

**Livestock and Meat Commission for Northern Ireland**

**Annual Report and Accounts  
for the year ended 31 March 2020**

*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*

*16 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 the strategic/business outcomes and activities, as well as the key issues and risks that could prevent those outcomes from being met. The section begins with a Statement from the Chairman which provides his perspective on LMC's key activities and achievements during the year ended 31 March 2020. 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 third Annual Report and Accounts of the Livestock and Meat Commission for Northern Ireland (LMC). This report covers the period 01 April 2019 to 31 March 2020. 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. As a Non-Departmental Public Body (NDPB), LMC identifies and delivers its priorities within the framework of the LMC Strategic Plan 2018-2021.

Each year the LMC Board reviews and updates (as appropriate) its strategy. We remain in constant dialogue with our production and processing stakeholders in order to help inform the setting of our strategic priorities, and to help address the needs of the industry in our provision of support for the marketing of livestock and livestock products. It is through this active engagement with stakeholders, both individually and collectively, that the LMC Board ensures the activities of LMC reflect the strategic needs of the wider industry.

I remain encouraged, from the feedback received, that awareness of the variety of services provided by LMC continues to improve. Throughout the year LMC invested time and resource to enhance its presence in the media, including social media, to inform the public and our stakeholders about the industry and to highlight the excellence of Northern Ireland beef and lamb.

The Northern Ireland livestock and meat processing sector remains committed to producing high quality and sustainable food and to adding value to local beef and lamb for consumption in both domestic and export markets. Our industry is well recognised for supplying premium retail and food service customers throughout the United Kingdom (UK) and the European Union (EU). However the industry continues to face many challenges including the impact of climate change on consumer behaviour, single use plastics, fast changing dietary habits, market fluctuations, the inexorable shift towards online shopping and the UK departure from the EU.

In August 2019, the Intergovernmental Panel on Climate Change (IPCC) published a special report on climate change and land use which served to bolster a narrative that meat production is bad for the planet and should be reduced. LMC worked with our levy body partners in the UK, Ireland, Denmark and New Zealand, through *Meat Matters*, to engage with UK media to communicate positive messages to journalists about red meat's important contribution to health, nutrition and sustainability and to challenge inaccurate stories which frequently appear in the media about the perceived negative impacts of red meat production and consumption. Throughout the year we continued to work with our partner organisations to promote the key message that red meat is a valuable part of a healthy balanced diet and can be used in a wide range of easy, enjoyable and nutritious meals.

Again this year was dominated by the UK departure from the EU debate with future trade relationships and UK Agri-Food Policy of particular concern to the industry. LMC continues to participate in, and fund, the UK Export Certification Partnership (UKECP). Significant progress was made during the year towards charting a path for UK beef exports to China and USA. This resulted in the announcement in June 2019 that a UK-China Beef Protocol had been signed by the UK Farming Minister and Chinese Ambassador to the UK. The contribution of LMC to the work of the UKECP is greatly valued by stakeholders and is even more important now that the UK has exited the European Union.

Throughout the year I was pleased to host a number of high profile visitors to the LMC, including representatives of New Zealand's Ministry of Foreign Affairs and Trade, the incoming Special Agriculture Trade Envoy from New Zealand, and representatives of the Australian High Commission.

As an Affiliate Member of the Farm Safety Partnership (FSP), LMC was pleased to be a regional sponsor for the Resilient Farmer Tour of the UK and to support the regional tour events and conference with Doug Avery in Northern Ireland in October 2019. Through our involvement on the FSP, we remain very aware of the importance of mental health and wellbeing to our industry and to those who work in it.

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 knowledge and experience they bring to the Commission. I also wish to commend 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. The work of our team is highly valued within industry and the Board appreciates the skills and expertise they bring to the job.

In conclusion, I would like to acknowledge our valued stakeholders within the red meat sector for their continued engagement with the Commission in the face of the many challenges facing the sector. I also commend the Department of Agriculture, Environment and Rural Affairs (DAERA), whose support and encouragement throughout the past year has been steadfast.

Towards the end of the reporting year a new threat of a global pandemic Covid-19 had emerged and large parts of the world, including here in Northern Ireland, were implementing lockdown measures which were unprecedented in most people's lifetimes. Even before the lockdown was implemented in mid-March 2020 the red meat sector had already begun to take steps to protect its workforce and suppliers from Covid-19 in order to ensure the continued supply of quality, safe food for its customers at home and further afield. As the world recovers and resets from the challenges posed by Covid-19, we will continue to engage with our stakeholders as we meet these challenges together to continue to deliver our programme of industry support services in conjunction with producers and processors.

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



Gerard McGivern

Chairman

Livestock and Meat Commission

26 October 2020

## **Strategic Report**

### **Introduction**

The Commission presents its Annual Report and Accounts for the 2019-20 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 sustainable and 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 2019-20. These identify what LMC is seeking to achieve with its services and link directly to the strategic outcomes (there were 11 business outcomes in the 2019-20 business plan). Under each of the business outcomes detailed business activities with individual targets were undertaken. Progress against the business outcomes was monitored throughout 2019-20, 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 2019-20, 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 2019-20, are reported later in this Annual Report. Also provided in this annual report are summary reports 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 2019-20 business plan year for LMC was another very busy one and all of the business outcomes in the approved business plan for the year have been achieved. 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 (until January 2020) the 2019-20 LMC business plan and budget was approved by the Departmental Board of DAERA on 01 May 2019 but it remained in draft form throughout the entire reporting period as Ministerial approval of the business plan was not possible before 31 March 2020. The Business Plan for 2019-20 amplified the second year of LMC's three year Strategic Plan for 2018 to 2021.

Some highlights of positive outcomes for stakeholders achieved by LMC's work during the reporting year include:

- Working with key partner organisations in Northern Ireland, technical information and market knowledge was brought closer to stakeholders - a market outlook conference was held in April 2019 in Armagh (in partnership with the Irish Farmers Journal and the Andersons Centre); four livestock market based road shows on finishing beef cattle and sheep were held in September 2019 in Swatragh, Hilltown,

Ballymena and Markethill (in partnership with the Agri-Food and Biosciences Institute (AFBI), College of Agriculture, Food and Rural Enterprise (CAFRE) and AgriSearch); two autumn sheep conferences were held in October 2019 in Antrim and Omagh in partnership with AFBI, CAFRE, Northern Ireland Meat Exporters Association (NIMEA), National Sheep Association (NSA) and Ulster Farmers Union (UFU); a seminar on market opportunities in China and Japan was held in October 2019 in partnership with Invest NI and the Agriculture and Horticulture Development Board (AHDB);

- Through the use of an informative website (MeatMATTERS.com) and Meat Advisory Panel the facts on red meat sustainability and health were actively communicated to UK consumers and the media (in partnership with AHDB, Bord Bia, Beef & Lamb New Zealand and the Danish Agriculture and Food Council);
- New market opportunities for Northern Ireland beef and lamb were opened up through LMC's involvement in the UK Export Certification Partnership. In October 2019 final approval was given by China for the UK to export beef to the region in a deal estimated to be worth over £230m to UK exporters in the first five years of exports commencing;
- The physical and mental health and well-being of farmers and farm families was promoted through working with the Farm Safety Partnership and Rural Support including sponsorship of the Doug Avery Resilient Farmer Tour at four well-attended events across Northern Ireland in October 2019;
- A pro-active industry contribution to the One Health approach to tackling Antimicrobial Resistance was provided by implementing new standards in February 2020 into the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) to require mandatory training of all participants in the responsible use of antibiotics and an annual review of antibiotic use by participants in consultation with their vets;

- Consumer awareness of the values of the Northern Ireland Farm Quality Assured beef and lamb industry and its products and the importance of including beef and lamb in the diet was driven up through delivery of the flavour your life advertising campaign, hosting high profile beef week and love lamb week events, participation in the open farm weekend and delivering more targeted and engaging content on LMC's social media platforms;
- More young people were educated about the quality, values, versatility, usability, nutrition and health benefits of beef and lamb in the diet by carrying out 322 cookery demonstrations in post primary schools across Northern Ireland, launching a meat4schools competition for seven schools to win meat packs for use in the class room and delivering meat skills workshops for food and nutrition teachers. Over 100,000 young people have now been educated at an LMC school cookery demonstration over 20 years of the programme;
- More frequent communications were issued to a wider audience including key messages on the true and positive story of the Northern Ireland red meat industry and beef and lamb consumption and dispelling myths about the sectors' perceived negative contribution to climate change and population health. LMC has also established itself as a weekly contributor to the new BBC Radio Ulster Farming Matters programme which launched in late 2019; and
- The sustainability credentials of industry were promoted and developed through active LMC participation in the work of the Greenhouse Gas Implementation Partnership, Animal Health and Welfare Northern Ireland, Food Futures, the UK Cattle Sustainability Platform, the International Meat Secretariat, Sustainable Agriculture Initiative Platform and the European Roundtable for Beef Sustainability.

A lot can happen during a business plan period and the last 12 months were no exception. Looking back on the three business quarters to the end of 2019 the red meat industry faced a very challenging period. The UK departure from the EU dominated industry discussions and the uncertainty that stemmed from a series of negotiation deadlines, threats of a no

deal exit from the EU and political upheaval in the UK all added to negative sentiment in consumer markets. Supply chain revenues took a significant dip as meat market prices in the UK and EU came under pressure and global prices for hides and skins also fell to the floor. Red meat also attracted a huge amount of unfair and unsubstantiated criticism from a range of commentators and narrow interest groups who were generally not well informed about the sector and often not willing to listen to facts or evidence.

Despite this backdrop, the UK red meat industry and its levy bodies, including LMC, made good progress in 2019 in telling the true and positive story about our livestock and meat industry's sustainability credentials, its contribution to climate change mitigation and its ability to help feed a growing global population's demand for highly nutritious dietary protein. Looking to the main areas in the world where demand is growing it has been encouraging that Chinese and UK authorities agreed a protocol in 2019 for UK beef exports to China and our industry looks forward to servicing this important market in 2020 and beyond.

In January 2020 the re-establishment of the Northern Ireland Executive and Assembly and the publication of the New Decade New Approach agreement helped to foster a spirit of optimism that local Ministers were now in place to take important decisions on devolved matters and to influence national decisions on reserved policy matters. LMC has built up good engagement with the Minister of Agriculture Environment and Rural Affairs and with the Assembly Committee for Agriculture, Environment and Rural Affairs having corresponded and inputted to a range of matters pertaining to the red meat industry since January 2020.

As an organisation which provides services to beef and sheep farmers and processors, LMC is acutely aware of the importance of the beef and lamb industry to the Northern Ireland economy, rural society and the countryside which we all enjoy. 2020 is a milestone year when big decisions will be taken by UK Government around the future relationship of the UK with the EU, future UK trade policy with countries outside the EU and the future shape and funding of domestic agriculture policy in the UK.

LMC has worked with local stakeholders on a number of projects during the year to help inform discussions on future policy options and it has been very encouraging to note how united supply chain representatives have been in working towards positive outcomes for the Northern Ireland red meat industry in the years to come.

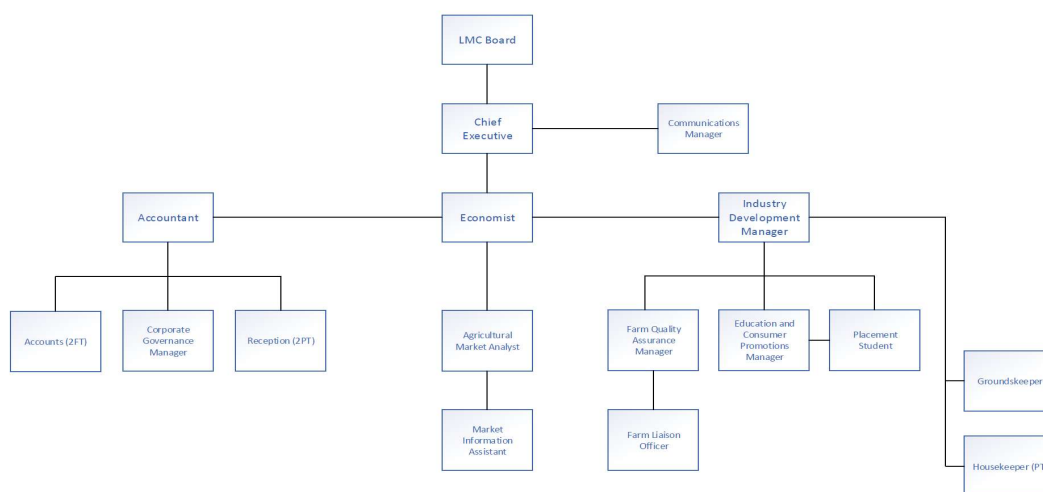
Towards the end of the financial year Covid-19 arrived in Northern Ireland with significant lockdown measures coming into effect in mid-March 2020. Methods of delivering certain activity in support of business outcomes had to be significantly altered due to Covid-19 restrictions on face to face meetings, events, travel, conferences, trade shows etc. and LMC expects that greater use of technology and more agile ways of working will feature for the foreseeable future. The beef and lamb industry responded incredibly quickly and effectively to this pandemic to protect staff and suppliers from the coronavirus and to ensure that uninterrupted supplies of product continued to be made available to consumers. Markets for beef and lamb were severely distorted as a consequence of lockdown measures, most notably in food service and catering outlets and the return to pre-Covid levels of activity in these market segments are not expected until well into 2021. There is no doubt that the Northern Ireland beef and lamb industry is very resilient and will recover and reset to meeting the needs of evolving market conditions. LMC continued to provide a full range of services during Covid-19 and all staff were equipped with appropriate technology and support to enable remote working when required.

## **Communications**

Cross cutting across all of LMC's work areas is the important issue of timely, accurate and effective communications. LMC continues to review on an ongoing basis how we communicate across all of the platforms available to us and a specific and ongoing business objective for LMC is to enhance its communications with internal and external stakeholders. Internally LMC holds monthly staff meetings after each LMC Board meeting to ensure that everyone in the team is fully engaged with work streams being carried out across each of the various business areas and to ensure that every staff member has a chance to contribute input and feedback. To help create more public awareness of LMC's activity more communications and promotional content is being channelled through LMC's social media platforms on Facebook, Twitter, Instagram and YouTube.

We have also issued more press releases and provided commentary for a broad range of publications. In the 12 months from April 2019 to March 2020 LMC has recorded over 210 media articles in our publications record where LMC press releases have been used in full or in part. LMC also hosted a very successful visit to our office during January 2020 of the Guild of Agricultural Journalists in Northern Ireland to improve awareness of LMC’s work and to build stronger relationships with the agricultural media.

## Organisational Chart



## Work Force

Central to the achievement of any of the outcomes in LMC’s Strategic and Business Plans is the availability of a skilled team of professional staff to implement the strategy of the Board, to develop and deliver business activities, to actively engage with stakeholders and suppliers, to safeguard funds available to LMC and to adopt high standards of corporate governance and accountability. As Chief Executive I must highlight the dedication and commitment of the whole staff team at LMC, all of whom carry out their roles to an extremely high standard, and all of whom work so effectively as a team particularly in moments of crisis such as Covid-19. During the reporting year LMC had a number of staff changes within the team and I want to thank those who have left LMC and those who have joined LMC for their excellent contribution to the work of the organisation on behalf of stakeholders.

# Performance Analysis

## 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 (Levy) 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 2019-20 funding arrangements for NIBLFQAS, producers pay a £60 joining and a £60 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.

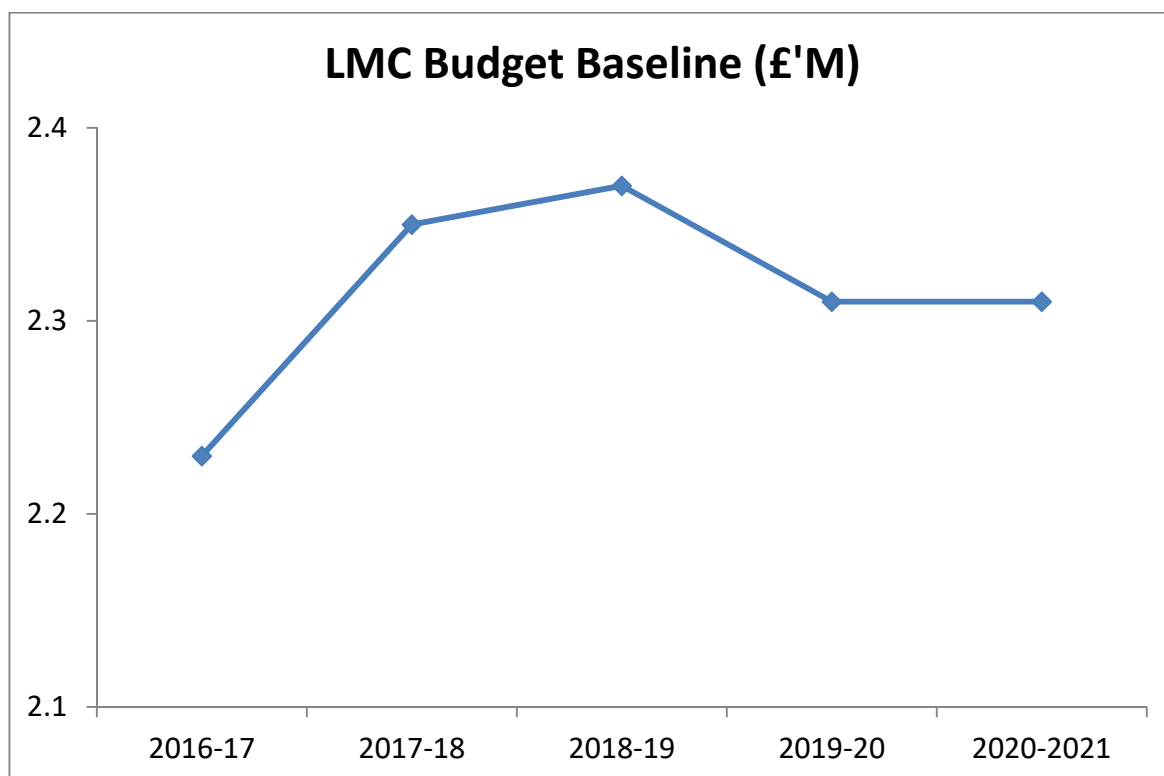
## Financial Review

The accounts for the year are set out on pages 75 to 98. 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 ongoing 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 2019-20 LMC, with the agreement of DAERA, was granted additional DEL cover in 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.

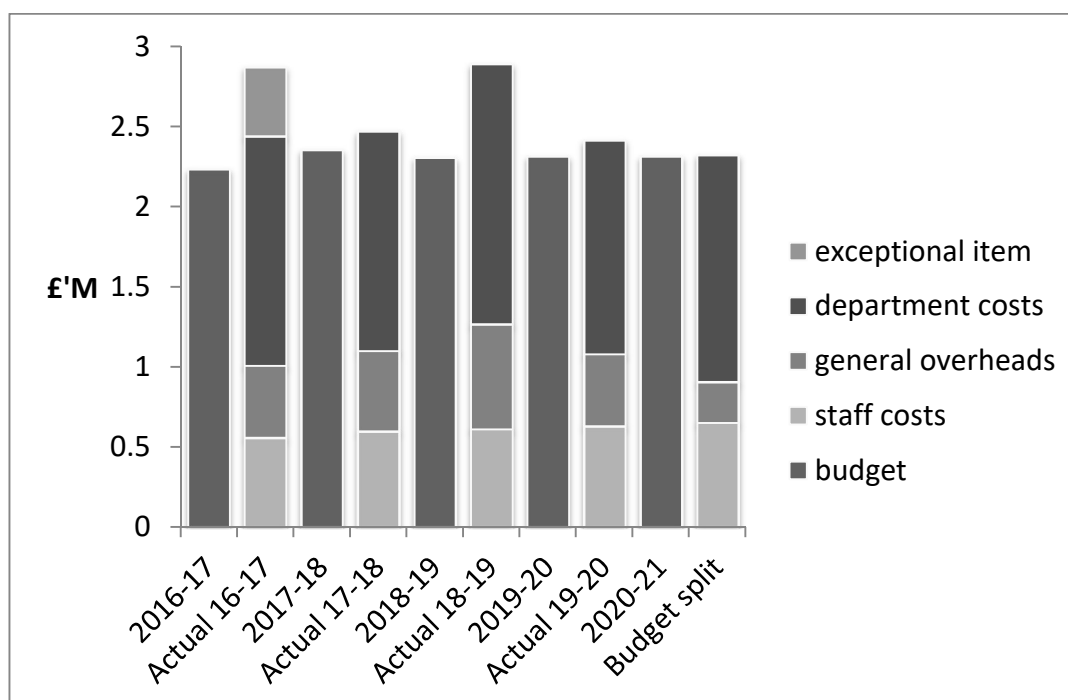
### Long-term Expenditure Trends

The chart below captures the long-term summary expenditure profile of the LMC budget over the period 2016-17 to 2020-21.





The chart below shows the LMC budget split by major expense heading over the period 2016-17 to 2020-21.



### 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 organisation such as maintaining a contract to recycle various waste products (cans, paper, card and plastic).

### Human Rights

LMC is committed to respecting human rights. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on our stakeholders and members of the public. LMC complies with Section 75 statutory equality obligations in the delivery of policy and delivery of services.

## **Anti-Bribery and Corruption**

LMC's Anti-Fraud Policy and Fraud Response Plan sets out how LMC complies with the Bribery Act 2010. All staff are provided with a copy of this policy and training is given at induction and as policy is reviewed. LMC's Staff Code of Conduct indicates that all staff should conduct themselves with honesty and impartiality at all times. Hence it is not acceptable for any staff member to receive any benefit that may be perceived as having the potential to compromise personal judgement on work related issues.

## LMC Performance 2019-20

The table below summarises LMC's performance against its business plan targets for 2019-20. For further information on the detailed monitoring of 2019-20 outcomes please contact LMC.

Aligned Programme for Government (PfG) Outcome	LMC Business Plan Outcomes	Key Performance Indicators	Performance Assessment at 31 March 2020	
<b>PfG Outcome 1-</b> We prosper through a strong, competitive, regionally balanced economy.	1	<b>Commissioning /Leveraging Red Meat Research including The UK departure from the EU which industry can use to develop commercially</b>	<b>KPI 1</b> - Facilitate the research needs of industry by participating in biannual meetings of AgriSearch Beef and Sheep Advisory Committees and supporting at least two stakeholder endorsed projects in the financial year	Achieved
	2	<b>Facilitating Beef and Sheep Meat Business Improvement Initiatives</b>	<b>KPI 2</b> - Support (financially or in kind) a minimum of two business improvement initiatives in the financial year relevant to the sector	Achieved
<b>PfG Outcome 2 -</b> We live and work sustainably – protecting the environment	3	<b>Enhancing the Sustainability Credentials of Industry</b>	<b>KPI 3</b> - Participate in at least one domestic and one international sustainability initiative and communicate relevant updates to industry stakeholders before the end of March 2020	Achieved
	4	<b>Provision of an Effective and Efficient FQAS Membership Scheme</b>	<b>KPI 4</b> - Host a minimum of four FQAS industry stakeholder meetings within the financial year and implement agreed actions  <b>KPI 5</b> - Monitor performance of Certification Services contract on a monthly basis	Achieved
<b>PfG Outcome 1-</b> We prosper through a strong, competitive, regionally balanced economy	5	<b>Provision of Strategic Education Services</b>	<b>KPI 6</b> - Deliver at least 330 school cookery demonstrations before the end of March 2020 ensuring pupil and teacher resources are up to date and relevant	Achieved

	6	<b>Communication of Market Information to Stakeholders</b>	<b>KPI 7</b> - By 31 March 2020 produce and publish timely, accurate and relevant market information reports in formats accessible to all LMC stakeholders including 50 weekly editions of the LMC Bulletin, 12 monthly editions of LMC News and four editions of the LMC Quarterly	Achieved
	7	<b>Enhancing LMC Communications with Internal and External Stakeholders</b>	<b>KPI 8</b> - By 31 March 2020 implement agreed LMC communication plan for the year, reviewing progress at the end of each quarter in LMC's business monitor	Achieved
<b>PfG Outcome 1</b> - We prosper through a strong, competitive, regionally balanced economy	8	<b>Assembling of Essential Market Information</b>	<b>KPI 9</b> - By 31 March 2020 to have fully serviced the market information needs of LMC stakeholders through the collection, collation and analysis of relevant time series and other specialist data throughout the financial year	Achieved
<b>PfG Outcome 1</b> - We prosper through a strong, competitive, regionally balanced economy	9	<b>Facilitating Market Access and Development</b>	<b>KPI 10</b> - Participate in bimonthly meetings of UKECP and support at least two inward / outward technical / trade visits before the end of March 2020 to further opportunities for NI beef and lamb in key third country markets	Achieved
<b>PfG Outcome 1</b> - We prosper through a strong, competitive, regionally balanced economy	10	<b>Promotion of Beef and Lamb Consumption by Consumers</b>	<b>KPI 11</b> - Successfully manage contract with advertising agency to deliver, by the end of March 2020, a media neutral beef and lamb advertising campaign in line with agreed objectives and evaluate its performance	Achieved
<b>PfG Outcome 2</b> - We live and work sustainably – protecting the environment	11	<b>Developing Staff Knowledge and Skills</b>	<b>KPI 12</b> - All staff appraisal reviews and personal development plans to be completed by end of July 2019 and training needs for all staff identified.  <b>KPI 13</b> - Participate in relevant stakeholder engagements. All engagements recorded in Senior Management Team Meeting Minutes.	Achieved

## **Review of Activity 2019-20**

### **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 2019-20 include the following:

##### **Food and Feed Safety**

During the course of the year LMC engaged with the Food Standards Agency (FSA) Northern Ireland as part of the Food and Feed Industry Advisory Panel (FFIAP). This group focused primarily on the impact of the UK departure from the EU on the Agri-Food sector and was a key communication channel between industry and regulators. In Q4 focus shifted to how the industry managed the global Covid-19 pandemic.

##### **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 and development of new NIBLFQAS Standards in this area and implemented in the reporting period. LMC is also a task lead on a DAERA funded project looking at Strategic Antimicrobial use in Dairy, Beef and Sheep Production (STAMP). Progress with this particular project has been good and benchmarking tools were tested with groups of farmers at the end of the reporting period.

### **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. The UK departure from the EU developments and the onset of Covid-19 has delayed progress on this initiative but it remains a key priority for industry and government stakeholders as an essential driver of productivity improvements in ruminant livestock sectors in the years ahead.

### **Sustainability and Climate Change**

LMC is a member of the Sustainable Agriculture Initiative (SAI) Platform and has been actively participating in the Platform's work on global agricultural supply chain sustainability since 2011. The SAI Platform provides the secretariat for the European Roundtable for Beef Sustainability (ERBS) which was launched in 2018 and on which LMC's Chief Executive is a member of the Interim Board. ERBS operates throughout the European region and across the entire value chain, from farm to fork. It brings stakeholders together in a pre-competitive environment to establish a common agenda, encourage mutually beneficial activities and accelerate the delivery of sustainability.

LMC is also actively engaged in the work of DAERA's Greenhouse Gas (GHG) Implementation Partnership and holds the current chairmanship of the Red Meat Sub Group of the Partnership.

During the year LMC has been working with other members on delivery of the 2016-2020 Implementation Plan of Efficient Farming Cuts Greenhouse Gases and on the development of the action plan for the next period of operation. LMC and other members met with AFBI during the reporting period to discuss ongoing research on carbon sequestration which is showing some very encouraging signs on the amount of carbon that can potentially be sequestered and stored in soils through well managed grasslands, hedgerows and trees. 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. LMC also partnered with a number of other UK and international agricultural organisations to call on the IPCC to consider looking at the metric it uses to measure the global warming potential of methane given recent scientific evidence on the shorter lifespan of methane in the atmosphere.

### **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. 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. LMC has partnered with AFBI, AgriSearch and CAFRE to assist in the delivery of beef and sheep industry road shows in various locations across Northern Ireland to communicate the importance of performance recording, health planning, efficient grazing and informed breeding management. LMC supported a proposal to combine the current Cattle Health and Welfare Group and Sheep Health and Welfare Group to a Ruminant Health and Welfare Group that will have UK wide representation. LMC also attended meetings of the Food Futures Project Steering Group. LMC is a project partner in the Invest NI-funded project led jointly by Queen's University Belfast (QUB) and AFBI, the Food Futures project (funded by Agri-Food Quest) adopts a unique participatory approach to evidence and enhance the sustainability credentials of Northern Ireland Agri-Food. The objective is to develop a holistic Sustainability Platform including reporting tool for Agri-Food supply chains.

### **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 Northern Ireland (AHWNI) is now enshrined in legislation. LMC are represented on the BVD Eradication Programme Implementation Group and LMC's Industry Development Manager is also a member of the 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. 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 ANUGA, Cologne during October 2019. As an active and funding industry member of the 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. LMC has also fostered closer working relationships with Invest NI and AHDB during the year and in October 2019 a meat sector market information session on China and Japan was jointly organised in Belfast.



## **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, LMC operates a highly valued education programme and various marketing initiatives 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 2019-20 include the following:

### **Cookery Demonstrations**

LMC's educational programme celebrated its 20th year in 2019 and delivered 322 beef and lamb cookery demonstrations taking place in Food and Nutrition classes in secondary schools throughout Northern Ireland before 13 March 2020. Due to the Covid-19 global pandemic, a small number of school cookery demonstrations had to be cancelled. However, the school cookery demonstrations were fully booked and it was expected 350 would have been completed before the end of March, with over 30 schools on the reserve list. LMC's panel of freelance demonstrators (currently nine on the team) have the opportunity to teach young consumers the role red meat plays in a healthy, balanced diet and have recently used the opportunity to pass on messages regarding the environment. The demonstrations are tailored to complement the CCEA Food and Nutrition syllabus for GCSE and A Level. Pupils are supported in their coursework and homework with information provided on LMC's nutritional website [www.food4life.org.uk](http://www.food4life.org.uk). Teachers are supported through the resources available on the website in the form of worksheets, lesson PowerPoints and posters. The importance of looking for Northern Ireland Farm Quality Assured (NIFQA) beef and lamb is outlined at each demonstration. The role of the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) is explained in a simple and meaningful way during each demonstration. Pupils are then able to make an informed choice about red meat by discussing suitable cuts, simple, fast, tasty recipes, cooking methods, sustainability, traceability and safety in the food chain. LMC increased the ratio of lamb demonstrations again in schools this year to great effect. As a result of this, Food and

Nutrition teachers are now more willing to use lamb dishes in class and as part of most demonstrations. A special event to mark 20 years of LMC's education programme was held in The Stillhouse in Moira and was attended by a broad range of stakeholders who remain extremely supportive of and committed to the programme.

### **Food Teachers Red Meat Skills Workshops**

LMC hosted three Food Teachers' Skills Workshops throughout the year with over 50 teachers having the opportunity to learn new ways of incorporating meat education into the classroom. Teachers from a wide range of teaching backgrounds have benefitted from the workshops, including students, experienced teachers and teachers transferring from another subject. The workshops, hosted by The Food Teachers Centre, focus on training teachers in basic beef and lamb preparation skills, as well as providing them with the knowledge on teaching provenance and the NIBLFQAS as part of the CCEA curriculum. On many occasions participants clarified misunderstandings relating to the use of different cuts in the classroom and highlighted confidence in adopting new recipes for use in school as a result of the workshops. The workshops proved hugely popular, each being booked within 24 hours of launching and requests have been made for future workshops.

### **Meat4Schools**

LMC's pilot Meat4Schools competition launched this year. The aim of the scheme was to help reduce barriers to accessing red meat in schools. To be in with the chance of winning £100 of NIFQA beef and lamb, each school had to complete an entry form. The form required entrants to complete two questions focussed on red meat nutrition and the NIBLFQAS and create a beef or lamb recipe based on a theme of 'Where we are from'. A total of seven winners were chosen from the entries which included; Killicomaine Junior High School, St Mary's Grammar, Newtownhamilton High School, St. Killian's, Clounagh Junior High School, Arvalee School and Longstone School.

### **Education Resources**

During the year LMC's information booklet 'The Natural Choice', outlining the importance of the NIBLFQAS and including beef and lamb recipes, was distributed at all school demonstrations. Demonstrators encouraged teachers and pupils to access the Food4Life website, where there is a host of useful resources. The team created a 'Classroom

Essentials' pack which was made up of recipe cards, meat cuts posters, FQAS information leaflets and notepads which proved very popular amongst teachers in NI. Having classroom resources helps support the curriculum and provides a research material for pupils.

### **MeatMATTERS**

LMC is 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 (Meat Advisory Panel) in a timely manner. Throughout the year rebuttal/informative messages were given to the press on issues related to health, environment and the vegan/vegetarian lobby. MeatMATTERS have been using the skills of the highly qualified Meat Advisory Panel to create media relationships and initiate a media campaign.

### **Stakeholder Engagement**

LMC attended Balmoral Show while celebrating 20 years of the schools programme. The programme has evolved over the last 20 years, and the show gave ample opportunity to showcase the increase in cookery demonstrations, school resources and Food Teachers Skills Workshops. Demonstrators continued to provide invaluable demonstrations to those at the show, allowing visitors to watch the cooking process, listen to the messaging and taste Northern Ireland Farm Quality Assured beef and lamb. For the third consecutive year, LMC handed out high visibility jackets to young people on the stand to encourage farm safety, which was well received by all.

### **Open Farm Weekend**

Open Farm Weekend 2019 was sponsored by LMC. LMC also provided cookery demonstrations and recipe books to Northern Ireland Farm Quality Assured farms across Northern Ireland. The weekend encouraged over 16,000 visitors to visit local farms over the three day period in 2019. This provided an opportunity for consumers to see the work of NIBLFQAS farmers while also hearing and tasting the messages of provenance and quality, straight from the demonstrator.

### **Love Lamb Week**

During Love Lamb Week 2019, LMC conducted beef and lamb sampling sessions in Tesco and Asda stores in Northern Ireland. Additionally, a flagship sampling event took place in

Victoria Square, Belfast. Local sheep farmers and members of the UFU attended the sessions and were involved in discussions with consumers. These events have provided the opportunity for consumers to try lamb potentially for the first time while also hearing important messages about health, the environment, and reinforcing the message of looking for the NIBLFQAS logo. During these events, recipe books and leaflets were handed out to consumers. During Love Lamb Week, U105 hosted a week-long competition on the Carolyn Stewart Show, which was hosted live from the flagship event on the final day of the competition. Consistently with lamb sampling, there is an overwhelmingly positive response from those who may not have tasted lamb before and many who ask where they can access more recipes. Further, the week was busy with a host of other promotional activity taking place on social media, television, radio, outdoor and in press and was delivered in collaboration with stakeholders including UFU and NSA.

### **Northern Ireland Beef Week**

LMC worked in collaboration with the UFU to host Beef Week in 2019. During the week, LMC increased social media activity to promote beef recipes, encouraging consumers to try new cuts of beef. Sampling took place in various Tesco and Asda stores across Northern Ireland, with positive feedback from consumers.

### **CAFRE Careers Fayre and National Careers Week**

LMC was in attendance of the CAFRE Careers Fayre to promote the wide range of careers available in the red meat industry. The stand proved popular with students from many different degree courses including food, business and agriculture with discussions focussing on opportunities for exciting and diverse careers.

### **LMC Media Campaign**

During the reporting period LMC embarked on the third and final year of the 'Flavour Your Life' advertising campaign. The media neutral campaign was run across television, radio, outdoor, print and online resources throughout the year. The campaign was complemented by a planned communications programme in agricultural and consumer press and social media, through highlighting the versatility of beef and lamb as a family friendly meal choice. The campaign encouraged consumers to visit [www.beefandlambni.com](http://www.beefandlambni.com) to access a range of recipes and consumer information. The activity, supported by social media proved an

important opportunity to continue to build on awareness of the Northern Ireland Farm Quality Assured logo. LMC commissioned research into the eating habits of NI consumers and gained insight in to changing consumer attitudes to red meat. As a result LMC commissioned new creative materials focussing on communicating the nutritional and environmental facts about red meat via a new media campaign to be launched in 2020. Following the Covid-19 outbreak LMC channelled its resources into a very successful social media campaign, a key communications platform during the pandemic.

### **Placement students**

LMC provided a year-long placement to a student from Greenmount Agricultural College. The student worked with the Education and Consumer Promotions Manager for four days a week and with the Finance department the remaining day. A recruitment process took place and a student has been appointed for 2020-21.

### **3. Northern Ireland Beef and Lamb Farm Quality Assurance Scheme**

#### **Impact of Covid-19 Pandemic**

It should be noted that at the end of the 2019-20 financial year a global pandemic resulted in Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) inspections being deferred on 18 March 2020 and therefore no inspections took place between this date and the end of the financial year. The deferral of inspections also resulted in participants being slower to pay renewal fees and submit evidence. The impact on inspection and certification data was evident at the end of Q4.

#### **Participation**

In the 2019-20 financial year producer numbers participating in the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (NIBLFQAS) have increased slightly, with an approximate increase in scheme membership of 0.18% in comparison to the 2018-19 financial year. In the 2019-20 financial year there was a 32.4% increase in FQAS applications to the scheme in comparison to the financial year end 2018-19 largely driven by increased numbers of dairy farmers joining the scheme. At the end of the 2019-20 financial year producer participation in FQAS stood at 12,137, an increase in membership of 22 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 99.04% at the end of the 2019-20 financial year. Steers represented the highest category for assurance proportion at 99.29% with cull cows reaching a level of 91.3% assurance at the year end.

#### **Certification**

In the 2019-20 financial year 6,861 surveillance inspections were conducted by the Certification Body, Northern Ireland Food Chain Certification (NIFCC), which represents an average surveillance inspection interval of 19.9 months against a maximum target of 18 months. There were 536 spot-check inspections, representing 4.7% 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. Ongoing monitoring of performance against contract is undertaken by LMC and reported to the FQAS

Industry Board and LMC Board. By the end of the contract year 4 (31 October 2019) NIFCC were 75 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 5 of this contract.

## **Scheme Management**

### FQAS Industry Board/Standard Setting Committee

In 2019-20 LMC continued to facilitate meetings of the FQAS Industry Board and FQAS Standard Setting Committee (SSC) to ensure that FQAS 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 the Northern Ireland Environment Agency (NIEA) on developing earned recognition for statutory inspections and FQAS.

### Standards Review

Every three years LMC undertakes an in depth review of its scheme standards and rules. Standards can be amended at any point during the review cycle depending on industry needs, retailer requirements, legislative or policy changes. The NIBLFQAS Standard Setting Committee meets twice each year and the key areas for development over the past year has been; 1) Antimicrobial Resistance (AMR) and 2) Bovine Viral Diarrhoea (BVD) eradication. Requirements for training in the responsible use of antimicrobials were introduced in February 2020. Participants must also complete a review of antibiotic usage with their vet. A new standard designed to hasten the eradication of BVD was agreed by the FQAS Board and will be implemented in 2020-21.

### FQAS CRM Database Development

In 2019-20 the system has been working efficiently and the previous year's upgrade has been a success.

### 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 has been working closely with Quality Meat Scotland (QMS), Farm Assured Welsh Livestock (FAWL) and RTA to agree a common framework that all UK assurance schemes would work to that recognises different approaches to assurance whilst delivering the same agreed outcomes. This work is ongoing.

### Communications

LMC continued to update FQAS participants on scheme developments via the FQAS 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 articles and LMC's monthly news page to advertise mart clinics, to notify participants of new standards and to communicate other scheme developments. FQAS also took part in the Association of Veterinary Surgeons Practicing in NI (AVSPNI) Autumn Conference. Staff represented FQAS at a wide range of events and stakeholder meetings throughout the reporting period.

### Farm Liaison

The FQAS Farm Liaison Service continued to provide valuable assistance before and after inspections to FQAS participants during the 2019-20 reporting period. The Liaison Service continued to actively call members of the FQAS 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 FQAS Farm Liaison Officer dealt with on average 125 calls per month from and to members of the FQAS. The Farm Liaison Officer extends the Liaison Service to Livestock Markets in each of the six counties to assist FQAS members in their locality.



## **Scheme Funding**

The current funding streams that are in place for FQAS are based on contributions from both producers and processors. Producers pay an annual participation fee 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 FQAS a decision was made by the FQAS Industry Board that the annual participation fee would increase to £60+VAT from 01 April 2019. There are no longer sufficient reserves to draw from in order to deliver essential business activities without this increase in participation fee.

## **Market Information Department Report**

LMC's Market Information department continued to deliver services to support the NI red meat industry during the 2019-20 financial year. 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 2019-20**

The deadweight cattle trade during 2019-20 was generally very challenging in Northern Ireland with strong supplies of prime cattle coming forward for slaughter combined with a relatively stagnant demand for beef from the retail market in particular putting downward pressure on the deadweight trade. There were also relatively strong supplies of beef cattle available for processing in Great Britain and the Republic of Ireland which further contributed to the weaker deadweight trade in Northern Ireland.

During 2019-20 there were 345,219 prime cattle processed in local beef processing plants, an increase of just over 6,000 head from the previous financial year. This is the fourth consecutive financial year in which prime cattle throughput in Northern Ireland has recorded an increase. Supplies of prime cattle for slaughter had been expected to tighten in the final quarter of the financial year however with cattle performing well at grass during summer 2019 some producers opted to finish cattle younger and heavier than expected during this period which helped to stabilise cattle throughput. This has meant however there were less prime cattle on the ground to carry through to 2020-21 which is likely to create supply issues for local processors in the short term. The increase in prime cattle throughput in Northern Ireland coincided with an increase in the average carcass weight of prime cattle to 344kg during 2019-20, this was up 6kg from the previous financial year.

Cow throughput in Northern Ireland totalled 101,582 head during 2019-20, a slight increase from the 99,529 cows processed during the previous 12 months. The average carcass weight of cows also recorded an increase from 302kg in the 2018-19 period to 309kg in the 2019-20 period.

With increased cattle throughput during 2019-20 combined with heavier carcass weights across the board there was an increase in the volume of beef handled by local processors. Beef production from prime cattle increased by 4.3% to just under 119,000 tonnes while the volume of cow beef processed increased by 4.3% to just over 31,000 tonnes.

Imports and exports of cattle for direct slaughter have continued to operate at relatively low levels during the 2019-20 financial year. A total of 11,100 prime cattle were imported from the Republic of Ireland for direct slaughter during 2019-20, up from 7,440 during the previous year. While this was a notable increase year on year it is worth acknowledging that these imported cattle from the Republic of Ireland accounted for just 3.2% of total prime cattle throughput in Northern Ireland, well below historical levels. The absence of any meaningful differential in prices between Northern Ireland and mainland Great Britain resulted in just 246 prime cattle being exported for direct slaughter during 2019-20.

During the 2019-20 financial year there were 354,947 beef sired calves registered on Northern Ireland farms, an increase of over 13,000 head from the previous year. While the number of beef sired calves increased to both dairy and suckler cows during the year the strongest increase was in registrations to suckler cows, particularly during the last quarter. This recovery in calf registrations to suckler cows is welcome; however reduced profitability in the suckler sector in particular continues to put downward pressure on the number of suckler cows in the region.

A weaker sterling against euro has reduced the competitiveness of European beef imports (primarily from Ireland) on the British retail market which has resulted in increased demand for locally produced beef to fulfil consumer demand. In addition a weaker sterling makes Northern Irish and beef exports from Great Britain much more competitive in the important European export market.

The average R3 steer price in Northern Ireland during 2019-20 was 335.6/kg, back by 21.8p/kg from 357.4p/kg during the 2018-19 period. Deadweight prices came under significant pressure in late 2018 and this pressure continued throughout the 2019-20 financial year. Cow prices in Northern Ireland also came under pressure during 2019-20 when compared to year earlier levels. The average O3 cow price in Northern Ireland during 2019-20 was 253.6/kg compared to 263.2/kg during 2018-19.

The number of cattle for beef production on local farms at the end of the 2019-20 financial year was back in the majority of the older age groups as the reduction in beef calf sired calf registrations during 2017 and 2018 continue to impact supplies. There has however been some growth in cattle numbers in the younger age cohorts which indicates a recovery in cattle supplies is expected towards the end of the 2020-2021 financial year.

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 in response to positive market signals in forms of bonuses at point of slaughter.

### **Sheep Market Overview 2019-20**

More favourable production conditions during spring 2019 helped get lamb production in Northern Ireland off to a good start with lambs coming fit for slaughter earlier than previous years with a larger lamb crop also recorded than the previous year. Lamb/hogget throughput on local plants totalled 405,819 head during 2019-20, a 7.3% increase on the previous year when 378,238 lambs/hoggets were killed in local plants. This increase in lamb/hogget throughput follows on from three consecutive years in which throughput in Northern Ireland plants declined. The average carcass weight of lambs/hoggets killed locally during 2018-19 was 22.3kg, a slight increase from the 21.9kg recorded during the previous year. The better start to the year combined with favourable grazing conditions in the autumn and a relatively mild winter have resulted in good lamb performance and this has contributed to the heavier carcass weights overall.

The increase in annual lamb/hogget throughput in local plants can be attributed to higher lamb supplies locally as a result of the better spring in Northern Ireland and improved lambing survival rates. While the number of lambs/hoggets killed locally increased the number exported to ROI for direct slaughter held steady at 332,835 head. In the 2018-19 period exports to ROI for direct slaughter totalled 332,767 head.

The average deadweight lamb/hogget price in Northern Ireland during 2019-20 was 404.7p/kg, back from 433.6p/kg during the previous financial year.

The 2018-19 financial year was a particularly strong year for deadweight sheep prices due to a significant tightening in lamb supplies as a result of a difficult lambing season in spring 2018 with numbers returning to more typical levels in 2019-20. This decrease by 28.9p/kg equates to a decline of just over £6/head on a 21kg lamb/hogget year on year. This decline in the average price during 2019-20 follows on from three consecutive financial years in which the average deadweight lamb price in Northern Ireland recorded an increase.

### **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 2019-20, 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 ongoing trends observed throughout the year. LMC has also engaged with a range of stakeholders over the course of the year locally, nationally and internationally to ensure that market knowledge and information can be gleaned from multiple expert sources. Through the data request service the Market Information department has provided the NI beef and sheep meat industries with a wide range of bespoke market information reports including analysis of 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. The Market Information department conducted a successful review of all Market Information studies during 2019-20 to ensure it is continuing to deliver the right information in the correct format to meet stakeholder needs.

## **Publications**

LMC continued to deliver a comprehensive range of statistical publications in 2019-20. The weekly LMC Bulletin remains the primary distribution method for providing the NI beef and sheep meat 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 regularly referenced by other agricultural publications. The format and content of the weekly Bulletin and monthly LMC News page is constantly being reviewed and improved to ensure it continues to meet industry needs.

The text message service is an increasingly popular and effective vehicle for provision of weekly market information to producers. There are now over 8,000 subscribers to the LMC text messaging service. LMC continues to provide daily price updates on the LMC answerphone service and to BBC Radio Ulster. A new weekly prime-time Farming Matters programme commenced broadcasting on BBC Radio Ulster in late 2019 and LMC is interviewed for each broadcast on the stories in the Bulletin and market prospects for beef and sheep for the week ahead.

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 2019-20. During 2019-20 LMC worked closely in partnership with other UK Levy Bodies and Government Departments to continue progress in accessing to priority markets. LMC will continue to prioritise this important work area.

## **Efficient Sheep Production Conference**

LMC, AFBI, CAFRE and the UFU came together in October 2019 to jointly host the 'Future Proofing Your Sheep Business' conference. Over 160 people from across the sheep sector attended the successful event which was held over two nights, the first at CAFRE Greenmount campus and the second at the Silver Birch Hotel in Omagh. Speakers focused on what the industry is currently doing well but also to identify how to improve individual sheep enterprises to maximise performance and profit.



Ian Stevenson  
Accounting Officer

26 October 2020

# 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 2020 there are six members on the Commission (“the Board”). Board appointments and committee membership are set out below:

Name	Date appointed	Date term expires	Committee Membership
Gerard McGivern	06 Nov 2015	*06 May 2022	Chairman Remuneration (Chair)
Patrick McElroy	01 Feb 2014	**31 Jul 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

\*\* On 31 January 2020, the Minister for Agriculture, Environment and Rural Affairs extended the appointment of Mr Patrick McElroy for a period of six months.

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 November 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**

Mrs. Oonagh Chesney was appointed to the LMC Board in July 2015. Mrs Chesney is Group Company Secretary for Fane Valley Co-Op Society Ltd and all its subsidiary companies. She has an active involvement in the family beef farming business. She combines corporate governance experience and knowledge with a good understanding of the challenges facing LMC and the Red Meat industry. Mrs Chesney was appointed to the Board of AI Services during 2019. 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 14 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 2019-20 resulted in an audit fee of £14,500 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 2019-20.

## **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 organisation. 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 was one complaint raised in 2019-20.

### **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.

As Accounting Officer I am required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the

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

As far as I am aware, there is no relevant audit information of which the LMC auditors are unaware. I, as 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. I am also responsible for ensuring that electronic publication of the financial statements and auditor's report properly present the original certified statements.

## **Governance Statement 2019-20**

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**

The Accounting Officer for DAERA has designated the LMC Chief Executive as the LMC Accounting Officer. The Accounting Officer is responsible for managing and controlling the resources used within LMC in accordance with the responsibilities assigned in Managing Public Money Northern Ireland (MPMNI). The governance structures and processes, risk management and internal controls during the year were effective. During the year, there was a continued focus on strengthening governance arrangements and internal controls through the implementation of recommendations resulting from internal and external audit recommendations.

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. DAERA ALB Corporate Sponsor Branch is responsible for managing the overall relationship between DAERA and LMC. ALB Corporate Sponsor Branch holds quarterly Accountability Meetings with LMC as part of its governance oversight. The Management Statement and Financial Memorandum (MSFM) defines the accountability arrangements of LMC to DAERA. In 2019-20 the Partnership Agreement template was formally launched. Partnership Agreements when completed, will replace the MSFM. DAERA and LMC have been working together to discuss their relationship and agree their Partnership Agreement. This work is ongoing.

Until September 2019, LMC's Sponsor was DAERA Agri Food Policy Branch II. At the end of September 2019, ALB sponsorship arrangements changed with DAERA and LMC's Sponsor became DAERA ALB Corporate Sponsor Branch. 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 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 2019- 20 were approved by the DAERA Departmental Board on 01 May 2019.

The governance framework has been in place at LMC for the year ended 31 March 2020 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 2019-20 year, DAERA announced a number of extensions to the terms of appointment to LMC Board members. On 07 May 2019 the Secretary of State for Northern Ireland (SoS) formalised second terms of appointment to the Commission for Mrs. Oonagh Chesney, Mr. Harry Sinclair, Mr. Jim Lennon and Mr. G Maguire for three years. The Chairman was also appointed for a second term of three years by the SoS from 07 May 2019. On 31 January 2020, the Minister for Agriculture, Environment and Rural Affairs extended the appointment of Mr. Patrick McElroy for a further six months. A recruitment exercise commenced in March 2020 to fulfil the vacancy of LMC Board member (with responsibility as Audit and Risk Assurance Committee Chair).

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 fulfils 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 2019-20 at Board and Audit and Risk Assurance Committee (ARAC) meetings where applicable:

**Table 1**

<b>NAME</b>	<b>BOARD MEETING</b>	<b>ARAC</b>
Gerard McGivern Appointed 06/11/2015	10/10	-
Patrick McElroy Appointed 01/02/2014	9/10	4/4
Harry Sinclair Appointed 01/07/2015	10/10	3/4
Oonagh Chesney Appointed 01/07/2015	8/10	3/4
Jim Lennon Appointed 01/07/2015	8/10	4/4
Gerry Maguire Appointed 22/10/2015	10/10	-

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 Senior Sponsor for LMC assesses the LMC Chairman’s performance annually. The LMC Chairman assesses individual Board members annually.

In May 2020 the Board completed a self-assessment performance checklist reflecting on the 2019-20 financial year. The checklist focuses on the following principles:

- Discharging the Board’s roles and responsibilities effectively;
- Operating effectively as a Board; and
- Building, developing and evaluating the Board.

All members stated the compliance of the Board in each of the three sections was mostly excellent or good, including:

- The Board has developed and communicated a shared understanding of its vision, remit and strategic priorities;
- The Board is actively involved in strategic planning and policy decisions;
- The Board effectively oversees financial reporting and compliance;
- The Board has a clear relationship with the sponsor department;
- The Board understands that it is accountable to, and consults and communicates regularly with DAERA, the Minister and other key stakeholders;
- The Board and Board members conduct business in a professional manner;
- The committee structure is fit for purpose and is regularly reviewed by the Board;
- The knowledge, skills, expertise and contacts of Board members are fully utilised by the Board and Executive Team; and
- The Board has put in place procedures for dealing with risk management and is supported by a properly constituted Audit Committee.

The results of the self-assessment were discussed at the June 2020 Board meeting, and the overall results of the checklist are shown in Table 2.

**Table 2**

Excellent	Good but can do better	Generally satisfactory but improvement possible	Considerable scope for improvement
91%	8%	1%	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 principal focus of the Audit and Risk Assurance 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 the Accounting Officer.

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 2019-20 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;
- A number of policies were reviewed and updated throughout the year and these were duly approved by the Board;
- The Final Internal Audit and Annual Opinion Report for the 2018-2019 year was issued on 30 April 2019. An overall opinion of 'satisfactory' was recorded. This report was considered by the members of the ARAC on 28 May 2019 and approved for recommendation to the Board;
- The draft Internal Audit Plan for 2019-2020 was presented to the meeting of 24 June 2019 and was approved accordingly;
- The draft Internal audit Terms of Reference 2019-2020 and was approved by the ARAC on 28 October 2019. The audit commenced in early November and the final Internal Audit Report for 2019-20 was presented to the ARAC meeting on 24 February 2020. Once again the findings of Internal Audit confirmed a 'satisfactory' opinion on the LMC's governance, risk management and control arrangements;
- The draft final Report to Those Charged with Governance (RTTCWG) 2018-19 was presented by NIAO at the June 2019 meeting and considered by ARAC.

There was one outstanding issue in relation to the NILGOSC pension and it was agreed that this could be dealt with through correspondence. The pension issue was resolved and the final report was tabled and noted at the following meeting in October;

- 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 the outworkings of the UK departure from the EU ; the lack of a Government Executive for a significant part of the year; and; the loss of specialist staff and difficulties in recruitment due to LMC's inability to offer terms competitive with other sectors;
- The Risk Management Strategy was reviewed, updated and tabled for consideration at the ARAC meeting in October. It was recommended to the Board for approval;
- 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; and
- In March 2020 the Covid -19 global pandemic forced Northern Ireland into a lockdown situation. The LMC acted swiftly to implement procedures in line with prevailing recommendations from Government and Public Health Agency to protect staff. New working methods and procedures were brought into effect on 23 March 2020. Appropriate devices and facilities were sourced to enable staff to work from home wherever possible.

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. The planned activities of Internal and External audit have been conducted in a timely fashion with a high level of cooperation between Internal and External auditors. All recommendations made by internal audit have been accepted or an alternative proposal made by LMC management and all audits conducted during the period have concluded with a 'clean' audit opinion."

In April 2020 the Audit and Risk Assurance Committee completed an Audit and Risk Assurance Committee effectiveness self-assessment checklist with regard to the 2019-20 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 Audit and Risk Assurance Committee have particular engagement with the work of Internal Audit, risk management, External Audit and financial management and reporting issues;
- The ARAC sufficiently challenge the work of internal and external audit;
- The ARAC critically review the comprehensiveness and reliability of assurances that they receive from across the organisation
- 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 2019-20 Annual Report and Opinion of the Livestock and Meat Commission for Northern Ireland, concluding that LMC have an established adequate system of governance, risk management and control in relation to financial management and IT security/information management. IA noted the following processes were in place:

- LMC have an approved strategic plan for 2018-2021 which is approved by the LMC and DAERA Departmental Board, this is directly linked to strategic outcomes and a business plan. The strategic plan is delivered through annual plans and for 2019-20 a fully costed business plan was developed and approved;
- Controls over procurement are adequate and testing confirmed that they are operating effectively. A procurement policy is in place which includes procedural guidance for staff in respect of the procurement of goods and services;
- Audit testing confirmed that all supplier’s invoices are matched to the Purchase Order and the receipt of goods and services formally confirmed by a senior manager;



- LMC have adequate controls in place for IT system access and security; and
- Internal Audit testing confirmed that controls were operating effectively with regards to GDPR and Data Protection.

Two recommendations were identified where improvement could be made to enhance the control framework on daily banking reconciliations and custody of blank cheques.

### **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. There was one occasion during the year when a Board member declared an interest in an item of LMC Board business and the member abstained from discussion of that item with the agreement of the other Board members.

### **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 Arm's Length Bodies Sponsorship Manual quarterly Accountability meetings take place between the Senior Sponsor, members of the sponsorship team, the Chairman and the LMC Accounting Officer. Prior to these meetings signed Assurance Statements are forwarded by the LMC Accounting Officer to the Sponsor Branch for review and consideration of any action points raised. 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 2019-20. On an annual basis the LMC Board meets with the DAERA Departmental Board.

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. Regular updates were provided to DAERA throughout the 2019-20 year on the progress of the improvement actions raised.

## **Internal Audit**

The Internal Audit 2019-20 commenced in November 2019. The audit scope for the annual Internal Audit of LMC included Financial Management (including budgetary management, procurement, payments and receipts) and IT Security/Information Management (including GDPR compliance and IT system access controls).

## **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 2019-20 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 ongoing 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 Strategy 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. The LMC Risk Management Strategy was reviewed and approved in 2019.

## **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 2020 and was subsequently approved by the Board. Risk issues and their management are routinely discussed at each Senior Management Team meeting.

During 2019-20, the main and significant risk areas identified included:

1. Relationship with stakeholders is weakened
2. External event or decisions which may have implications for approved LMC business and strategic plans
3. Information loss and security
4. Loss of staff and specialist skills
5. Absence of succession planning for membership of the Board
6. Breach of physical security of Lissie House and Lissie Walk premises

**Figure 1 LMC Risk Profile**

<b>Likelihood</b>	High	6	2	4
	Medium		1, 5	
	Low			3
		Low	Medium	High
	<b>Impact</b>			
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 2019-20 that a culture of awareness exists among the staff in their departments regarding information security and dealing with information loss incidents. 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 following the introduction of the General Data Protection Regulations (GDPR) and Data Protection Act 2018.

In the 2019-20 LMC engaged with the Public Record Office of Northern Ireland (PRONI) to review and identify records which may require transfer. Discussions have also taken place to assist LMC in reviewing the Retention and Disposal Schedule in line with the current NICS template. There were no data related incidents that would constitute breaches in the financial year 2019-20.

## **Significant Governance Issues**

There are no significant governance issues to report in the 2019-20 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.

	2019-20				2018-19			
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	-	17,000	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 2019-20 was £56,003 (2018-19: £56,003). This was 2.49 times (2018-19: 2.49 times) the median remuneration of the workforce, which was £22,509 (2018-19: £22,509). The range of staff remuneration was £15,015 to £56,003 (2018-19: £15,269 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 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	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)	143	126	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 ongoing 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 ongoing guidance and support to myself and the staff team at LMC.

Organisational Breakdown at 31 March 2020		
Level	Total Number	Male: Female Ratio
Directors/Board Members	6	5:1
Senior Managers (SCS level equivalent)	0	0:0
Employees (permanent)	14	5:9
Employees (temporary)	1	0:1

## Staff Costs (audited)

Staff costs are captured in the table below:

	Permanently employed staff	Others	Commission members	2019-20 Total	2018-19 Total
	£	£	£	£	£
Wages and salaries	426,827	26,695	50,365	<b>503,887</b>	486,003
Social security costs	27,671	187	1,896	<b>29,754</b>	35,626
Pension costs – defined benefit plans	146,585	-	-	<b>146,585</b>	106,551
	<b>601,083</b>	<b>26,882</b>	<b>52,261</b>	<b>680,226</b>	628,180

Included in the above costs is £148,000 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:

	2019-20	2018-19
Percentage days lost through sickness absence	0.91%	1.04%
Cost of absence	£3,365	£7,822
Percentage of annual staff costs	0.49%	1.2%

LMC's absence level is well below current levels associated with the Northern Ireland economy of 5.9% ("Sickness Absence in the Northern Ireland Civil Service" NISRA June 2020).

### **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.

LMC staff attended several training sessions in the last year conducted by the Equality Commission for Northern Ireland. In 2019-20 LMC developed a Harassment Policy and began review of existing Equal Opportunities Policies as part of the policy review cycle.

### **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. LMC employees received various policy training updates throughout the course of the year such as:

Gifts and Hospitality Guidance, Clear Desk Policy, Whistleblowing Policy, Staff Code of Conduct, Grievance Procedure, Disciplinary Procedure, Complaints Procedure, IT Security Policy, Social Media Policy, Performance Appraisal Policy, E-mail and Internet Use Policy and Publication Scheme.

As a result of the Covid-19 pandemic and associated lockdown measures in March 2020, LMC staff were equipped with appropriate technology and support to enable remote working when required. To complement this, a Homeworking Guidance document was drafted to support staff when working remotely as well as helping to ensure all LMC staff were aware of their responsibilities with regards to data protection, IT Security and health and safety (including display screen equipment, workstations and mental health).

### **Other Employee Matters**

LMC held two employee engagement days with all staff in June and November. The Senior Management Team and LMC Board also undertook a strategy planning day in March 2020.

All staff receive three yearly Health and Safety Essentials online training and training on the Health and Safety Policy as it is updated. Regular updates are provided on first aid and fire procedures. Additional information was also drawn up for visitors to the office premises to ensure they are fully aware of the Health and Safety procedures when on site. In April various members of staff were trained on the use of the Automated External Defibrillator (AED) which is on the premises.

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 training is organised 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 2019-20.

**Exit Packages and Compensation for Loss of Office (audited)**

There were no exit packages or compensation for loss of office during the period 2019-20.

**Off Payroll Engagements**

	2019-2020	2018-2019
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 2019-20.

## Remote Contingent Liabilities (audited)

LMC has no remote contingent liabilities to report at 31 March 2020.

## 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)	£1,076,345	£1,192,594
Expenditure for year (excluding notional costs)	£1,257,693	£1,058,727



Ian Stevenson

Accounting Officer

26 October 2020

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Livestock and Meat Commission (LMC) for the year ended 31 March 2020 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 2020 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.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- LMC's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



- LMC has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about LMC's ability to continue to adopt the going concern basis.

### **Other Information**

The Commission and 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 Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Commission and 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](http://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 the 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*

*2 December 2020*

## Financial Statements

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

*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	2019-20 £	2018-19 £
Revenue from contracts with customers	2	1,188,131	1,163,271
Other operating income	2	1,192,594	1,127,568
<b>Total Operating Income</b>		<b>2,380,725</b>	<b>2,290,839</b>
Staff and related costs	3	680,226	628,180
Depreciation (net of deferred grant release)	7	16,317	15,414
Other operating charges	3	1,827,569	2,324,943
<b>Total operating expenditure</b>		<b>2,524,112</b>	<b>2,968,537</b>
<b>Net Operating Expenditure</b>		<b>(143,387)</b>	<b>(677,698)</b>
Finance income	4	11,249	8,929
<b>Net expenditure for the year before income tax</b>		<b>(132,138)</b>	<b>(668,769)</b>
Income tax charge	5	3,658	319
<b>Net expenditure for the year after tax</b>	6	<b>(135,796)</b>	<b>(669,088)</b>
<b>Other comprehensive net income</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Actuarial loss on retirement benefits obligations	14	(1,489,000)	322,000
		(1,489,000)	322,000
<b>Comprehensive net expenditure for the year</b>		<b>(1,624,796)</b>	<b>(347,088)</b>

The notes on pages 79-98 form part of these financial statements.

## Statement of Financial Position as at 31 March 2020

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	2019-20 £	2018-19 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	479,275	491,069
<b>Total non-current assets</b>		<b>479,275</b>	<b>491,069</b>
<b>Current assets</b>			
Trade and other receivables	8	509,571	313,776
Cash and cash equivalents	9	551,584	928,901
Short term bank deposits	10	1,517,121	1,506,312
<b>Total current assets</b>		<b>2,578,276</b>	<b>2,748,989</b>
<b>Total assets</b>		<b>3,057,551</b>	<b>3,240,058</b>
<b>Current liabilities</b>			
Trade and other payables	11	342,246	486,952
Income tax liabilities	5	3,658	1,568
<b>Total current liabilities</b>		<b>345,904</b>	<b>488,520</b>
<b>Total assets less current liabilities</b>		<b>2,711,647</b>	<b>2,751,538</b>
<b>Non-current liabilities</b>			
Pension liabilities	14	2,387,000	808,000
<b>Total non-current liabilities</b>		<b>2,387,000</b>	<b>808,000</b>
<b>Total assets less total liabilities</b>		<b>324,647</b>	<b>1,943,538</b>
<b>Taxpayers' Equity and Other Reserves</b>			
Income and expenditure account		177,872	1,930,630
Designated reserves		146,775	12,908
		<b>324,647</b>	<b>1,943,538</b>

The financial statements on pages 75-98 were authorised for issue by the Board on and were signed on its behalf by:



Ian Stevenson  
Accounting Officer  
26 October 2020

The notes on pages 79-98 form part of these financial statements.

## Statement of Cash Flows for the year ended 31 March 2020

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	2019-20 £	2018-19 £
<b>Cash flows from operating activities</b>			
Net (expenditure) before income tax		<b>(132,138)</b>	<b>(668,769)</b>
Adjustments for:			
Depreciation of property, plant and equipment	7	<b>16,317</b>	<b>15,414</b>
Movement in trade and other receivables	8	<b>(195,795)</b>	<b>244,570</b>
Actuarial (loss)/gain recognised	14	<b>(1,489,000)</b>	<b>322,000</b>
Movement in trade and other payables	11	<b>(144,706)</b>	<b>140,950</b>
Movement in pension liabilities	14	<b>1,579,000</b>	<b>(260,000)</b>
Notional charges	3	<b>5,905</b>	<b>4,155</b>
Loss on disposal of property, plant and equipment		-	-
Income tax paid		<b>(1,568)</b>	<b>(513)</b>
Net cash used in operating activities		<b>(361,985)</b>	<b>(202,193)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	7	<b>(4,523)</b>	<b>(21,030)</b>
Proceeds from sale of property, plant and equipment		-	-
Movement in short-term deposits	10	<b>(10,809)</b>	<b>(6,312)</b>
Net cash used in investing activities		<b>(15,332)</b>	<b>(27,342)</b>
Net (decrease) in cash and cash equivalents in the year		<b>(377,317)</b>	<b>(229,535)</b>
Cash and cash equivalents at the beginning of the year	9	<b>928,901</b>	<b>1,158,436</b>
<b>Cash and cash equivalents at the end of the year</b>	9	<b>551,584</b>	<b>928,901</b>

The notes on pages 79-98 form part of these financial statements.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

*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.*

	<b>Designated reserves</b>		
	<b>Farm quality assurance scheme</b>	<b>Total designated reserves</b>	<b>Income and expenditure account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 April 2018	<b>170,222</b>	<b>170,222</b>	<b>2,116,249</b>
Net expenditure after tax			<b>(669,088)</b>
Other notional charges			<b>4,155</b>
Other comprehensive net expenditure			<b>322,000</b>
Transferred to other designated reserves	<b>(157,314)</b>	<b>(157,314)</b>	<b>157,314</b>
<b>Balance at 31 March 2019</b>	<b>12,908</b>	<b>12,908</b>	<b>1,930,630</b>
Net expenditure after tax			<b>(135,796)</b>
Other notional charges			<b>5,905</b>
Other comprehensive net expenditure			<b>(1,489,000)</b>
Transferred from other designated reserves	<b>133,867</b>	<b>133,867</b>	<b>(133,867)</b>
<b>Balance at 31 March 2020</b>	<b>146,775</b>	<b>146,775</b>	<b>177,872</b>

The notes on pages 79-98 form part of these financial statements.

## **Notes to the financial statements for the year ended 31 March 2020**

### **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 19-39. 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 2019-20 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 2020

### 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 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 2020

### 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 2020

### 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 2020

### 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 2020**

### **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 2020

### 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.

## Notes to the financial statements for the year ended 31 March 2020

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

#### Critical accounting estimates and judgements

##### *Pension obligations*

The cost of a defined benefit NILGOSC pension arrangement is determined based on actuarial valuations. An actuarial valuation assumes the estimation of discount rates, estimated returns on assets, future salary increases, mortality figures and future pension increases. Because of the long term nature of these pension plans, the valuation of these is subject to important uncertainties. See note 14 for additional details.

## Notes to the financial statements for the year ended 31 March 2020

### 2 Income

	2019-20	2018-19
	£	£
<b>Revenue from contracts with customers</b>		
Levy	1,041,345	1,013,869
Services provided to external customers	146,786	149,402
	<b>1,188,131</b>	<b>1,163,271</b>
<b>Other operating income</b>		
NIBLFQAS income	1,192,594	1,127,568
Other	-	-
	<b>1,192,594</b>	<b>1,127,568</b>

### 3 Expenditure

	2019-20	2018-19
	£	£
<b>Staff Costs*</b>		
Wages and salaries	503,887	486,003
Social security costs	29,754	35,626
Pension costs	146,585	106,551
	<b>680,226</b>	<b>628,180</b>
<b>Other operating charges</b>		
Information services	44,545	47,967
Market development and advertising	1,289,533	1,575,254
Administration costs:		
Actuarial costs of pension scheme	19,000	27,000
Office expenses	456,523	658,124
Aggregate travelling and subsistence	17,968	16,598
	<b>1,827,569</b>	<b>2,324,943</b>
<b>Office expenses include:</b>	<b>2019-20</b>	<b>2018-19</b>
	£	£
Notional charges	5,905	4,155
Auditors' remuneration - for external audit	14,500	14,000

\* Further analysis of staff costs is located in the Staff Report on page 67

## Notes to the financial statements for the year ended 31 March 2020

### 4 Finance income and costs

	2019-20	2018-19
	£	£
<b>Interest income:</b>		
Short-term bank deposits	11,249	8,929
<b>Finance costs - net</b>	<b>11,249</b>	<b>8,929</b>

#### Short-term bank deposits

Short-term bank deposits earned interest at a rate of 0.66% over the financial year.

### 5 Income tax charge

	2019-20	2018-19
	£	£
<b>Current income tax:</b>		
Current UK corporation tax at 19% (2019: 19%)	3,658	319
<b>Income tax charge</b>	<b>3,658</b>	<b>319</b>

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% (2019: 19%). The differences are reconciled below:

	2019-20	2018-19
	£	£
<b>(Deficit) before income tax</b>	<b>(132,138)</b>	<b>(668,769)</b>
Tax calculated at the UK small companies' rate of corporation tax of 19% (2019: 19%)	<b>(25,106)</b>	<b>(127,066)</b>
Effect of:		
Tax over accrued	-	1,249
Deficit not taxable	21,448	125,498
<b>Income tax charge</b>	<b>3,658</b>	<b>319</b>

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 2020

### 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 2020 is as follows:

	Levy Funded Activities	NIBLFQAS	Other Services provided	Total
	£	£	£	£
Income from external parties	1,041,345	1,192,594	146,786	2,380,725
Interest Received	11,249	-	-	11,249
Expenditure (excluding notional costs)	1,230,694	1,058,727	138,786	2,428,207
Operating deficit before tax	(178,100)	133,867	8,000	(36,233)
Income tax expense	(3,658)	-	-	(3,658)
<b>Deficit before notional costs and after tax</b>	<b>(181,758)</b>	<b>133,867</b>	<b>8,000</b>	<b>(39,891)</b>
Adjustments in respect of notional costs:				
Internal audit				(5,905)
Actuarial costs and notional charges of pension scheme				(90,000)
<b>Total deficit reported for year</b>				<b>(135,796)</b>
Total assets less liabilities	177,872	146,775	-	324,647
Depreciation	9,212	4,605	2,500	16,317

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 2020

### 7 Property, plant and equipment

	Freehold Land	Property Buildings	Exhibition equipment, fixtures, fittings and office furniture	Computers	Totals
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 April 2018	450,000	-	20,826	35,218	<b>506,044</b>
Additions	-	-	1,210	19,820	<b>21,030</b>
Disposals	-	-	-	-	-
Written-Off	-	-	-	-	-
<b>At 31 March 2019</b>	<b>450,000</b>	<b>-</b>	<b>22,036</b>	<b>55,038</b>	<b>527,074</b>
<b>Depreciation</b>					
At 1 April 2018	-	-	7,503	13,088	<b>20,591</b>
Provided during the year	-	-	4,407	11,007	<b>15,414</b>
Eliminated in respect of write-off	-	-	-	-	-
Indexation	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>11,910</b>	<b>24,095</b>	<b>36,005</b>
<b>Net book amount</b>					
<b>At 31 March 2019</b>	<b>450,000</b>	<b>-</b>	<b>10,126</b>	<b>30,943</b>	<b>491,069</b>
At 31 March 2018	450,000	-	13,323	22,130	485,453
<b>Cost or valuation</b>					
At 1 April 2019	450,000	-	22,036	55,038	<b>527,074</b>
Additions	-	-	-	4,523	<b>4,523</b>
Disposals	-	-	-	-	-
Indexation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>450,000</b>	<b>-</b>	<b>22,036</b>	<b>59,561</b>	<b>531,597</b>
<b>Depreciation</b>					
At 1 April 2019	-	-	11,910	24,095	<b>36,005</b>
Provided during the year	-	-	4,407	11,910	<b>16,317</b>
Eliminated in respect of disposals	-	-	-	-	-
Indexation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>16,317</b>	<b>36,005</b>	<b>52,322</b>
<b>Net book amount</b>					
<b>At 31 March 2020</b>	<b>450,000</b>	<b>-</b>	<b>5,719</b>	<b>23,556</b>	<b>479,275</b>
At 31 March 2019	450,000	-	10,126	30,943	491,069

## Notes to the financial statements for the year ended 31 March 2020

### 7 Property, plant and equipment (continued)

Depreciation expense of £16,317 (2019: £15,414) has been fully charged to expenditure.

The entity's freehold land was revalued externally on 31 March 2015 by Land and Property Services. This 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 2019-20 due to the destruction of the premises and its contents in June 2016.

### 8 Trade and other receivables

	2019-20	2018-19
	£	£
Levies (statutory)	229,905	110,011
Farm quality assurance scheme receivables	122,580	96,786
Prepayments and accrued income	110,004	85,979
Trade debtors	47,082	21,000
	<b>509,571</b>	<b>313,776</b>

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

	2019-20	2018-19
	£	£
Commercial banks and cash on hand	551,584	928,901

### 10 Short term bank deposits

	2019-20	2018-19
	£	£
Short term bank deposits	1,517,121	1,506,312

## Notes to the financial statements for the year ended 31 March 2020

### 11 Trade and other payables

	2019-20	2018-19
	£	£
Accruals	159,235	428,582
Trade creditors	135,602	20,345
Other taxation and social security	47,409	38,025
	<b>342,246</b>	<b>486,952</b>

### 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 £111,786 (2018-19: £114,402). NIFCC provided LMC with inspection services and marketing information during the year valued at £760,895 (2018-19: £909,151). The amount due to NIFCC at 31 March 2020 was £47,570 (2018-19: £74,459). 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 2020

### 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 Board Member of Ai Services
Mr J Lennon	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 2020

### 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:

<b>Assets and liabilities</b>	<b>Category of financial instrument</b>
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 thirty 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, 1/49<sup>th</sup> 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 2019 which indicated

## Notes to the financial statements for the year ended 31 March 2020

### 14 Pension liabilities (continued)

that the scheme had moved into surplus. 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 19.5% of payroll and a nil deficit recovery contribution.

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 March 2020 by Aon Hewitt Ltd. The impact of the McCloud judgement has also been factored into the valuation. The principal assumptions used were as follows:

	2020	2019	2018
	%	%	%
Future salary increases	3.5	3.7	3.6
Discount rate	2.3	2.4	2.6
Inflation rate	2.0	2.2	2.1
Future pension increases	2.0	2.2	2.1

The mortality assumptions used were as follows:

	2020	2019	2018
	Years	Years	Years
Longevity at age 65 for current pensioners			
- Men	21.8	22.6	23.3
- Women	25.0	24.9	25.9
Longevity at age 65 for future pensioners			
- Men	23.2	24.3	25.5
- Women	26.4	26.7	28.2

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

	Value at 2020	Value at 2019	Value at 2018
	£	£	£
Equity	3,986,900	6,825,000	7,750,000
Bonds	3,621,900	2,695,000	1,346,000
Property	935,900	1,285,000	1,085,000
Cash	439,900	310,000	488,000
Other	374,400	355,000	185,000
Total market value of assets	9,359,000	11,470,000	10,854,000
Present value of scheme obligations	11,746,000	12,278,000	11,922,000
<b>Deficit in scheme</b>	<b>(2,387,000)</b>	<b>(808,000)</b>	<b>(1,068,000)</b>

## Notes to the financial statements for the year ended 31 March 2020

### 14 Pension liabilities (continued)

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

	2020	2019
	£	£
At 1 April	11,470,000	10,854,000
Interest Income on scheme assets	273,000	280,000
Contributions by members	24,000	23,000
Contributions by employer	77,000	71,000
Re-measurement of (losses)/gains on assets	(2,173,000)	500,000
Benefits paid	(312,000)	(258,000)
<b>At 31 March</b>	<b>9,359,000</b>	<b>11,470,000</b>

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

	2020	2019
	£	£
At 1 April	12,278,000	11,922,000
Current service cost	148,000	106,000
Interest cost	292,000	307,000
Contributions by members	24,000	23,000
Actuarial (gains)/losses	(684,000)	178,000
Past Service Costs	-	-
Losses on Curtailments	-	-
Benefits paid	(312,000)	(258,000)
<b>At 31 March</b>	<b>11,746,000</b>	<b>12,278,000</b>

Analysis of amount recognised in the income and expenditure account

	2020	2019
	£	£
Current service cost	148,000	106,000
Interest cost	292,000	307,000
Expected return on pension scheme assets	(273,000)	(280,000)
Past Service Costs	-	-
Losses on Curtailments	-	-
<b>Total operating charge</b>	<b>167,000</b>	<b>133,000</b>



## Notes to the financial statements for the year ended 31 March 2020

### 14 Pension liabilities (continued)

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

	2020 £	2019 £
Actual return less expected return on pensions scheme assets	<b>(2,173,000)</b>	500,000
Changes in assumptions underlying the present value of the scheme liabilities	<b>684,000</b>	(178,000)
Actuarial (loss)/gain recognised in the statement of recognised income and expenses	<b>(1,489,000)</b>	322 000
Cumulative actuarial losses recognised in the statement of recognised income and expenses	<b>(2,249,000)</b>	(760 000)

History of experience gains and losses

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	<b>(11,746,000)</b>	(12,278,000)	(11,922,000)	(11,663,000)	(9,211,000)
Plan assets	<b>9,359,000</b>	11,470,000	10,854,000	10,473,000	9,024,000
Deficit	<b>(2,387,000)</b>	(808,000)	(1,068,000)	(1,190,000)	(187,000)
Experience adjustments on plan assets	<b>(2,173,000)</b>	500,000	274,000	1,312,000	(31,000)
Experience adjustments on plan liabilities	<b>(12,000)</b>	30,000	96,000	(298,000)	147,000
Total amount recognised in the statement of recognised income and expenses	<b>(1,489,000)</b>	322,000	189,000	(994,000)	472,000

Analysis of projected amount to be charged to operating profit for the year to 31 March 2021

	£	% of pay
Projected Current Service Cost	141,000	38.0
Net Interest on the Net Defined Benefit Liability (Asset)	54,000	14.5
Past Service Cost	-	-
Losses/(Gains) on Curtailments and Settlements	-	-
<b>Total</b>	<b>195,000</b>	<b>52.5</b>

## **Notes to the financial statements for the year ended 31 March 2020**

### **15 Contingent Liability**

There were no contingent liabilities.

### **Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 26 October 2020.