achievement of key outcomes, is reported to DAERA on a quarterly basis. In line with DAERA's Arms Length Bodies Sponsorship Manual quarterly Accountability meetings take place between the Director of DAERA's Sustainable Agri-Food Development Division, the Chairman and the LMC Accounting Officer. Following these meetings signed Assurance Statements are forwarded by the LMC Accounting Officer to the Sponsor Branch for review and consideration of any follow-up action. The Minister or his/her nominated representative meets the Board formally as appropriate to discuss LMC's performance, its current and future activities, and any policy developments relevant to those activities. No Ministerial Directions were given to LMC during 2018-19.

LMC's performance against key targets is reported in the Annual Report and Accounts. The Annual Report offers a review of LMC's performance in the financial year, together with comparable outturns for the previous year.

In 2018 a routine Triennial Risk Assessment of LMC was undertaken by DAERA. The purpose of the Assessment is to inform the Permanent Secretary of the overall governance and accountability arrangements in place at LMC. The results indicated that LMC is performing effectively with a score of 6 out of 7 across five of the areas and 5 out of 7 across the remaining two areas. The average risk score is 5.72.

Internal Audit

The Internal Audit 2018-19 commenced in December 2018. The audit scope for the annual Internal Audit of LMC included Corporate Governance, Financial Management, Business Continuity Planning, Health and Safety and the implementation of previously agreed Internal Audit recommendations.

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. The C&AG certified the 2018-19 financial statements with an unqualified audit opinion, without modification.

Quality of Information

The Board relies on financial and other reports prepared by LMC's management team. These reports while well-established are regularly reviewed and updated as required. The Board is content through its experience that the quality of these reports is high. As part of its self-assessment with regard to the Board being provided with information that is fit for purpose, all Board members recorded an indicator of performance where expectations were either met or exceeded. The work of DAERA's Internal Auditor provides further assurances to the Board as to the quality of these reports.

The Risk and Control Framework

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of LMC's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

Risk Management

Leadership is given to the risk management process via the Board, the Audit and Risk Assurance Committee and by the Senior Management Team. The Senior Management Team monitors and reviews the Risk Register, revising it to reflect evolving risk issues routinely.

The Risk Register is reviewed at all meetings of the Audit and Risk Assurance Committee. Advice on best practice and technical issues associated with risk management is also provided through regular contact with DAERA.

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. An approved LMC Risk Management Strategy is in place.

Risk Appetite

All activities that we undertake must be consistent with our organisational values and mission. We will not accept risks that materially impair the reputation of LMC or its sponsor department, DAERA. However, we value innovation and the implementation of new services which support the achievement of our goals. To this end LMC considers itself to be "open" to risk, that is, willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.




Risk Register

The Corporate Risk Register was reviewed by the Audit and Risk Assurance Committee in February 2019 and was subsequently approved by the Board. Risk issues and their management are routinely discussed at each Senior Management Team meeting.

During 2018-19, the main and significant risk areas identified included:

- 1 Damage to LMC reputation and relationship with stakeholders
- 2 External event or decisions which may have implications for approved LMC business and strategic plans
- 3 Information loss and security
- 4 Inadequate staff resources
- 5 Absence of succession planning for membership of the Board

Figure 1 LMC Risk Profile

Likelihood	High	6	2	
	Medium		1, 4, 5	
	Low			3
		Low	Medium	High
	Impact			
Key	 = Low Risk,  = Medium Risk,  = High Risk			

Information Risk

LMC recognises risks associated with data security and all staff have been instructed appropriately in regard to information held by them and accessible to them. All members of the Senior Management Team are fully aware of their responsibilities regarding information security. They have provided assurances to the Accounting Officer in their Stewardship Reports for 2018-19 that a culture of awareness exists among the staff in their departments regarding information security and dealing with information loss incidents.

Sound record management practices are in place that ensures the appropriate creation, maintenance and disposal of important information held in paper and electronic formats. Information and information systems as assets are carefully controlled with segmented access provided as required to undertake tasks. LMC undertook a review of these practices throughout the year in preparation for the introduction of the General Data Protection Regulation (GDPR) and Data Protection Act 2018.

There were no records of any data related incidents that would constitute protective security breaches, in the financial year 2018-19.

Significant Governance Issues

There are no significant governance issues to report in the 2018-19 Governance Statement.

Conclusion

As Accounting Officer, based on assurances provided to me by DAERA Internal Audit, the NIAO in their Report to Those Charged with Governance and stewardship reports provided to me by LMC's Senior Managers I consider that the overall system of risk management, internal control and governance provides satisfactory assurance to me in relation to the ability of LMC to effectively discharge its governance responsibilities.

Remuneration and Staff Report

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 (DoF) instructs LMC when an annual review has been approved.

DoF operates a control on the review of employees' remuneration, and 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. 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.

	2018-19				2017-18			
Name	Salary £'000	Benefits in kind (to nearest (£100)	Pension benefits* (to nearest (£1000)	Total £'000	Salary £'000	Benefits in kind (to nearest (£100)	Pension benefits * (to nearest (£1000)	Total £'000
Mr G McGivern Chairman	15-20	-	-	15-20	15-20	-	-	15-20
Mr P McElroy Board Member	5-10	-	-	5-10	5-10	-	-	5-10
Mrs O Chesney Board Member	5-10	-	-	5-10	5-10	-	-	5-10
Mr J Lennon Board Member	5-10	-	-	5-10	5-10	-	-	5-10
Mr H Sinclair Board Member	5-10	-	-	5-10	5-10	-	-	5-10
Mr G Maguire Board Member	5-10	-	-	5-10	5-10	-	-	5-10
Mr I Stevenson Chief Executive	55-60	-	17,000	70-75	55-60	-	16,000	70-75

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to the transfer of pension rights.*

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 during the year and thus recorded in these accounts.

The remuneration of the highest paid employee in the financial year 2018-19 was £56,003 (2017-18: £56,003). This was 2.49 times (2017-18: 2.49 times) the median remuneration of the workforce, which was £22,509 (2017-18: £22,509). The range of staff remuneration was £15,269 to £56,003 (2017-18: £14,625 to £56,003).

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Her Majesty's Revenue and Customs (HMRC) as a taxable emolument.

Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) Pension (audited)

Name	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr I Stevenson Chief Executive	10-15 plus lump sum 0-5	0-5 plus lump sum of (0-2.5)	126	109	10	-

Pension benefits are detailed in Note 14 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff Report

Human Resources

LMC has a small but highly competent and motivated staff team whose dedication and commitment to LMC contributes greatly to the reputation, profile and on-going success of the organisation. Without their day to day passion, expertise, innovation and motivation LMC could not provide the high level of professional service which is expected and required by the beef and sheep meat industry and by DAERA. As Chief Executive I am particularly grateful to, and would like to thank, all members of staff for their support and for their tremendous efforts in managing, maintaining, growing and administering the many and varied activities of LMC throughout the year. I would also like to thank the LMC Chairman and Board for their on-going guidance and support to myself and the staff team at LMC.

Organisational Breakdown at 31 March 2019		
Level	Total Number	Male: Female Ratio
Directors/Board Members	6	5:1
Senior Managers (SCS level equivalent)	0	0:0
Employees (permanent)	17	6:11
Employees (temporary)	1	0:1

Staff Costs (audited)

Staff costs are captured in the table below:

	Permanently employed staff	Others	Commission members	2018-19 Total	2017-18 Total
	£	£	£	£	£
Wages and salaries	417,480	15,820	52,703	486,003	477,516
Social security costs	32,732	735	2,159	35,626	27,087
Pension costs – defined benefit plans	106,551	-	-	106,551	110,493
	556,763	16,555	54,862	628,180	615,096

Included in the above costs is £106,000 relating to employer pension costs as detailed in Note 14.

Staff Absence

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

	2018-19	2017-18
Percentage days lost through sickness absence	1.04%	2.92%
Cost of absence	£7,822	£19,977
Percentage of annual staff costs	1.2%	3.2%

LMC's absence level is well below current levels associated with the Northern Ireland economy of 6.0% ("Sickness Absence in the Northern Ireland Civil Service" NISRA September 2018).

Equality and Good Relations

In pursuance of its powers under Section 75, Schedule 9, 2, (2) of the Northern Ireland Act 1998 and Section 49B (5) of the Disability Discrimination Act 1995, the Equality Commission for Northern Ireland (ECNI) has granted an exemption to the Livestock and Meat Commission for Northern Ireland as regards the production of an equality scheme and disability action plan. This exemption was granted in January 2018.

Exemptions to the production of an equality scheme and disability action plan are only granted in exceptional circumstances. When making its decision the ECNI took into account the current limited scope of the LMC's functions and activities in Northern Ireland.

The exemption relates to the duty to produce an equality scheme and disability action plan and not to the Section 75 duties and Disability Duties respectively. Therefore, although the Livestock and Meat Commission for Northern Ireland may be exempt from producing an equality scheme, it will still be subject to the Section 75 duties and the duties of Section 49A of the Disability Discrimination Act 1995.

In January 2019 LMC completed the three yearly Article 55 review to assess composition of the workplace, employment practices and fair participation. There was no affirmative action to take.

Staff Policies

LMC has a range of policies that are subject to regular review in line with best practice and statutory obligations. Staff are trained on any policies that are updated or introduced, and are given copies of each policy as part of their Staff Handbook. In line with our Equality commitments policies are subject to consultation if required. Training was undertaken on Equality and Diversity in the workplace in February 2019.

Other Employee Matters

LMC undertook an Employee Engagement and Strategy Day with all staff in May 2018. The outcomes of the Employee Engagement survey were discussed as part of the Strategy Day and staff were provided with an update on the Action Plan to drive forward plans formed on the day.

All staff receive three yearly Health and Safety Essentials online training and training on the Health and Safety Policy as it is updated. In February 2019 staff were trained on the First Aid Policy and Fire Procedures.

As part of GDPR all staff have been trained in updated Data Protection Policies and receive annual online training on GDPR Essentials and Cybersecurity Awareness.

LMC invests in training for its staff as part of continuous professional development of staff to develop their skills and to support the delivery of its strategic/business outcomes. Training needs analysis is undertaken in line with the completion of appraisals and a training plan is created from the requirements gathered.

In line with the MSFM, staff are subject to levels of remuneration and terms and conditions as approved by DAERA and DoF. Annual pay increases of staff are in accordance with the annual FD letter on Pay Remit process and guidance issued by DoF and have the prior approval of DAERA and the Minister for Finance.

Consultancy

There was no expenditure on consultancy services during the period 2018-19.

Exit Packages and Compensation for Loss of Office (audited)

There were no exit packages or compensation for loss of office during the period 2018-19.

Off Payroll Engagements

	2018-2019	2017-2018
No. of off-payroll engagements of Board Members and senior officials with significant financial responsibility, during the financial year	-	-
Total no. of individuals on payroll and off-payroll that have been deemed "Board Members and senior officials with significant financial responsibility" during the financial year. This figure should include both on payroll and off-payroll engagements.	7	7

Assembly Accountability and Audit Report

Regularity of Expenditure (audited)

There were no special payments or losses made by LMC in 2018-19.

Remote Contingent Liabilities (audited)

LMC has no remote contingent liabilities to report at 31 March 2019.

Fees and Charges (audited)

LMC carries out statutory services to assist the development of the livestock and livestock products industries as set out in the Livestock Marketing commission Act (Northern Ireland) 1967. LMC collects statutory levies from beef and sheep producers and slaughterers in Northern Ireland and in return provides a range of services to the industry. LMC also runs the NIBLFQA Scheme on behalf of the red meat industry. The funding arrangements for the scheme comprise of an annual membership fee for producers and a processor throughput fee for every bovine animal and sheep slaughtered.

	Levy Funded Activities	NIBLFQAS
Income for year (excluding interest)	£1,048,869	£1,127,568
Expenditure for year (excluding notional costs)	£1,503,098	£1,284,882



Ian Stevenson

Accounting Officer

5 July 2019

The Certificate and Report of the Comptroller and Auditor General

Opinion on the Financial Statements

I certify that I have audited the financial statements of the Livestock and Meat Commission (LMC) for the year ended 31 March 2019 under the Livestock Marketing Commission Act (Northern Ireland) 1967. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements

- give a true and fair view of the state of LMC's affairs as at 31 March 2019 and of LMC's net expenditure for the year then ended; and
- have been properly prepared in accordance with Livestock Marketing Commission Act (Northern Ireland) 1967 and DAERA directions issued thereunder.

Opinion on Regularity

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

Basis of Opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of LMC in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Commission and the Chief Executive as the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability

Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with DAERA directions made under the Livestock Marketing Commission Act (Northern Ireland) 1967; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Commission and the Chief Executive as Accounting Officer for the financial statements

As explained more fully in the Statement of the Commission and the Accounting Officer's Responsibilities, the Commission and the Chief Executive as the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Livestock Marketing Commission Act (Northern Ireland) 1967.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



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

11 July 2019

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2018-19 £	2017-18 £
Revenue from contracts with customers	2	1,163,271	1,164,446
Other operating income	2	1,127,568	1,177,976
Total Operating Income		2,290,839	2,342,422
Staff and related costs	3	628,180	615,096
Depreciation (net of deferred grant release)	7	15,414	11,208
Other operating charges	3	2,324,943	1,923,105
Total operating expenditure		2,968,537	2,549,409
Net Operating Expenditure	2	(677,698)	(206,987)
Finance income	4	8,929	8,810
Net expenditure for the year before income tax		(668,769)	(198,177)
Income tax charge	5	319	1,762
Net expenditure for the year after tax	6	(669,088)	(199,939)
Other comprehensive net income			
Items that will not be reclassified to net operating costs:			
Actuarial gain on retirement benefits obligations	14	322,000	189,000
		322,000	189,000
Comprehensive net expenditure for the year		(347,088)	(10,939)

The notes on pages 78-96 form part of these financial statements.

Statement of Financial Position as at 31 March 2019

This statement presents the financial position of LMC. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2018-19 £	2017-18 £
Assets			
Non-current assets			
Property, plant and equipment	7	491,069	485,453
Total non-current assets		491,069	485,453
Current assets			
Trade and other receivables	8	313,776	558,346
Cash and cash equivalents	9	928,901	1,158,436
Short term bank deposits	10	1,506,312	1,500,000
Total current assets		2,748,989	3,216,782
Total assets		3,240,058	3,702,235
Current liabilities			
Trade and other payables	11	486,952	346,002
Income tax liabilities	5	1,568	1,762
Total current liabilities		488,520	347,764
Total assets less current liabilities		2,751,538	3,354,471
Non-current liabilities			
Pension liabilities	14	808,000	1,068,000
Total non-current liabilities		808,000	1,068,000
Total assets less total liabilities		1,943,538	2,286,471
Taxpayers' Equity and Other Reserves			
Income and expenditure account		1,930,630	2,116,249
Designated reserves		12,908	170,222
		1,943,538	2,286,471

The financial statements on pages 74-96 were authorised for issue by the Board on and were signed on its behalf by:



Ian Stevenson
Accounting Officer
5 July 2019

The notes on pages 78-96 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2019

The Statement of Cash Flows shows the changes in cash and cash equivalents of LMC during the reporting period. The statement shows how LMC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by LMC. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to LMC's future public service delivery.

	Note	2018-19 £	2017-18 £
Cash flows from operating activities			
Net (expenditure) before income tax		(668,769)	(198,177)
Adjustments for:			
Depreciation of property, plant and equipment		15,414	11,208
Movement in trade and other receivables		244,570	(193,950)
Actuarial gain/(loss) recognised		322,000	189,000
Movement in trade and other payables		140,950	(18,186)
Movement in pension liabilities		(260,000)	(122,000)
Notional charges		4,155	5,880
Loss on disposal of property, plant and equipment		-	-
Income tax paid		(513)	(2,963)
Net cash used in operating activities		(202,193)	(329,188)
Cash flows from investing activities			
Purchases of property, plant and equipment		(21,030)	(9,130)
Proceeds from sale of property, plant and equipment		-	-
Movement in short-term deposits		(6,312)	231,297
Net cash used in investing activities		(27,342)	222,167
Net (decrease) in cash and cash equivalents in the year		(229,535)	(107,021)
Cash and cash equivalents at the beginning of the year	9	1,158,436	1,265,457
Cash and cash equivalents at the end of the year	9	928,901	1,158,436

The notes on pages 78-96 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by LMC. The Designated Reserves represent the total assets less liabilities held for specific activities. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The Income and Expenditure Account represents the total assets less liabilities of LMC, to the extent that the total is not represented by other reserves and financing items.

	Designated reserves Farm quality assurance scheme £	Total designated reserves £	Income and expenditure account £
Balance at 1 April 2017	196,251	196,251	2,095,279
Net expenditure after tax			(199,939)
Other notional charges			5,880
Other comprehensive net expenditure			189,000
Transferred to other designated reserves	(26,029)	(26,029)	26,029
Balance at 31 March 2018	170,222	170,222	2,116,249
Net expenditure after tax			(669,088)
Other notional charges			4,155
Other comprehensive net income			322,000
Transferred from other designated reserves	(157,314)	(157,314)	157,314
Balance at 31 March 2019	12,908	12,908	1,930,630

The notes on pages 78-96 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements

General information

The entity's principal activities during the year are detailed on pages 19-38. The entity is domiciled in Northern Ireland. The financial statements are presented in Sterling. All of the entity's assets and liabilities are denominated in Sterling.

Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by DoF Northern Ireland. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the entity for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These accounts have been prepared on the going concern basis, under the historical cost convention modified to account for the revaluation of assets and liabilities to fair value as determined by the relevant accounting standards. The Board believes that the going concern basis continues to be appropriate.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Income

In line with IFRS 15 LMC recognises its income as either revenue from contracts with customers or other operating income. Revenue from contracts with customers is income that relates directly to operating activities of LMC and comprises fees and charges to be recovered for services provided to external customers and the statutory levies. Other operating income is income received in respect of NIBLFQAS. Income is shown net of value-added tax and is recognised over the period for which services are provided, using a straight line basis over the term of the service. The entity recognises income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Property, plant and equipment

In line with the LMC policy to have quinquennial valuations of land and buildings, the freehold property was valued externally on 31 March 2015 at existing use value by Land and Property Services. In intervening years these valuations are subject to annual indexation using relative price indices. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment, with the exception of freehold property, is stated at cost less depreciation and accumulated impairment losses due to the short life and low value of the individual assets. The initial cost of an asset comprises cost plus any costs directly attributable to bringing the asset into operation and an estimate of any decommissioning costs.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred. The charge for depreciation is calculated so as to write off the depreciable amount of assets over their estimated useful economic lives on a straight line basis. The lives of each major class of depreciable asset are as follows:

Land	-	NIL
Buildings	-	N/A
Office furniture, fixtures and fittings, computers and exhibition equipment	-	5 years

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An asset is derecognised upon disposal or when no future economic benefit is expected to arise from the asset.

Impairment of non-financial assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Loans and receivables (financial instruments)

(a) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is measured using the expected credit losses model.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating costs'. When a trade and other receivable are uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating costs' in the income and expenditure account.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Deposits with banks that have original maturities of greater than three months are classified as short-term bank deposits.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Other financial liabilities at amortised costs (financial instruments)

(c) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Income tax is charged or credited directly to reserves if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income and expenditure account.

Pension liabilities

The entity provides a defined benefit pension scheme for employees through NILGOSC. The assets of the scheme are held separately from those of the entity. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in the Statement of Reserves in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Contingent Liabilities

Under IAS 37, LMC discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of LMC; or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation; or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

Designated reserves

Income and expenditure arising in respect of designated purposes is credited or debited to the Statement of Comprehensive Net Expenditure on recognition and subsequently transferred from the income and expenditure account reserve to the designated reserve.

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies, financial risk management and critical accounting estimates/judgements (continued)

Financial risk factors

(a) Market risk

The entity has limited exposure to interest rate risk as it has monies on short-term deposit and no borrowings. It does not have any exchange rate risk as all of its transactions are denominated in Sterling.

(b) Credit risk

The entity has limited exposure to credit risk. The entity's trade and other receivables are not impaired or past due and management does not expect any losses from non-performance by its customers.

(c) Liquidity risk

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

Capital risk management

The entity has no obligation to increase reserves as the entity is a public sector body.

Fair value estimation

None of the entity's financial instruments are traded in active markets. Accordingly, the fair value of the entity's financial instruments is determined by discounting future cash flows using a suitable discount rate.

Critical accounting estimates and judgements

There are no critical accounting estimates and judgements.

Notes to the financial statements for the year ended 31 March 2019

2 Income

	2018-19	2017-18
	£	£
Revenue from contracts with customers		
Levy	1,013,869	1,027,035
Services provided to external customers	149,402	137,411
	1,163,271	1,164,446
Other operating income		
NIBLFQAS income	1,127,568	1,133,255
Other	-	44,721
	1,127,568	1,177,976

3 Expenditure

	2018-19	2017-18
	£	£
Staff Costs*		
Wages and salaries	486,003	477,516
Social security costs	35,626	27,087
Pension costs	106,551	110,493
	628,180	615,096
Other operating charges		
Information services	47,967	33,574
Market development and advertising	1,575,254	1,334,166
Administration costs:		
Actuarial costs of pension scheme	27,000	29,000
Office expenses	658,124	508,173
Aggregate travelling and subsistence	16,598	18,192
	2,324,943	1,923,105
Office expenses include:	2018-19	2017-18
	£	£
Notional charges	4,155	5,880
Auditors' remuneration - for external audit	14,000	10,000

* Further analysis of staff costs is located in the Staff Report on page 66

Notes to the financial statements for the year ended 31 March 2019

4 Finance income and costs

	2018-19	2017-18
	£	£
Interest income:		
Short-term bank deposits	8,929	8,810
Finance costs - net	8,929	8,810

Short-term bank deposits

Short-term bank deposits earned interest at a rate of 0.56% over the financial year.

5 Income tax charge

	2018-19	2017-18
	£	£
Current income tax:		
Current UK corporation tax at 19% (2018: 19%)	319	1,762
Income tax charge	319	1,762

The income tax charge in the income and expenditure account for the year differs from the small companies' rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2018-19	2017-18
	£	£
(Deficit) before income tax	(668,769)	(198,177)
Tax calculated at the UK small companies' rate of corporation tax of 19% (2017: 19%)	(127,066)	(39,635)
Effect of:		
Tax over accrued	1,249	-
Deficit not taxable	125,498	41,397
Income tax charge	319	1,762

The entity is subject to income tax on any surplus on price reporting activities and on its rental and interest income.

Notes to the financial statements for the year ended 31 March 2019

6 Segment information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the operations from both a geographic and operational perspective. The entity has one geographical segment, Northern Ireland. The entity has two reportable operational segments, levy funded activities and NIBLFQAS.

The segment information provided to the Board for the reportable segments for the year ended 31 March 2019 is as follows:

	Levy Funded Activities	NIBLFQAS	Other Services provided	Total
	£	£	£	£
Income from external parties	1,013,869	1,127,568	149,402	2,290,839
Interest Received	8,929	-	-	8,929
Expenditure (excluding notional costs)	1,467,421	1,284,882	150,079	2,902,382
Operating deficit before tax	(444,623)	(157,314)	(677)	(602,614)
Income tax expense	(319)	-	-	(319)
Deficit before notional costs and after tax	(444,942)	(157,314)	(677)	(602,933)
Adjustments in respect of notional costs:				
Internal audit				(4,155)
Actuarial costs and notional charges of pension scheme				(62,000)
Total deficit reported for year				(669,088)
Total assets less liabilities	1,930,630	12,908	-	1,943,538
Depreciation	8,625	4,789	2,000	15,414

The entity is domiciled in Northern Ireland and all income is derived from operations in Northern Ireland. All of the entity's income is derived from external parties and no one external party accounts for 10% or more of the entity's total income.

Notes to the financial statements for the year ended 31 March 2019

7 Property, plant and equipment

	Freehold Land	Property Buildings	Exhibition equipment, fixtures, fittings and office furniture	Computers	Totals
	£	£	£	£	£
Cost or valuation					
At 1 April 2017	450,000	-	16,691	30,223	496,914
Additions	-	-	4,135	4,995	9,130
Disposals	-	-	-	-	-
Written-Off	-	-	-	-	-
At 31 March 2018	450,000	-	20,826	35,218	506,044
Depreciation					
At 1 April 2017	-	-	3,338	6,045	9,383
Provided during the year	-	-	4,165	7,043	11,208
Eliminated in respect of write-off	-	-	-	-	-
Indexation	-	-	-	-	-
At 31 March 2018	-	-	7,503	13,088	20,591
Net book amount					
At 31 March 2018	450,000	-	13,323	22,130	485,453
At 31 March 2017	450,000	-	13,353	24,178	487,531
Cost or valuation					
At 1 April 2018	450,000	-	20,826	35,218	506,044
Additions	-	-	1,210	19,820	21,030
Disposals	-	-	-	-	-
Indexation	-	-	-	-	-
At 31 March 2019	450,000	-	22,036	55,038	527,074
Depreciation					
At 1 April 2018	-	-	7,503	13,088	20,591
Provided during the year	-	-	4,407	11,007	15,414
Eliminated in respect of disposals	-	-	-	-	-
Indexation	-	-	-	-	-
At 31 March 2019	-	-	11,910	24,095	36,005
Net book amount					
At 31 March 2019	450,000	-	10,126	30,943	491,069
At 31 March 2018	450,000	-	13,323	22,130	485,453

Notes to the financial statements for the year ended 31 March 2019

7 Property, plant and equipment (continued)

Depreciation expense of £15,414 (2018: £11,208) has been fully charged to expenditure.

The entity's freehold land was revalued externally on 31 March 2015 by Land and Property Services. This quinquennial valuation was made on the basis of existing use value and in intervening years this would normally be subject to annual indexation using relative price indices. No indexation was applied in 2018-19 due to the destruction of the premises and its contents in June 2016.

8 Trade and other receivables

	2018-19	2017-18
	£	£
Levies (statutory)	110,011	183,200
Farm quality assurance scheme receivables	96,786	124,592
Prepayments and accrued income	85,979	172,412
Trade debtors	21,000	78,142
	313,776	558,346

None of the entity's trade and other receivables are impaired or past due. The entity has no history of default in respect of its trade and other receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The fair value of the entity's trade and other receivables is not materially different to their carrying values.

9 Cash and cash equivalents

	2018-19	2017-18
	£	£
Commercial banks and cash on hand	928,901	1,158,436

10 Short term bank deposits

	2018-19	2017-18
	£	£
Short term bank deposits	1,506,312	1,500,000

Notes to the financial statements for the year ended 31 March 2019

11 Trade and other payables

	2018-19	2017-18
	£	£
Accruals	428,582	234,185
Trade creditors	20,345	87,054
Other taxation and social security	38,025	24,763
	486,952	346,002

12 Related party transactions

The Department of Agriculture, Environment and Rural Affairs (DAERA) is regarded as a related party. During the year, LMC has had various material transactions with DAERA.

LMC is a one-eighth owner of Northern Ireland Food Chain Certification (NIFCC). During the year LMC provided accounting, administration and human resources services to NIFCC valued at £114,402 (2017-18: £102,411). NIFCC provided LMC with inspection services and marketing information during the year valued at £909,151 (2017-18: £825,502). The amount due to NIFCC at 31 March 2019 was £74,459 (2017-18: £71,529). NIFCC is operated as a not-for-profit organisation and therefore no NIFCC reserves are recorded in LMC's financial statements.

Notes to the financial statements for the year ended 31 March 2019

12 Related party transactions (continued)

Details of organisations with which LMC Board Members were associated during the year are listed below:

Mr G McGivern	Company Secretary of Banbridge District Enterprises Ltd Non-Executive Director of Northern Health and Social Care Trust
Mr P McElroy	Director of Artillery One Ltd, Artillery Two Ltd and Refineblend Ltd
Mrs O Chesney	Company Secretary for Fane Valley Co-op Society Ltd and its group subsidiary companies
Mr J Lennon	Chair of the Blood Transfusion Service Member of Derrynoose Farming Community Group Head of Corporate Service for Middletown Centre for Autism
Mr H Sinclair	Board Member of HSENI Chair of the Farm Safety Partnership
Mr G Maguire	Managing Director of Linden Foods Director of Slaney Foods

Notes to the financial statements for the year ended 31 March 2019

12 Related party transactions (continued)

Other than the transactions detailed above, no Board member, key manager or other related party has undertaken any material transactions with the Commission during the year.

13 Financial instruments

The entity's financial instruments are classified as follows:

Assets and liabilities	Category of financial instrument
Trade and other receivables	Loans and other receivables
Cash and cash equivalents	Loans and other receivables
Short-term bank deposits	Loans and other receivables
Trade and other payables	Other financial liabilities at amortised cost

14 Pension liabilities

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 over one hundred and ten thousand members; LMC accounts for 0.1% of the membership. It provides a defined benefit scheme for eligible employees and other members of the scheme. This is a tax approved scheme which provides benefits based on a career average pensionable pay, at a normal retirement age of 65. Each year a member is in the main scheme, 1/49th of their pensionable pay is added to their pension account plus a revaluation amount so that their pension keeps up with the cost of living. Employees pay contributions of between 5.5% and 10.5% of pensionable earnings depending on the pay band their pensionable pay falls into. On death of a member, survivors' pensions may be paid to spouses, civil partners, nominated co-habiting partners and eligible children. In addition, on death in service, there is a lump sum payment due to the employee's estate of three years' pensionable pay. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers.

A full actuarial valuation of the scheme was carried out as at 31 March 2016 which indicated

Notes to the financial statements for the year ended 31 March 2019

14 Pension liabilities (continued)

that the scheme remained in deficit and if LMC chose to exit the scheme there would be a funding shortfall due from LMC of £3.4M. However, the majority of employers, including LMC, participate in the grouped employers' contribution rates with individual deficit recovery contributions. The employer contribution rates for LMC set by the Actuary for the next year will be 20% of payroll and a deficit recovery contribution of £4,800.

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 March 2019 by Aon Hewitt Ltd. The principal assumptions used were as follows:

	2019	2018	2017
	%	%	%
Future salary increases	3.7	3.6	3.5
Discount rate	2.4	2.6	2.5
Inflation rate	2.2	2.1	2.0
Future pension increases	2.2	2.1	2.0

The mortality assumptions used were as follows:

	2019	2018	2017
	Years	Years	Years
Longevity at age 65 for current pensioners			
- Men	22.6	23.3	23.2
- Women	24.9	25.9	25.8
Longevity at age 65 for future pensioners			
- Men	24.3	25.5	25.4
- Women	26.7	28.2	28.1

The Commission's share of the assets in the scheme was:

	Value at 2019	Value at 2018	Value at 2017
	£	£	£
Equity	6,825,000	7,750,000	7,803,000
Bonds	2,695,000	1,346,000	1,204,000
Property	1,285,000	1,085,000	1,100,000
Cash	310,000	488,000	272,000
Other	355,000	185,000	94,000
Total market value of assets	11,470,000	10,854,000	10,473,000
Present value of scheme obligations	12,278,000	11,922,000	11,663,000
Deficit in scheme	(808,000)	(1,068,000)	(1,190,000)

Notes to the financial statements for the year ended 31 March 2019

14 Pension liabilities (continued)

Reconciliation of fair value of the Commission's share of scheme assets

	2019	2018
	£	£
At 1 April	10,854,000	10,473,000
Interest Income on scheme assets	280,000	260,000
Contributions by members	23,000	23,000
Contributions by employer	71,000	74,000
Re-measurement of gains/(losses) on assets	500,000	274,000
Benefits paid	(258,000)	(250,000)
At 31 March	11,470,000	10,854,000

Reconciliation of present value of the Commission's share of scheme liabilities

	2019	2018
	£	£
At 1 April	11,922,000	11,663,000
Current service cost	106,000	112,000
Interest cost	307,000	289,000
Contributions by members	23,000	23,000
Actuarial losses	178,000	85,000
Past Service Costs	-	-
Losses on Curtailments	-	-
Benefits paid	(258,000)	(250,000)
At 31 March	12,278,000	11,922,000

Analysis of amount recognised in the income and expenditure account

	2019	2018
	£	£
Current service cost	106,000	112,000
Interest cost	307,000	289,000
Expected return on pension scheme assets	(280,000)	(260,000)
Past Service Costs	-	-
Losses on Curtailments	-	-
Total operating charge	133,000	141,000

Notes to the financial statements for the year ended 31 March 2019

14 Pension liabilities (continued)

Analysis of amount recognised in the statement of recognised income and expenses

	2019	2018
	£	£
Actual return less expected return on pensions scheme assets	500,000	274,000
Changes in assumptions underlying the present value of the scheme liabilities	(178,000)	(85,000)
Actuarial gain/(loss) recognised in the statement of recognised income and expenses	322 000	189,000
Cumulative actuarial losses recognised in the statement of recognised income and expenses	(760 000)	(1,082,000)

History of experience gains and losses

	2019	2018	2017	2016	2015
	£	£	£	£	£
Defined benefit obligation	(12,278,000)	(11,922,000)	(11,663,000)	(9,211,000)	(9,667,000)
Plan assets	11,470,000	10,854,000	10,473,000	9,024,000	9,030,000
Deficit	(808,000)	(1,068,000)	(1,190,000)	(187,000)	(637,000)
Experience adjustments on plan assets	500,000	274,000	1,312,000	(31,000)	709,000
Experience adjustments on plan liabilities	30,000	96,000	(298,000)	147,000	89,000
Total amount recognised in the statement of recognised income and expenses	322,000	189,000	(994,000)	472,000	(94,000)

Analysis of projected amount to be charged to operating profit for the year to 31 March 2020

	£	% of pay
Projected Current Service Cost	113,000	31.3
Net Interest on the Net Defined Benefit Liability (Asset)	18,000	5.0
Past Service Cost	-	-
Losses/(Gains) on Curtailments and Settlements	-	-
Total	131,000	36.3

Notes to the financial statements for the year ended 31 March 2019

15 Contingent Liability

The Commission is currently undertaking a process to reach an agreement regarding the legal costs relating to an insurance claim and subsequent arbitration process. The process should be concluded within the next financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 5 July 2019.