

STRATEGIC INVESTMENT BOARD LIMITED

Company Registration No. NI 45710

Annual Review and Financial Statements 2015-2016

Year Ended 31st March 2016

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1 Officers and Professional Advisers

1.1 Directors

Mr. Gerry McGinn	Chairman (from September 2013)	
Mr. Frank Hewitt	Non-Executive Director	(from December 2010, resigned November 2016)
Mr. Duncan McCausland	Non-Executive Director	(since September 2013. Temporarily withdrew from active participation in the Board in June 2014 and subsequently returned in January 2016)
Mr. Arthur McFerran	Non-Executive Director	(from November 2009, resigned October 2015)
Ms. Marie-Thérèse McGivern	Non-Executive Director	(since September 2013)
Mr. Daniel McSorley	Non-Executive Director	(since November 2015)
Mrs. Kathryn Thomson	Non-Executive Director	(since September 2015)
Mr. Chris Thompson	Non-Executive Director	(from December 2010, resigned November 2016)
Mr. Brett Hannam	Chief Executive	(since June 2012)

1.2 Secretary

Gregor Hamilton

1.3 Auditors

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

1.4 Registered Office

FinTrU House (formerly known as Carleton House)
Gasworks Business Park
1 Cromac Ave
Belfast
BT7 2JA

1.5 Principal Bankers

Danske Bank
8/9 Donegall Square North
Belfast
BT1 5GJ

2 Performance Report for the Year Ended 31st March 2016

2.1 Overview

During 2015-16 Strategic Investment Board Ltd continued to provide advice to Ministers and departments in relation to the articulation and delivery of the Executive's major investment programmes. For the fourth year in succession, Strategic Investment Board Ltd has provided assistance (including research, consultancy, project management and other services) to every government department and a range of other partners including agencies, NDPBs and local authorities.

2.1.1 Chief Executive's Perspective on Performance

In 2015-16 Strategic Investment Board Ltd made significant contributions to the success of its partners in the following areas:

- managing projects contained in the Programme for Government such as the Strule Education Campus, the Community Safety College, the Regional Sports Stadiums Programme, Social Housing Reform, Belfast Rapid Transit, e-Cars, Prison Service Reform and the implementation of the Education Authority;
- supporting other projects with a regional or sub-regional significance such as arc21; Energy Wise; and Urban Villages;
- continuing to support Belfast City Council and other local authorities in the delivery of investment projects such as the Waterfront Hall Conference Centre, Connswater Greenway and the North West Sports Village; and
- achieving the Executive's targets for the realisation of capital from surplus assets; the implementation of the Executive's asset management strategy and the reform of property management.

2.1.2 Performance and Activities

During 2015-16, Strategic Investment Board Ltd:

- Provided Project Directors or Managers for the:
 - i. Northern Ireland Community Safety College at Desertcreat;
 - ii. Strule (formerly Lisanelly) Education Campus;
 - iii. Education Authority Implementation Programme;
 - iv. Regional Stadiums Programme;
 - v. Belfast Rapid Transit Programme;
 - vi. Northern Ireland Prison Service Change Programme;
 - vii. Forensic Science Northern Ireland Change Programme;
 - viii. Northern Ireland Housing Executive Change Programme;
 - ix. Social Housing (Transaction) Project;

- x. Urban Villages Regeneration Programme;
- xi. The Energy Wise (formerly HeAT) project;
- xii. Plugged In Places (e-cars) Project;
- xiii. Department of Agriculture, Environment & Rural Affairs (formerly Department of Agriculture and Rural Development) Wind Farms Programme;
- xiv. Department of Finance (formerly Department of Finance and Personnel) Reform of Property Management Project;
- xv. Arc21 Waste Management procurement;
- xvi. Southern Regional College Campus Programme
- xvii. Waterfront Hall Extension project;
- xviii. Connswater Greenway project;
- xix. HMS Caroline project;
- xx. Museum of Free Derry;
- xxi. Apprentice Boys of Derry Heritage Centre Project;
- xxii. Ebrington Capital Projects;
- xxiii. North Coast Sports Village;
- xxiv. Dunluce Castle regeneration project;
- xxv. Government Data Centre;
- xxvi. Enniskillen (Erne) Shared Service Facility; and
- xxvii. The Maze Long Kesh (MLK) Development Corporation.

- achieved the capital realisation targets agreed with Ministers for 2015-16;
- maintained the e-PIMS asset management database;
- assisted departments to develop and implement asset management plans; and
- managed the Investment Strategy Northern Ireland Delivery Tracking System on behalf of the Executive; and enhanced it through the publication of a project pipeline.

Specifically, Strategic Investment Board Ltd:

- supported the Executive Office (formerly Office of the First Minister and deputy First Minister) by:

- i. providing the acting Chief Executive for the MLK Development Corporation;
 - ii. creating and staffing the Urban Villages Delivery Unit;
 - iii. advising on the management and disposal of the strategic sites passed to the Executive under the terms of the Hillsborough Agreement;
 - iv. providing the Head of the Delivering Social Change (DSC) Delivery Unit;
 - v. providing project advisors to the Social Investment Fund capital and revenue programmes;
 - vi. drafting business cases and providing a range of other support to the Delivering Social Change Programme;
 - vii. the provision of a Project Manager to deliver capital projects at Ebrington; and
 - viii. completing Business cases to support investment at Ebrington;
 - ix. developing the capability to review existing PPP/PFI contracts; and
 - x. seconding three interns into the Delivering Social Change unit.
- supported the Department of Finance (formerly Department of Finance and Personnel) by:
 - i. assisting with the implementation of the actions arising from the review of the processes and procedures for the commissioning, procurement and delivery of major capital projects; and
 - ii. providing a project manager and delivery team for the Reform of Property Management project;
 - iii. providing a project manager for the Government Data Centre Project;
 - iv. completing a review of the use of Social Clauses in government contracts; and
 - v. establishing a 'Social Clauses' support unit to promote the delivery of social value in public sector procurement.
 - supported Department of Education by:
 - i. providing the Change Director for the Education Authority;
 - ii. providing an Acting Director of Operations and Estates to the Education Authority;

- iii. providing a Programme Director and Construction Manager for the Strule Shared Educational Campus programme; and
 - iv. providing analytical support to the department's planning for school transport and primary education.
- supported the former Department of the Environment by:
 - i. providing project managers to the arc21 residual waste management infrastructure project;
 - ii. providing strategic advice on waste management; and
 - iii. providing a project manager for the Dunluce Castle project.
- supported the Department of Infrastructure (formerly Department for Regional Development) by:
 - i. providing a Director of Projects who is managing the Belfast Rapid Transit Programme;
 - ii. providing a project manager for the 'Plugged in Places' (e-cars) project;
 - iii. seconding a transport modeller to procure a Transport Planning and Modelling Framework Managed Service; and
 - iv. developing proposals for the use of FTC in the Belfast Transport Hub Project.
- supported the Department of Health (formerly Department of Health, Social Services and Public Safety) through:
 - i. membership of the Health Infrastructure Board;
 - ii. implementing a programme of revenue funded investment in primary health care facilities (including the preparation of business cases; the conduct of bidder negotiations and the provision of legal advice);
 - iii. advising on the reform of GP Out of Hours services;
 - iv. advising on the development of the 111 and National Pan-endemic Flu service; and
 - v. managing the SBRI procurement for the delivery of a medicines optimisation solution.
- assisted the Department of Justice (DoJ) by
 - i. providing a Director and Procurement Manager for the Community Safety College at Desertcreat;

- ii. providing a Director for the Northern Ireland Prison Service (NIPS) strategic change programme;
 - iii. providing an advisor to devise and implement the NIPS estate strategy;
 - iv. providing a manager for the Forensic Science Agency's change programme; and
 - v. advising on the NI Courts Service estate.
- supported the former Department of Culture Arts and Leisure (DCAL) by
 - i. providing a Programme Director for the Regional Stadiums Programme; and
 - ii. providing a Project Manager for the Casement Park Project;
 - iii. providing advice on remediation work for the Mac;
 - iv. developing a visual arts strategy for Derry-Londonderry and
 - v. developing a business case for a regional art gallery.
- supported the Department for Communities (formerly the Department for Social Development) by
 - i. providing senior staff to advise on the Social Housing Reform Programme;
 - ii. providing an Interim Chief Executive to the NI Housing Executive;
 - iii. devising a sustainable framework for the development of the Colin Town Centre and by providing a Programme Director and other staff through the Urban Villages programme;
 - iv. producing a business case in respect of Craigavon House; and
 - v. drafting an evaluation of the Urban Development Grant Scheme.
- supported the Department of Agriculture, Environment & Rural Affairs (formerly Department of Agriculture and Rural Development) by
 - i. providing a manager for the Wind Farm project;
 - ii. completing a range of strategic reviews; and
 - iii. assisting the Agri-food and Biosciences Institute (AFBI) to implement its commercialisation strategy.
- Supported the Department for the Economy (formerly the Department of Enterprise, Trade and Investment) by:

- i. providing a project manager and procurement advisor for the Energy Wise programme;
- ii. providing a Project Director for the SBRI Nitrates project;
- iii. providing a project manager for the Apprentice Boys of Derry (ABOD) Heritage Project;
- iv. providing a project manager for the Museum of Free Derry Project;
- v. providing a project manager for the HMS Caroline project; and
- vi. supporting work to promote the economic development of Kilkeel.
- supported the former Department of Employment and Learning by:
 - i. providing a project manager to the Southern Regional College campus programme;
 - ii. providing an adviser for the 'United Youth' programme;
 - iii. providing analytical support to the Regional Further Education Colleges;
 - iv. developing proposals for further investment in FE colleges; and
 - v. managing DEL's £88m FTC loan portfolio.
- assisted the Police Service of Northern Ireland (PSNI) by:
 - i. the provision of a Project Director and a procurement manager for the Northern Ireland Community Safety College at Desertcreat;
 - ii. extending the use of the Police Operations Decision Support System (PODSS);
 - iii. providing support to the Royal Ulster Constabulary George Cross museum project; and
 - iv. advising on the governance of the Risk Avoidance Danger Awareness Resource (RADAR) Centre.
- supported Belfast City Council by
 - i. providing a project manager for the Connswater Greenway Project; and
 - ii. providing a project manager for the Waterfront Hall conference centre extension project.
- supported the Southern Health and Social Care Trust and Banbridge District Council by advising on the redevelopment of the Rathfriland site;

- supported Fermanagh District Council in the development of a shared service facility on the former Erne Hospital site at Enniskillen through the provision of a project manager;
- supported Coleraine Council through the provision of a project manager for the North Coast Sports Village project;
- provided advice to the cross-departmental Portrush Regeneration Group;
- supported departments and other organisations through the provision of recruitment advice; and
- provided support to partners through the deployment of Associate Strategic Advisers.

2.1.3 *The Key Issues and Risks*

This section examines the major risks arising from the environment in which Strategic Investment Board Ltd operates and sets out Strategic Investment Board Ltd's response.

Although the overall level of capital investment is lower in the current iteration of the Investment Strategy Northern Ireland (ISNI) than those that it succeeded, this has not led to a proportionate reduction in the demand for Strategic Investment Board Ltd support. On the contrary, demand has risen rapidly to the point where there is a risk that Strategic Investment Board Ltd will be unable to respond to all the requests for help that it receives, particularly from organisations other than central government departments. There is an associated risk that Strategic Investment Board Ltd may spread itself too thinly across too many projects and that as a result its effectiveness may be diluted. In line with Ministerial expectations, Strategic Investment Board Ltd will continue to manage these risks by carefully prioritising its work and focusing support where it will have the greatest beneficial impact on the most important projects.

The significant reductions in Strategic Investment Board Ltd's core funding will, for the foreseeable future, reduce its ability to provide services to partners that are free at the point of use. Strategic Investment Board Ltd will, therefore, continue to seek co-funding from partners where this is required to achieve their objectives. In particular, it will seek to recoup the full costs of providing project management support to partner organisations.

The Asset Management Unit's (AMU) experience has been that asset values are difficult to gauge in the current economic climate. Prices have been highly variable as a result of distressed asset sales, the limited availability of debt and the high yields required by liquid investors. Strategic Investment Board Ltd will continue to work to develop the value of the government's surplus assets in order to increase their attractiveness. It will also continue to seek socially valuable alternative uses for assets that are surplus but cannot be sold in current conditions.

The improvement in general economic conditions, though welcome, has increased the risk that Strategic Investment Board Ltd will be unable to recruit and retain staff with the required experience, skills and knowledge. The organisation is vulnerable to staff being attracted by offers from a newly resurgent private sector. Current policy does not allow the organisation to respond to requests for increased pay. Similarly, Strategic Investment Board Ltd's ability to respond positively to the aspirations of its staff to develop their careers and experience is limited. There are more than twenty important programmes and projects, the success of which would be endangered by the sudden loss of key Strategic Investment Board Ltd staff. Increased demand for the high-quality personnel on which Strategic Investment Board Ltd depends for its success inevitably means that the market rates for such staff will be subject to upward pressure. This will make it more difficult to recruit staff; require them to be paid more and risks creating disparities between new and with existing staff. Such disparities could leave the organisation open to legal challenge.

Strategic Investment Board Ltd staff can only operate effectively as part of appropriately staffed and resourced teams established by those partners. There is a risk that plans to reduce the size of the public sector may disrupt such teams and adversely impact on delivery.

Procedures put in place by the NICS to satisfy the requirements of the NI Civil Service Commissioners may delay the appointment of Strategic Investment Board Ltd staff to roles embedded in departments.

Planned legislation that aims to reduce the exploitation of low-paid staff working on 'zero hours contracts' may risk reducing Strategic Investment Board Ltd's ability to offer flexible working arrangements to Associate Strategic Advisers (ASAs). Strategic Investment Board Ltd has, therefore, amended its contracts with such staff in order to comply with the spirit and letter of such reforms whilst retaining the benefits of the existing model.

The Board will continue to monitor these risks and will, as far as is possible within current pay policy, take the action necessary to reduce them.

2.1.4 *The Going Concern Basis*

The Financial Statements have been prepared on the assumption that Strategic Investment Board Limited is a going concern basis and will continue in operation for the foreseeable future.

2.1.5 *Performance Summary*

In 2015-16 Strategic Investment Board Limited has:

- delivered strategic infrastructure planning models in key sectors, which help its partners to plan and deliver more economically and operationally sustainable infrastructure to meet contemporary and future needs across the region;
- helped Departments deliver larger and better project procurements (in terms of faster delivery, lower risk and best value) than would otherwise have been possible;

- met the targets set it for Revenue Funded Investment and the use of Financial Transaction Capital (including supporting the establishment and operation of the NI Investment Fund);
- met the targets set it for the generation of additional capital;
- helped Departments develop and implement asset management plans;
- provided information to the private and third sectors that informs their decision-making and fosters the development of the local economy;
- worked to ensure that sustainable development principles, including Social value, guide capital investment decisions on all major publicly funded buildings and infrastructure projects;
- helped Departments develop their infrastructure programme and project delivery capability so that projects and programmes can be delivered efficiently, effectively and with a reduced need for ongoing Strategic Investment Board Ltd support;
- provided detailed information to its stakeholders on progress with the implementation of the Investment Strategy; and
- developed as an organisation so that – insofar as this is possible within budget constraints - it meets the requirements of its stakeholders: Ministers, local representatives, the Departments, its shareholder (the Executive Office, formerly Office of the First Minister and deputy First Minister), the private and third sectors, its staff and the public.

2.2 Performance Analysis

2.2.1 How Performance is Measured

The diverse nature of Strategic Investment Board Ltd's business is reflected in its use of a range of performance measures and indicators. These include:

- Performance against the expectations of the First and deputy First Ministers;
- Performance against specific objectives set out in the annual business plan;
- Performance against cost, schedule and quality targets set out in specific programme and project plans;
- Targets for the raising of additional capital and other asset management activities set out in the Asset Management Unit (AMU) Operational Plan; and
- Performance against internal administrative targets.

Strategic Investment Board Ltd obtains written feedback on the performance of its staff from its partners at least annually. A performance report is completed at the conclusion of each assignment undertaken by Associate Advisers.

2.2.2 Analysis and Explanation

At the 31st March 2016:

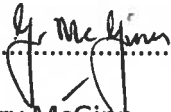
- All 11 Ministerial expectations had been met, or were on track to be met, with the exception of that relating to budget management, where Strategic Investment Board Limited had a larger than planned underspend.
- Of Strategic Investment Board Ltd's 27 business plan targets, 56% were successfully completed, 22% were on track for successful completion and 15% were not completed. This latter group related to arc21, development at Maze Long Kesh, the delivery of Casement Park, capital spend on Urban Villages and the management of underspends. One target (related to the management of a proposed transfer to the Department for Infrastructure) was suspended in-year as being no longer relevant.
- Of the 17 targets related to the delivery of projects in the Programme for Government, eight were achieved, five are on target, one (relating to Maze Long Kesh Development Corporation) was suspended and two were not achieved. The latter were arc21 and Casement Park, which have not obtained planning permission as planned.
- All Asset Management targets were achieved.
- Internal administrative targets relating to prompt payments, the implementation of new HR computer systems, the completion of annual reports, the completion of Post project Evaluations, cost recovery and internal communications were all achieved.
- The Strategic Support Unit carried out 59 assignments. Feedback from partner organisations indicated that 100% would employ the relevant adviser again and 100% agreed that the output of the assignments had been of a high quality.

2.2.3 Sustainability Report

Strategic Investment Board Limited is committed to the Executive's Sustainable Development Strategy. Policies and practices have been introduced within Strategic Investment Board Limited to encourage efficiency in the use of resources. These include the 100% use of recycled paper, the introduction of multifunction printing/copying/ scanning devices which are set to duplex printing by default and the use of efficient heaters to provide hot water for refreshments.

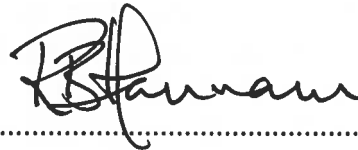
In September 2013, Strategic Investment Board Limited moved to Carleton House. Despite increases in headcount from 2013, the organisation has not increased the size of its office space. This has been made possible through the aggressive use of 'hot-desking'. The company has also, in order to reduce its carbon footprint, pursued a policy of enabling staff to work from home and to use video-conferencing as an alternative to travelling by air.

Strategic Investment Board Limited promotes economic, social and environmental sustainability in all its projects. Over the past year it has, for example, promoted the development of renewable energy through its work on the Forest Service wind farm programme; encouraged the wider use of social clauses in construction and service contracts and supported sustainable economic growth through its work on the Investment Strategy.



Gerry McGinn

Chairman



Brett Hannam

Chief Executive

Date: 6th December 2016

3 Accountability Report for the Year Ended 31st March 2016

3.1 Corporate Governance Report

3.1.1 Directors' Report

3.1.1.1 Future Developments

Strategic Investment Board Ltd derives its strategic priorities from the targets set by Ministers in the Programme for Government. These are:

- Growing a Sustainable Economy and Investing in the Future;
- Creating Opportunities, Tackling Disadvantage and Improving Health and Well-Being;
- Protecting Our People, the Environment and Creating Safer Communities;
- Building a Strong and Shared Community; and
- Delivering High Quality and Efficient Public Services.

The over-arching priority for Strategic Investment Board Ltd is to help government deliver “enhanced economic infrastructure”. Subject to any new priorities or targets in the Programme for Government 2016-21, the priority issues Strategic Investment Board Ltd will address are:

- the statutory requirement for Strategic Investment Board Ltd to advise the Executive in relation to the formulation and implementation of its programme of major investment projects;
- the need to deliver those projects to the required quality, on time and within budget;
- the need to obtain value for money for infrastructure investment (including the delivery of social value through sustainable procurements and use of assets);
- the need to make best use of existing assets and dispose of those that are surplus to requirements;
- the need to engage with the private sector more closely in order to optimise the use of private funding in support of public investment, (while recognising that private funds do not have general applicability at all times or across all types of infrastructure);
- the need to deliver the best possible return to the Executive through the use of Financial Transactions Capital (FTC) and the Investment Fund;
- the need to support strategic infrastructure planning;
- the need to improve the infrastructure delivery capabilities of government departments;
- the need for continual improvement in the processes and procedures for the commissioning and procurement of major capital investment;

- the need to develop Strategic Investment Board Ltd's capacity and capabilities to ensure it continues to meet the needs of its partners; and
- the need to be flexible and informed to support departments in the delivery of new major investment policies and programmes.

Further information can be found in Strategic Investment Board Ltd's Corporate and Business Plan 2016-19 www.sibni.org

3.1.1.2 Share Capital

The company is limited by guarantee and has no share capital.

3.1.1.3 Fixed Assets

Details of the movement of fixed assets have been summarised in note 9 to the accounts. The company does not believe that there is any material difference between the market and book value of its fixed assets as at 31 March 2016.

3.1.1.4 Financial Assets

In 2015-16 Strategic Investment Board Ltd processed two loans to Queen's University, Belfast (QUB) for £14,500,000 (2014-15: £48,475,000 to the University of Ulster, Jordanstown (UUJ)). The funding for this loan, made using Financial Transactions Capital, was provided to Strategic Investment Board Ltd by the Department of Finance (formerly Department of Finance and Personnel) through the Executive Office (formerly Office of the First Minister and deputy First Minister) at the request of the former Department of Employment and Learning. The NI Executive agreed that the loan should be channelled through Strategic Investment Board Ltd in accordance with Strategic Investment Board Ltd's particular vires. The loans will be repaid by UUJ and QUB and the receipts returned to Department of Finance (formerly Department of Finance and Personnel) through the Executive Office (formerly Office of the First Minister and deputy First Minister).

3.1.1.5 Data Protection and Freedom of Information

Strategic Investment Board Ltd is required to report on personal data related incidents. Within its Government framework, Strategic Investment Board Ltd has an explicit control system to meet its responsibility under Data Protection and Freedom of Information. The control system has been established to ensure that appropriate handling of personal data and information used for operational and reporting purposes through the development of appropriate strategy and policy. In the 2015-16 year Strategic Investment Board Ltd received six (2014-15: eight) Freedom of Information (FOI) requests, and responded to all of them within the 20 day deadline. Strategic Investment Board Ltd will continue to monitor and assess its information risks in order to identify and address any weakness and ensure continuous improvement of its systems.

There were no incidents of personal data loss recorded within the period under review.

3.1.1.6 Reporting of Complaints

Strategic Investment Board Ltd is required to disclose its approach to complaints handling. Strategic Investment Board Ltd has a complaints policy for dealing with complaints from the public or other third parties (the procedure for internal complaints is detailed separately in the Strategic Investment Board Ltd Staff Handbook). The complaints policy is published on the Strategic Investment Board Ltd Website. All complaints are referred to the Chief Executive as soon as they are received. Strategic Investment Board Ltd's pledge on response times are:

- Strategic Investment Board Ltd will acknowledge receipt of a complaint within 2 working days.
- Normally Strategic Investment Board Ltd will issue a full response within 10 working days.
- If there is a delay in responding we must keep the complainant informed of our progress.

In 2015-16 Strategic Investment Board Ltd received one complaint. Following investigation, the complaint was not upheld.

3.1.1.7 Payments to Suppliers

Strategic Investment Board Ltd is committed to the prompt payment of bills for goods and services received, in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended. Strategic Investment Board Ltd follows DAO 12/08 "Supporting Businesses Prompt Payment of Invoices" which introduced a prompt payment target of ten days, with effect from December 2008. In the year ended 31 March 2016, Strategic Investment Board Ltd has paid 97% of its suppliers within 10 days (2014-15: 91%). In the year ended 31 March 2016, 99% of suppliers were paid within 30 days (2014-15: 99%).

3.1.1.8 Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have received assurance that the financial statements have been prepared in line with the requirements above.

The directors confirm that so far as they are aware, there is no relevant audit information of which the auditor is unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for the Executive Office (formerly Office of the First Minister and deputy First Minister) has designated the Chief Executive as the Accounting Officer for Strategic Investment Board Ltd. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of public finances and for the keeping of proper records, are set out in the Accounting Officer Memorandum, in compliance with Chapter 3 of Managing Public Money Northern Ireland and Financial Reporting Manual (FReM).

3.1.1.9 Charitable Donations

The company made no charitable donations during the period.

3.1.1.10 Corporate Governance

The company's Statement of Corporate Governance is set out on page 17.

3.1.1.11 Statement of Disclosure of Information to Auditors

The directors confirm that, for all directors in office at the date of this report:

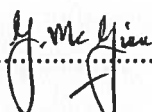
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report; and
- each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

3.1.1.12 Auditors

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, the Comptroller and Auditor General for Northern Ireland has statutory responsibility for the audit of the Strategic Investment Board Limited under the Audit and Accountability (NI) Order 2003.

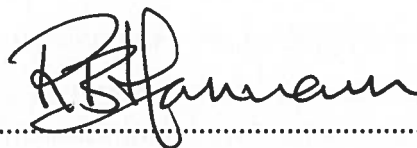
3.1.1.13 National Fraud Initiative

The Comptroller and Auditor General for Northern Ireland has statutory powers to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud. The Northern Ireland Audit Office (NIAO) commissioned a National Fraud Initiative (NFI) Data Matching Exercise in June 2015.



Gerry McGinn

Chairman



Brett Hannam

Chief Executive

Date: 6th December 2016

3.1.2 Statement of Accounting Officer's Responsibility

Under the terms of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 the Executive Office (formerly Office of the First Minister and deputy First Minister) (with approval from Department of Finance, formerly Department of Finance and Personnel) has directed Strategic Investment Board Ltd to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Strategic Investment Board Ltd and of its income and expenditure, 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* and in particular to:

- observe the Accounts Direction issued by the Department of Finance (formerly Department of Finance and Personnel), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Executive Office (formerly Office of the First Minister and deputy First Minister) has appointed the Chief Executive as the Accounting Officer of Strategic Investment Board Ltd. 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 keeping proper records and for safeguarding the Strategic Investment Board Ltd's assets, are set out in *Managing Public Money Northern Ireland* published by Department of Finance (formerly Department of Finance and Personnel).

3.1.3 Governance Statement

The Strategic Investment Board Ltd is a company limited by guarantee, owned by the Executive Office (formerly Office of the First Minister and deputy First Minister) and functioning as one of that Department's Arm's Length Bodies (ALBs). It is financed from the Executive Office (formerly Office of the First Minister and deputy First Minister) departmental expenditure limit (DEL). Its board reports directly to the First Minister and the deputy First Minister.

This statement is given in respect of Strategic Investment Board Ltd's financial statements for 2015-16.

3.1.3.1 The Purpose of the Governance Framework

The purpose of the Governance Statement to report publicly on the extent to which Strategic Investment Board Ltd complies with its code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year.

3.1.3.2 The Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Strategic Investment Board Ltd is directed and controlled. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve Strategic Investment Board Ltd's aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework described below has been in place in Strategic Investment Board Ltd for the year ended 31 March 2016. It comprises:

- the Board;
- the Accounting Officer;
- the Audit Committee;
- the Internal Audit function; and
- the External Audit function.

These organisational structures, together with an overview of their responsibilities and performance in year, are set out in the relevant sections below.

3.1.3.3 The Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of Strategic Investment Board Ltd's aims and objectives. I also have responsibility for the propriety and regularity of the public finances allocated to Strategic Investment Board Ltd and for safeguarding public funds and assets: in accordance with the responsibilities assigned to me in the Corporate Governance Code and Managing Public Money Northern Ireland.

3.1.3.4 The Board

The Board is chaired by a non-executive Director. It supports the delivery of effective Corporate Governance and operates within best practice guidelines set out in “Corporate Governance Code of Good Practice (NI) 2013”¹. The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and assisting me in meeting my corporate governance responsibilities.

The Board is required to act in accordance with the responsibilities assigned to it in the Corporate Governance Code of Good Practice (NI) and Managing Public Money Northern Ireland.

The Board receives monthly written reports from me; the head of the Asset Management Unit and head of Investment Strategy. It also receives a monthly financial and budget monitoring report and a pack of relevant media reporting.

I provide quarterly reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; requests made under the Freedom of Information Act; press reporting of Strategic Investment Board Ltd; usage of the Strategic Investment Board Ltd web sites; Assembly Questions relevant to Strategic Investment Board Ltd; absence management; recruitment; communications; legal work and requests for Strategic Investment Board Ltd support. Strategic Advisers and Project Managers provide the Board with quarterly reports on the progress of their work.

The Board maintains a Register of Interests that is published on the Strategic Investment Board Ltd web site. This lists, for each Director, all commercial and other relevant interests. A similar register is maintained by all Strategic Investment Board Ltd staff.

Each Board and committee meeting begins with those present declaring any conflicts of interest that may arise from agenda items. The Terms of Reference for the Board set out how such conflicts should be managed should they arise.

In 2015-16 Board members declared possible conflicts of interest relating to particular projects and their involvement in organisations with which Strategic Investment Board Ltd works. These were recorded in the minutes of the meetings. On no occasion was a Director required, on account of such interests, to withdraw from any meeting.

¹ Issued under DAO, Department of Finance (formerly Department of Finance and Personnel) 06/13 in April 2013.

In 2015-16, the Board comprised the following members:

Mr Gerry McGinn	Chairman (from September 2013)
Mr Frank Hewitt	Non-Executive Director (from December 2010, resigned November 2016)
Mr Duncan McCausland	Non-Executive Director (since September 2013) <i>Temporarily withdrew from active Board membership in June 2014 and subsequently returned in January 2016)</i>
Mr Arthur McFerran	Non-Executive Director (since November 2009, resigned October 2015)
Ms Kathryn Thomson	Non-Executive Director (since September 2015) <i>First meeting in October 2015</i>
Ms Marie-Thérèse McGivern	Non-Executive Director (since September 2013)
Mr Danny McSorley	Non-Executive Director (since November 2015)
Mr Chris Thompson	Non-Executive Director (from December 2010, resigned November 2016)
Mr Brett Hannam	Chief Executive (since June 2012)

The Board held 11 meetings and an away-day during 2015-16. Attendance was as follows:

	Maximum Attendance	Actual Attendance
Mr Gerry McGinn	11	10
Mr Frank Hewitt	11	10
Mr Duncan McCausland	3	3
Mr Arthur McFerran	6	6
Mr Kathryn Thomson	6	5
Ms Marie-Thérèse McGivern	11	9
Mr Danny McSorley	5	5
Mr Chris Thompson	11	10
Mr Brett Hannam	11	11

In December 2015 the Board held their annual away day at the RADAR Centre, which was also attended by the Head of NI Civil Service, Dr Malcolm McKibbin.

The Board reviewed its own effectiveness in September 2015 and subsequently took into account the findings of the review by making recommendations to the Executive Office (formerly Office of the First Minister and deputy First Minister) in respect of the skills, knowledge and experience required of future Board members.

3.1.3.5 Board Committees

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board, (and indirectly the shareholder – the Executive Office, formerly Office of the First Minister and deputy First Minister), that the company's financial and other control systems are operating effectively;
- The Strategy Committee, which scrutinises and supports the development of long-term plans and policies and the delivery of analytical support and research;
- The Remuneration Committee, which approves senior appointments and salaries and scrutinises recruitment; and
- The Communications Committee, which scrutinises the organisation's strategic communications and engagement work.

3.1.3.6 The Audit Committee

The Audit Committee's terms of reference set out its purpose as being to support me as Accounting Officer in monitoring risk, control and governance systems (including financial reporting). The Audit Committee and its Chair are appointed by the Board from amongst its non-executive members and a quorum comprises not less than two non-executive members. The Audit Committee Chair is a non-executive member of the Board other than its Chair.

In addition to its members, the following normally attend meetings of the Committee:

- The Accounting Officer;
- The Internal Auditor;
- The External Auditor;
- A representative of the Executive Office (formerly Office of the First Minister and deputy First Minister);
- The Finance Manager (Secretary to the Committee); and
- The Compliance Manager.

The committee reviewed its own effectiveness in March 2016. As a result it subsequently made changes to its process for disseminating Board papers and instigated performance reviews for committee members.

The Committee chairman reports after each meeting to the Board on any significant issues that have arisen. The Committee Chair, on behalf of the committee, reports in writing once a year to the Accounting Officer and the Board on the findings and conclusions of the committee for the past year.

The membership of the Strategic Investment Board Ltd's Audit Committee in 2015-16 comprised:

Mr Chris Thompson

Mr Frank Hewitt

Ms Marie Therese McGivern

Ms Kathryn Thomson (appointed to Committee from February 2016)

Mr Duncan McCausland (from March 2016, following a period of absence)

The Audit Committee met five times in 2015-16. All meetings were quorate.

The committee took three reports from its internal auditors. The results were as follows:

- Provision of Advice (Substantial)
- Procurement (including consultancy) (Substantial)
- Financial Transactions Capital (Substantial)

All recommendations from the internal audit reports were accepted. The internal auditor's overall assurance rating for 2015-16 was 'SUBSTANTIAL'.

The committee reviewed risk and the risk register at its meetings. It made recommendations regarding risk ownership and paid particular attention to Procurement Risks and Information Assurance risks.

The committee met the internal and external auditors in the absence of the executive. No matters were raised with the executive as a result of these meetings. The committee submitted a formal written report on its work to the Strategic Investment Board Ltd Board in May 2016. The Chair reported orally to the Strategic Investment Board Ltd Board after each of the committee's meetings.

3.1.3.7 Sources of Independent Assurance

The Department obtains Independent Assurance from the following sources:

- Internal Audit; and
- The Northern Ireland Audit Office.

Strategic Investment Board Ltd's internal audit services are provided by ASM, a representative of which attended all Strategic Investment Board Ltd Audit Committee meetings.

I am independently advised by the Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS).

Strategic Investment Board Ltd is also subject to independent scrutiny from the Northern Ireland Audit Office. A representative from the Northern Ireland Audit Office attends all Strategic Investment Board Ltd Audit Committee meetings.

3.1.3.8 Other Board Committees

The Strategy Committee met twice during the reporting period. Its main work was the instigation of work relating to the development of the Investment Strategy.

The Remuneration Committee met twice during the reporting period. In addition, it considered out of committee, by written procedure, proposals for senior appointments. All such appointments were formally ratified at the following meeting. The committee agreed a cost of living pay increase for 2014/15 that, following Ministerial approval, was paid with February 2016 salaries.

The Communications Committee met twice during the reporting period. It agreed to recommend the draft Communications Strategy to the Board and oversaw the development of a new corporate brand.

3.1.3.9 Board Effectiveness

The evidence presented in the preceding sections provides me with assurance that the Board operates effectively.

3.1.3.10 The Investment Committee

The Investment Committee is an internal executive management committee. Its purpose is to appraise expenditure proposals, ensuring that the principles of regularity, propriety, probity and value-for-money are achieved and that the proposed investment of resources is consistent with Strategic Investment Board Ltd's overall aims and objectives.

The committee consists of the Chief Executive, the Legal Director, Compliance Manager and Finance Manager. A Principal Officer from the Executive Office (formerly Office of the First Minister and deputy First Minister) and the Human Resources Manager attend as observers. The Investment Committee met 13 times during the reporting period. It approved eighty-seven business cases with a total value of £11,126K. Of these, forty-one (£4,978k) were cases for the employment of staff and forty-six (£6,148k) were for external support or direct contributions to departmental projects.

Strategic Investment Board Ltd awarded contracts directly on three occasions during the reporting period. None of these required the approval of the Executive Office (formerly Office of the First Minister and deputy First Minister) Accounting Officer as they were all within the Strategic Investment Board Ltd Accounting Officer delegation. All instances were reported to the Strategic Investment Board Ltd Audit Committee.

3.1.3.11 *The Management Statement and Financial Memorandum (MSFM)*

The MSFM is a key control document. The management statement sets out the broad framework within which the Strategic Investment Board Ltd will operate, in particular it defines:

- the Strategic Investment Board Ltd's overall aim, objectives and targets in support of the Executive Office's (formerly Office of the First Minister and deputy First Minister) wider strategic aims and current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the Strategic Investment Board Ltd's functions, duties and powers;
- the conditions under which any public funds are paid to the Strategic Investment Board Ltd; and
- how the Strategic Investment Board Ltd is to be held to account for its performance.
- The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the Strategic Investment Board Ltd is required to observe, including delegated financial authorities.

3.1.3.12 *The Executive Office (formerly Office of the First Minister and deputy First Minister) Oversight Arrangements*

Within the Executive Office (formerly Office of the First Minister and deputy First Minister), the Strategic Investment Unit (SIU) is the sponsoring Division for Strategic Investment Board Ltd. SIU, in consultation as necessary with the Executive Office (formerly Office of the First Minister and deputy First Minister) Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the Strategic Investment Board Ltd, and the primary point of contact for the Strategic Investment Board Ltd in dealing with the Department.

During the reporting period I have submitted Quarterly Stewardship Statements to the Executive Office (formerly Office of the First Minister and deputy First Minister) as requested by the department. These have been considered by the Strategic Investment Board Ltd Audit Committee.

I have attended, with senior staff, Quarterly Accountability Meetings with the Executive Office (formerly Office of the First Minister and deputy First Minister) Accounting Officer or his deputy and senior staff from the Department.

3.1.3.13 *The Corporate and Business Plan*

The purpose of this Corporate Plan is to set out the medium term objectives for Strategic Investment Board Ltd and describe the corporate strategy it will follow to achieve them. The annual Business Plan develops the Corporate Plan by defining in detail Strategic Investment Board Ltd's targets for the year ahead, the resources it will employ and the activities it will undertake. The format of the three-year Corporate Plan is defined in the organisation's Management Statement and Financial

Memorandum (MSFM). The Corporate and Business Plan can be found at www.sibni.org

3.1.3.14 The Performance Management Framework

Strategic Investment Board Ltd operates within a performance management framework that is consistent with the government's FABRIC² approach. The Strategic Investment Board Ltd Performance Management Framework ensures the framework is:

- *Focused* on the core aims and objectives of the organisation;
- *Appropriate*, in that it delivers to stakeholders the information they need;
- *Balanced* because it covers all the organisation's significant areas of work; considers both financial and non-financial data and provides indicators of future as well as past performance;
- *Robust*, as it can survive changes in personnel and structure of the organisation;
- *Integrated*, in that the results of the system are monitored and used as part of the business planning and management process; there is consistent performance information at all levels of the organisation and performance measures for individuals and teams are consistent with measures for the organisation; and
- *Cost Effective*, because the resources put into collecting performance information proportionate to the benefit of the organisation.

I have monitored Strategic Investment Board Ltd's performance against the targets set out in its business plan and have reported quarterly on these to the Board and to the Executive Office (formerly Office of the First Minister and deputy First Minister). I have satisfied myself as to the quality of data reported to the Board through personal inspection, by reports provided to me from electronic data sources and by assurances provided by senior staff. The Board has indicated that it is content with the quality of the data provided to it through its positive responses to relevant questions in the September 2015 review of its effectiveness.

3.1.3.15 Operational Partnership Agreements (OPAs)

OPAs are important control mechanisms that define the relationship between Strategic Investment Board Ltd and its individual customers. The precise terms of the OPA vary between customers, but will always contain a clear definition of the work Strategic Investment Board Ltd will carry out for the customer.

² *Choosing the Right FABRIC (Focused, Appropriate, Balanced, Robust, Integrated and Cost Effective) - A Framework for Performance Information, HM Treasury et al, March 2001.*

3.1.3.16 Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with me as Accounting Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

3.1.3.17 Risk Management

Strategic Investment Board Ltd's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness.

Relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of Strategic Investment Board Ltd's aims and objectives, and where necessary, are brought to the attention of the Executive Office (formerly Office of the First Minister and deputy First Minister).

The system of internal control is based on an on-going process designed to:

- determine and document the organisation's risk appetite;
- identify and prioritise the risks to the achievement of Strategic Investment Board Ltd's aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage such risks efficiently, effectively and economically.

I drafted the 2015-16 Corporate Risk Register and it was subject to revision through regular scrutiny by the Audit Committee and Board. Board members had the opportunity to identify and consider any emerging external risks/threats that could affect the Strategic Investment Board Ltd's capacity to deliver its Business Plan commitments.

The key risks to Strategic Investment Board Ltd that were managed during the reporting period were:

	<i>Risk</i>	<i>Residual Impact</i> <i>(03/09/15)</i>	<i>Residual Likelihood</i> <i>(03/09/15)</i>
1	Strategic Investment Board Ltd may not be able to recruit or retain the staff needed to achieve its business objectives.	HIGH	MEDIUM
2	Key stakeholder relationships may break down.	HIGH	MEDIUM
3	Strategic Investment Board Ltd may not have the financial resources required to achieve its objectives.	HIGH	HIGH
4	Strategic Investment Board Ltd's financial and other controls may not be sufficient to prevent or identify fraud.	HIGH	LOW
5	Strategic Investment Board Ltd's information may not be protected or managed adequately.	MEDIUM	LOW
6	Strategic Investment Board Ltd may have inadequate or inappropriate procurement processes.	MEDIUM	LOW
7	One or more Strategic Investment Board Ltd supported projects may fail as a result of inadequate management of operational risk.	HIGH	MEDIUM
8	Strategic Investment Board Ltd may not be able to support departments make best use of FTC.	LOW	MEDIUM
9	Major projects may fail because of a lack of political consensus.	HIGH	HIGH
10	Strategic Investment Board Ltd's performance may be adversely affected by the transfer of departmental sponsorship from Office of the First Minister and deputy First Minister to a new Department for Infrastructure.	HIGH	LOW

<i>Risk</i>	<i>Residual Impact</i> <i>(03/09/15)</i>	<i>Residual Likelihood</i> <i>(03/09/15)</i>
11 There is a risk that the work of Strategic Investment Board Ltd in support of Departments may be hindered by the application by the Civil Services Commissioners (CSC) of the NICS recruitment code to Strategic Investment Board Ltd staff.	HIGH	MEDIUM

Risk number 11 in the above table (Civil Service Commissioners recruitment code) was added during the reporting period. Risk 10 was removed after it became clear that Strategic Investment Board Ltd would not transfer to a new department. Strategic Investment Board Ltd has identified the following vulnerabilities 'on the horizon' that may occasion additional risk in the coming reporting period:

<i>Vulnerability</i>	<i>Significance</i>
The improving economic outlook may lead to construction cost inflation.	The costs of major projects may be underestimated or become unaffordable.
The improving economic outlook may make it more difficult to recruit and retain staff.	Strategic Investment Board Ltd depends on key individuals, the loss of whom would seriously impact on its ability to achieve its business objectives. The market salaries of staff may increase; thus increasing the costs of the organisation. The impacts of the limitations of current pay policy may become more acute.
The approaching period of local, national and European elections may make it more difficult to achieve the political consensus required to deliver projects successfully.	Without such consensus, key projects may stall; which will increase delay and costs.
The reform of the Civil Service may, in the short term, disrupt the work of partner organisations.	The work of Programme and Project teams may be adversely affected.

There have been no major lapses of protective or information security. However, Strategic Investment Board Ltd staff reported the loss of two encrypted IT devices (one IronKey and one Blackberry). Though regrettable, these losses did not lead to the compromise of any protectively marked information.

3.1.3.18 Fraud and Counter-Fraud

Strategic Investment Board Ltd's Policy and Procedures on Fraud, (Including the Strategic Investment Board Ltd Whistle-blowing Policy and Guidance on Conflicts of Interest) sets out the responsibilities of staff with regard to fraud prevention, what staff should do if they suspect fraud and the action that will be taken by management in such circumstances (the Strategic Investment Board Ltd Fraud Response Plan).

Three instances of suspected fraud were identified during the reporting period. Each involved cheques issued on Australian and South African Banks purporting to have been issued by a 'Strategic Investment Board Ltd'. No public funds were at risk as a result of this attempted deception.

3.1.3.19 Whistleblowing

The Strategic Investment Board Ltd Whistle-blowing Policy provides staff with a procedure for reporting concerns about unlawful conduct, fraud, dangers to the public or the environment, or other malpractice. The aim of this policy is to reassure them that they can feel confident in exposing wrongdoing without any risk to themselves.

Two concerns were expressed during the 2015-16 reporting period that could be classified as 'whistle-blowing'. In April 2015 the NIAO received correspondence from a whistleblower relating to the Investment Strategy for Northern Ireland. Strategic Investment Board Ltd responded to the NIAO on the allegations and no further action was required. Separate allegations were made in respect of the NI Housing Executive that included accusations against a member of Strategic Investment Board Ltd staff. The allegations are being investigated by the Department of Communities (formerly Department of Social Development).

In June 2016 the Strategic Investment Board Ltd received whistle-blowing allegations that have been referred to the Department of Finance Group Fraud Investigation Service for investigation. The investigation was completed on 30th June 2016, no fraud or irregularity was identified in any of the areas examined.

3.1.3.20 Significant Governance Issues

No governance matters arising in prior years are still considered to represent internal governance issues for 2015-16. There were no significant issues arising during 2015-16 in respect of Corporate Governance.

3.1.3.21 Conformance with Code of Conduct

Strategic Investment Board Ltd, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the standards in public life set out by the Nolan Committee and "*Corporate Governance Code of Good Practice NI*".

Except where noted below, and throughout the year ended 31 March 2016, Strategic Investment Board Ltd has complied with all relevant Code provisions.

Following the principle of 'Comply or Report', the following paragraph describes where Strategic Investment Board Ltd has substituted alternative governance measures for provisions in the *Code of Good Practice*:


- Strategic Investment Board Ltd does not have a Board Operating Framework (Para 2.8 of the Code). Instead, it has Board Terms of Reference and a Board Code of Conduct, which fulfil the same purpose.

3.1.3.22 Certification

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 governance is informed by the work of the Internal Auditors and senior staff within the organisation, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by the NIAO in its management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control, by the Strategic Investment Board Ltd Board and by the Audit Committee.

Strategic Investment Board Ltd has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

Having considered the operation of its governance framework, I am content that Strategic Investment Board Ltd has operated a sound system of internal governance during the period 2015-16.



Brett Hannam

Chief Executive

Date: 6th December 2016

3.1.4 Remuneration and Staff Report

3.1.4.1 Remuneration Policy

The Remuneration Committee consists of non-executive board members of the company. The Remuneration Committee is currently chaired by Frank Hewitt. Other members are Gerry McGinn, Duncan McCausland and Chris Thompson. The Chief Executive attends as an observer and the HR Manager provides a secretariat function.

The committee considers and, if satisfied, approves all appointments to posts with a salary greater than £50,000 pa. The Chief Executive was delegated the authority to approve appointments below this threshold, commencing March 2012.

The Committee also considers other matters relating to pay and performance. Pay awards are made within the parameters set by the Department of Finance (formerly Department of Finance and Personnel).

Remuneration of all staff is set out in their contracts and may be subject to annual review under NICS pay remit guidelines. Such review requires the approval of the Minister of Finance. Strategic Investment Board Ltd's 2014-15 pay remit was approved in January 2016. Strategic Investment Board Ltd is awaiting the outcome of its 2015-16 pay remit submission.

The notice period for Strategic Investment Board Ltd staff ranges from one to three months.

3.1.4.2 Directors' Emoluments (Audited)

	Year ended 31 March 2016					Year ended 31 March 2015				
	Salary	Bonus	Benefits In kind	Pension benefits	Total	Salary	Bonus	Benefits In kind	Pension benefits	Total
	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000
Hannam B <i>Chief Executive</i>	140 - 145	-	-	-	140 - 145	140 - 145	-	-	-	140 - 145
McGinn G <i>Chairman</i> <i>(from September 2013)</i>	15 - 20	-	-	-	15 - 20	15 - 20	-	-	-	15 - 20
McAteer G <i>Non-Executive Director</i> <i>(until November 2014)</i>	0	-	-	-	0	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	-	5 - 10
McFerran A* <i>Non-Executive Director</i> <i>(until October 2015)</i>	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	-	5 - 10	10 - 15	-	-	-	10 - 15
Hewitt F <i>Non-Executive Director</i>	10 - 15	-	-	-	10 - 15	10 - 15	-	-	-	10 - 15
Thompson C <i>Non-Executive Director</i>	10 - 15	-	-	-	10 - 15	10 - 15	-	-	-	10 - 15
McCausland D* <i>Non-Executive Director</i> <i>(from September 2013)</i>	0-5 <i>(10 - 15 full year equivalent)</i>	-	-	-	0-5	0 - 5 <i>(10 - 15 full year equivalent)</i>	-	-	-	0 - 5
McGivern MT <i>Non-Executive Director</i> <i>(from September 2013)</i>	10 - 15	-	-	-	10 - 15	10 - 15	-	-	-	10 - 15
Thomson K <i>Non-Executive Director</i> <i>(from September 2015)</i>	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	-	5 - 10	0	-	-	-	0
McSorley D <i>Non-Executive Director</i> <i>(from November 2015)</i>	0-5 <i>(10 - 15 full year equivalent)</i>	-	-	-	0-5	0	-	-	-	0
Band of Highest Paid Director's Total Remuneration					140 - 145					140 - 145
Median Total Remuneration					72.5					85
Ratio					1.96					1.66

* D McCausland returned to active participation in the Board and all committees on 01/01/2016

Directors' emoluments consisted of basic salary only. There were no bonus payments, benefits in kind or non-cash benefits provided to any director during the year or in the previous year. Mr Hannam was appointed as Chief Executive on 1st June 2012. In 2015-16 Mr Hannam's base salary increased from £140,913 to £142,322. An additional payment of £1,409 was paid in 2015-16 in relation to the 2014-15 pay remit.

Total remuneration including pension payments are disclosed in the remuneration table. Strategic Investment Board Ltd Directors do not receive pension benefits. The Chief Executive however is a member of a defined contribution pension scheme operated by Strategic Investment Board Ltd for all staff. The employer makes a contribution of 10% of basic salary to the company's pension scheme. The employee

does not have to contribute to this scheme. Contributions on behalf of the Chief Executive were £14,373. Strategic Investment Board Ltd also contributes to a centrally-provided risk benefit scheme (that provides cover for death in service and retirement due to ill health). A total contribution of £9,017 was made on behalf of the Chief Executive.

Expenses reimbursed to/incurred in respect of non-executive directors were as follows:

	Year Ended 31 Mar 2016	Year Ended 31 Mar 2015
F Hewitt	199.20	144.00
D McSorley	174.23	-
D McCausland	-	77.00
C Thompson	-	386.00
	373.43	607.00

3.1.4.3 Compensation for Loss of Office and Early Retirement for Directors

Non-executive directors have fixed-term public appointments not exceeding three years. These appointments are renewable. Individual appointments are made, and remuneration levels set, by the Executive Office (formerly Office of the First Minister and deputy First Minister) Ministers. There has been no compensation for loss of office or early retirement for Directors in 2015-16 (2014-15: nil).

3.1.4.4 Staff Report: Exit Packages

No exit packages other than statutory redundancy were made in 2015-16 (2014-15: nil)

3.1.4.5 Staff Report: Analysis of Staff Costs

	Year ended 31-Mar	Year ended 31-Mar
	2016	2015
	£	£
The costs incurred in respect of FTE employees were:		
Wages and salaries (increased by employee benefits)	3,186,442	3,638,607
Wages and salaries recharged to other departments	3,011,364	2,569,230
Social security costs	737,460	744,525
Health Insurance	329,452	345,389
Other pension costs	<u>602,001</u>	<u>573,363</u>
Total staff cost	7,866,719	7,871,114
Seconded staff *	250,631	82,535
Total employment cost	<u>8,117,350</u>	<u>7,953,649</u>

* Staff seconded to Strategic Investment Board Limited from the Civil Service or private sector organisations.

Fees paid to third party organisations for services of seconded staff include management charges, employment costs, social security costs, pension costs and VAT.

No provision is required for equal pay claims in Strategic Investment Board Limited accounts.

3.1.4.6 Staff Report: Other

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Strategic Investment Board Ltd in the financial year 2015-16 was £142,322 (2014-15: £140,913). This was 1.96 times (2014-15: 1.7 times) the median remuneration of the workforce, which was £72,490, down £12,510 on prior year (2014-15: £85,000).

Remuneration (FTE) ranged from £15,856 to £142,322 (2014-15: £15,856 to £142,000). Total remuneration includes salary and benefits-in-kind but does not include severance pay. There were no severance payments made in 2015-16 only statutory redundancy payments (2015-16: 5; 2014-15: nil). It does not include employer pension contributions and there were no bonus payments or off-payroll engagements in 2015-16.

The arrangements for early termination of members would be made in accordance with the employment contract of the relevant individual. Strategic Investment Board

Ltd's liabilities in the event of termination do not, at present, exceed those set out in statute. During the year no early termination payments were paid to these members.

3.1.4.7 Staff Composition (Gender Analysis)

Throughout 2015-16 Strategic Investment Board Ltd had 117 members of staff on payroll; 66 male and 51 female. As at 31st March 2016 there were 100 members of staff on payroll; 57 male and 43 female.

As at 31st March 2016 Strategic Investment Board Ltd had seven Directors; 5 male and 2 female.

3.1.4.8 Sickness Absence Data

	<i>Working Days lost 2015/16</i>	<i>Working Days lost 2014/15</i>	<i>Variance</i>
Including long-term absence	260	163.5	96.5
Excluding long term absence	90	75.5	14.5
	<i>Average days lost per FTE member of staff 2015/16</i>	<i>Average days lost per FTE member of staff 2014/15</i>	<i>Variance</i>
Including long-term absence	2.7	2	0.7
Excluding long term absence	0.9	1.2	-0.3
	<i>Absence rate 2015/16</i>	<i>Absence rate 2014/15</i>	<i>Variance</i>
	<i>%</i>	<i>%</i>	<i>%</i>
Including long-term absence	1.02	0.89	0.13
Excluding long term absence	0.35	0.54	-0.19

3.1.4.9 Staff Policies

Strategic Investment Board Ltd is committed to the development of its staff and to policies that enable them to contribute to the performance and long-term effectiveness of the organisation.

In particular, the company:

- follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment on the basis of their ability, qualification and aptitude for the work;
- gives equality of opportunity when considering applications from disabled persons, in compliance with all existing legislation with regard to disabled employees;
- recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance; and
- regularly provides employees, through meetings and notices, with information regarding the financial and economic factors affecting the performance of the company and on other matters of concern to them.

Strategic Investment Board Ltd's policies are contained in Strategic Investment Board Ltd's staff handbook which is accessible to all members of staff.

3.2 Accountability and Audit Report (Audited)

3.2.1 Regularity of Expenditure

In the 2015-16 financial year, Strategic Investment Board Ltd spent 94% (2014-15: 99%) of its budget allocation from the Executive Office (formerly Office of the First Minister and deputy First Minister).

The average cash held in the bank throughout the year was £956,549 (2014-15: £684,475).

Applying the Creditor Days ratio as at 31st March 2016, the proportion that is the aggregate amount owed to trade creditors at the yearend compared with the aggregate amount invoiced by suppliers during year, expressed as a number of days in the same proportion to the total number of days in the financial year was two. In 2014-15 the ratio was seven.

3.2.2 Fees and Charges

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, the Comptroller and Auditor General for Northern Ireland has statutory responsibility for the annual external audit of the Strategic Investment Board Limited under the Audit and Accountability (NI) Order 2003.

Strategic Investment Board Ltd has appointed ASM Chartered Accountants as Internal Auditors. ASM Chartered Accountants developed an audit charter in 2009 but revised this to meet the requirements of Public Sector Internal Audit Standards (PSIAS). The Executive Office's (formerly Office of the First Minister and deputy First Minister) Internal Auditors examined the Charter in 2014 and are satisfied that it fully conforms with the requirements of PSIAS. As an external body ASM are functionally independent of Strategic Investment Board Ltd executive responsibilities.

	Year Ended 31 Mar 2016	Year Ended 31 Mar 2015
External Audit	10,650	10,650
Internal Audit	7,968	8,068
	<u>18,618</u>	<u>18,718</u>

3.2.3 Remote Contingent Liabilities

The Strategic Investment Board Ltd has a remote contingent liability of £300,000 in respect of any ongoing claims, claims threatened against Strategic Investment Board Ltd or, insofar as Strategic Investment Board Ltd is aware, claims that are pending against Strategic Investment Board Ltd. Claims in this context shall include demands, actions, complaints and proceeding, whether arising under contract, statute, at

common law or in equity or under any treaties including the Treaty on the Functioning of the European Union, the laws of the European Union or otherwise.

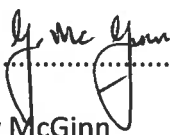
3.2.4 Losses or Special Payments

There were no losses or special payments in 2015-16 (2014-15: nil).

3.2.5 Long-term Expenditure Trends

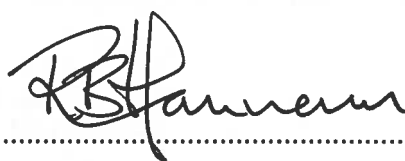
The Northern Ireland Civil Service 'Comprehensive Spending Review' is due to commence in June 2016 after the new Northern Ireland Executive is formed. The plan is for a three year resource settlement and a four year capital settlement. The Department of Finance and Personnel will commission Budget 2016 when the process is agreed with the new Finance Minister after the Assembly Election.

Strategic Investment Board Ltd is funded by its sponsor Department, the Executive Office (formerly Office of the First Minister and deputy First Minister). From the 9th May 2016 the Office for the First Minister and Deputy First Minister (OFMDFM) will be renamed the Executive Office (TEO). TEO intends to continue to fund the organisation for the foreseeable future and has provided indicative budgets for 2016-17. The organisation has the staff resources required to achieve its current business objectives. However Strategic Investment Board Ltd recognises the financial pressures and uncertainties which exist in future years. Strategic Investment Board Ltd will endeavour to meet this challenge through changes in operational processes and procedures to deliver increased efficiencies.



.....
Gerry McGinn

Chairman



.....
Brett Hannam

Chief Executive

Date: 6th December 2016

Strategic Investment Board Limited 2015-16

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF STRATEGIC INVESTMENT BOARD LIMITED

I certify that I have audited the financial statements of the Strategic Investment Board Limited for the year ended 31 March 2016 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise the Statement of Comprehensive Expenditure, Statement of Financial Position, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration and Staff Report and Accountability Report that is described in these reports as having been audited.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining 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. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its nil balance for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and Accountability Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 part of the Remuneration and Staff 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 Department of Finance's (formerly Department of Finance and Personnel) 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

7 December 2016

4 Financial Statements for the Year Ended 31st March 2016

4.1 Statement of Financial Position as at 31st March 2016

	Note	As at 31-Mar 2016 £	As at 31-Mar 2015 (as restated) £	As at 01-Apr 2014 (as restated) £
Non-current assets				
Property, plant and equipment	9a	2,743	7,108	8,998
Intangible Assets	9b	41,455	41,162	0
Financial Assets (Investments)	10	70,357,371	58,688,521	19,540,000
Current assets				
Trade and other receivables	11	1,148,986	1,894,062	326,351
Financial Assets (Investments)	10	580,000	0	0
Cash and cash equivalents	12	899,735	64,402	709,028
Total current assets		2,628,721	1,958,464	1,035,379
Total Assets		73,030,290	60,695,255	20,584,377
Current liabilities				
Trade and other payables	13	(2,092,919)	(2,006,734)	(1,044,377)
Total assets less net current liabilities		70,937,371	58,688,521	19,540,000
Non-current liabilities				
Provision for Liabilities	19	(70,937,371)	(58,688,521)	(19,540,000)
Assets less liabilities		0	0	0
Reserves				
General reserve (Income and Expenditure account)	21	0	0	0
Total		0	0	0

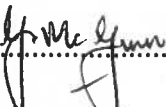
Statement of Financial Position continued

The members have not required Strategic Investment Board Limited (Company Registration No. NI 45710) to obtain an audit of its accounts for the year ended 31st March 2016, in accordance with section 476 of the Companies' Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

The Financial Statements on pages 41-71 were approved on 6th December 2016 by the Strategic Investment Board Limited Board of Directors.

Signed on behalf of the Board of Directors by:


.....
Gerry McGinn

Chairman


.....
Brett Hannam

Chief Executive

Date: 6th December 2016

Notes 1 to 24, on pages 45 to 71, form part of these financial statements.

4.2 *Statement of Comprehensive Net Expenditure for the Year Ended 31st March 2016*

		Year ended 31-Mar 2016	Year ended 31-Mar 2015 (as restated)
		£	£
	Note		
OPERATING INCOME - Grant in aid	2	7,562,611	7,386,101
- Income from activities	2	3,181,652	3,790,054
		<u>10,744,263</u>	<u>11,176,155</u>
OPERATING EXPENDITURE			
Staff costs (including employee benefits)	4	8,117,350	7,953,649
Enabling expenditure	6	1,860,599	2,480,130
Other operating charges	5	747,541	737,679
Depreciation - Property, Plant & Equipment	9a	4,366	4,327
Amortisation - Intangible Assets	9b	14,407	370
		<u>10,744,263</u>	<u>11,176,155</u>
Finance costs: unwinding of impairment on Provision	19	(1,291,147)	(429,880)
Finance income: unwinding of impairment on Financial Assets	10	1,291,147	429,880
NET SURPLUS (Non Operating) FOR THE YEAR		<u>0</u>	<u>0</u>

4.3 Statement of Cash Flows

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
	Note	
Cash flows from Operating Activities	18	
Deficit for the year	0	0
Depreciation - Property, Plant and Equipment	4,366	4,327
Depreciation - Intangible Assets	14,407	370
Loss on disposal	0	0
Increase / (Decrease) in trade and other payables	86,185	962,357
(Increase)/ Decrease in trade and other receivables*	745,075	(1,567,711)
Net cash flow from Operating Activities	850,033	(600,657)
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	0	(2,438)
Purchase of Intangible Assets	(14,700)	(41,532)
Financial Asset Investment (FTC)	(14,500,000)	(48,475,000)
Repayment of FTC loan receipt to the Executive Office	(180,000)	0
Net cash flow from Investing Activities	(14,694,700)	(48,518,970)
Cash flows from Financing Activities		
Funding received in respect of FTC loans	14,500,000	0
Receipt of FTC loan repayment	180,000	0
Increase/ (Decrease) in cash and cash equivalents	835,333	(644,626)
Cash and cash equivalents at the beginning of the period	64,402	709,028
Cash and cash equivalents at end of the period	899,735	64,402

In December 2015 Strategic Investment Board Ltd received the first Financial Transactions Capital loan repayment of £180k from Queen's University, Belfast. Strategic Investment Board Ltd immediately transferred the repayment to the Executive Office (formerly of the First Minister and deputy First Minister).

*(Increase)/Decrease in trade and other receivables rounded to the nearest £1

4.4 Notes to the Accounts

1. Note 1 to the Accounts

Accounting Policies

General

These financial statements have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006, without limiting the information given. In addition the accounts comply with the accounting and disclosure requirements contained in the Government Financial Report Manual (FReM) which applies International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context with the exception of the treatment of Grant-in-Aid.

FReM requires Non-Departmental Public Bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

The disclosure requirements in relation to this are set out in Note 21 to these accounts. The particular accounting policies adopted are described below.

Convention

These financial statements have been prepared in accordance with the historical cost convention.

Income

Income represents grants receivable to enable Strategic Investment Board Limited to discharge its duties, powers and function under the Strategic Investment and Regeneration of Sites (Northern Ireland) 2003 Order.

Other operating income

Other operating income relates to the recovery of project related costs from other Government entities.

Fixed assets and depreciation

- a) The cost of fixed assets comprises purchase price and any installation charges. The current capitalisation threshold is £1,000.
- b) Depreciation is calculated to write off the cost of assets, less estimated residual value over their useful lives. The method adopted and rate used is -33.33% straight line.

Intangible Assets

Expenditure on intangible assets which includes information technology, software licences, websites and the associated costs of implementation is capitalised where the cost is £1,000 or more. Intangible assets are amortised over the shorter of the term of the license and the useful economic life.

Employee Benefits and Pensions

Under the requirements of IAS 19: 'Employee Benefits,' staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end. This cost has been calculated using the untaken leave per staff member and applying this to their annual salary to calculate the leave balance as at 31st March 2016.

Seconded staff members remain members of their respective pension schemes.

The company makes pension contributions at a rate of 10% to approved schemes as chosen by the employees. The cost of contributions for providing pensions for employees is charged to the statement of comprehensive net expenditure account as they are earned, in accordance with IAS 19 'Employee Benefits'.

Value Added Tax

Strategic Investment Board Ltd is VAT registered in relation to its vatable activity. VAT is accounted for in accordance with Statement of Standard Accounting Practice (SSAP) 5, in that amounts are shown net of VAT except where irrecoverable VAT is charged to the income and expenditure and included under the heading relevant to the type of expenditure. The FReM retains the SSAP 5 guidance in relation to VAT.

Taxation

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the financial statement date, this is in accordance with IAS 12 'Income taxes'.

Operating Segments

Strategic Investment Board Ltd has identified only one operating segment under IFRS 8 and has prepared the accounts accordingly.

Loans and receivables

Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

At each year-end, the future discounted cash flows are re-estimated, resulting in a change in carrying amount of the asset. The required adjustment is recognised in Net Expenditure.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, Strategic Investment Board Limited measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Provisions

Provisions are recognised when the Strategic Investment Board Ltd has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Strategic Investment Board Ltd's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Changes in Accounting Policy and Disclosure

The following additional or revised accounting standards and new (or amendments to) interpretations are contained within the Government Financial Reporting Manual (FReM) 2015-16.

- IFRS 13 Fair Value Measurement
- IAS 17 Replacement Leases
- IAS 18 Revenue Recognition and Liabilities Recognition.

Strategic Investment Board Ltd considers that these changes have no impact on its operations.

Accounting standards, interpretations and amendments to published standards not yet effective

Strategic Investment Board Ltd has reviewed the revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FReM) 2016-17.

The changes will be mandatory for accounting periods beginning on or after 1 April 2016 or later periods, but which Strategic Investment Board Limited has not adopted

early. Strategic Investment Board Limited considers that these changes are not relevant to or will have minimal impact on its operations.

In addition, certain new standards, interpretations and amendments to existing standards have been drafted but not yet issued and will come into effect in accounting periods beginning on or after 1 April 2016. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The International Accounting Standards Board (IASB) have issued new and amended standards (IFRS 10, IFRS 11, IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014. Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on the UK Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in Northern Ireland, which will bring Northern Ireland departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirement under IFRS 12. Strategic Investment Board Ltd apply IFRS and the consolidation boundary may change as a result of the new standards.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Income

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
This comprises:		
Grant in Aid receivable (The Executive Office, formerly OFMDFM)	7,562,611	7,379,555
Grant in Aid receivable (Department for Communities, formerly DSD)	<u>0</u>	<u>6,546</u>
Total revenue grants receivable	<u>7,562,611</u>	<u>7,386,101</u>

Strategic Investment Board Ltd recovers a proportion of the costs incurred in respect of work performed on behalf of other Government Departments. The actual cost recovery was calculated as follows:

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Trading Income	3,181,652	3,790,054
Expenditure	<u>(3,181,652)</u>	<u>(3,790,054)</u>
	<u>0</u>	<u>0</u>

3. Net Deficit from Operations

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
The net deficit from operations is stated after charging:		
Property rent & costs	185,803	207,764
Depreciation - Property, Plant & Equipment	4,366	4,327
Amortisation - Intangible Assets	14,407	370
Loss on disposal of fixed assets	0	0
Auditors' remuneration - audit services	<u>10,650</u>	<u>9,612</u>

4. Employees and Staff costs

The average number of employees (full time equivalents), excluding Non Executive Directors, in the company is made up as follows:

	Year ended 31-Mar 2016	Year ended 31-Mar 2015
Staff	32	37
Staff recharged to other departments	45	42
Seconded staff*	<u>4</u>	<u>2</u>
Total	<u><u>81</u></u>	<u><u>81</u></u>
Permanent	34	31
Temporary contracts	47	50

* Staff seconded to Strategic Investment Board Limited from the Civil Service or private sector organisations.

Staff per salary scales are detailed in the table below.

		Year ended 31-Mar 2016	Year ended 31-Mar 2015
	Pay Scale	No of Staff	No of Staff
Administrators	£15k- 30k	10	15
Assistant Advisors/ Administration Managers	£30k- 60k	22	14
Strategic & Project Managers	£60k-125k	47	49
Senior Management	£125k-150k	<u>2</u>	<u>3</u>
		<u><u>81</u></u>	<u><u>81</u></u>

Employees (Cost)

	Year ended 31-Mar	Year ended 31-Mar
	2016	2015
	£	£
The costs incurred in respect of these employees were:		
Wages and salaries (increased by employee benefits)	3,186,442	3,638,607
Wages and salaries recharged to other departments	3,011,364	2,569,230
Social security costs	737,460	744,525
Health Insurance	329,452	345,389
Other pension costs	<u>602,001</u>	<u>573,363</u>
Total staff cost	7,866,719	7,871,114
Seconded staff *	250,631	82,535
Total employment cost	<u>8,117,350</u>	<u>7,953,649</u>

* Staff seconded to Strategic Investment Board Limited from the Civil Service or private sector organisations.

Fees paid to third party organisations for services of seconded staff include management charges, employment costs, social security costs, pension costs and VAT.

5. Other Operating Charges

		Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Office Accommodation	(i)	185,803	207,764
Telephones and postage		42,631	42,645
Computer consumables		4,435	4,020
Stationery		7,034	6,932
Recruitment costs	(ii)	54,051	16,985
Travel, accommodation and subsistence		82,607	105,389
IT Costs	(iii)	134,936	115,980
Training & Conferences	(iv)	89,819	82,990
Hospitality		3,415	7,434
Misc Operational Costs		31,423	29,200
Communication		3,100	22,334
Fees		34,535	17,836
Director Costs		73,752	73,820
Equality Support		0	4,350
		<u>747,541</u>	<u>737,679</u>

- i. The reduction of Office Accommodation in 2015-16 is due to reduced car parking charges and a reduction in Carleton House's overall rates charge.
- ii. Recruitment costs are significantly higher in 2015-16 due to HR advertising in relation to staff hired for project specific roles. The advertising was subsequently recharged to the external clients (where applicable).
- iii. IT Assist have introduced a recharge policy for the use of laptops and PCs; the annual fee for a laptop is £1,920 (inclusive of VAT) or £1,440 (inclusive of VAT) for a personal computer. The increase in 2015-16 is attributed to the additional staff employed during the financial year.
- iv. 269 days were spent on training and development activities, an average of 3.32 per full time employee (2015-16: 263 days, 3.24 per full time employee).

6. Sources and Application of Funds

SOURCE OF FUNDS	Note	Year ended	Year ended
		31-Mar 2016	31-Mar 2015
		£	£
The Executive Office (formerly OFMDFM) Grant in Aid including ring-fenced	2	7,562,611	7,379,555
Department for Communities (formerly DSD) Grant in Aid	2	0	6,546
Department for Communities (formerly DSD)		344,199	184,673
Department of Finance (formerly DFP)		290,614	1,311,995
The former Department of Culture, Arts and Leisure		264,884	97,935
Police Service of Northern Ireland		227,909	179,806
Department of Agriculture, Environment & Rural Affairs (formerly DARD)		206,968	17,154
Department of Education		199,740	226,877
The Education Authority		199,042	148,792
Department for Infrastructure (formerly DRD)		182,368	193,175
Forest service		177,591	138,548
Belfast City Council		175,271	199,118
Northern Ireland Housing Executive		145,766	201,960
Northern Ireland Prison Service		143,078	209,064
Department for the Economy (formerly DETI)		142,072	109,246
The former Department for Employment and Learning		110,135	62,017
Maze Long Kesh Development Corporation		108,696	135,704
Southern Regional College		55,848	-
Causeway Coasts and Glens Borough Council		39,706	53,675
Forensic Science Northern Ireland		37,418	89,116
Northern Ireland Environment Agency		35,808	99,194
Ulster University		23,619	-
The Executive Office (formerly OFMDFM)		20,906	34,506
Arts Council of Northern Ireland		11,466	1,313
Invest Northern Ireland		9,770	19,409
Canada Life		8,468	8,374
Northern Regional College		8,000	-
Belfast Metropolitan College		4,830	-
Newry Mourne and Down District Council		4,765	13,676
Other		2,715	1,282
Ilex Urban Regeneration Company Limited		-	40,787
The former Department of the Environment		-	8,000
Victim & Survivors Service		-	2,592
Libraries NI		-	2,066
		<u>10,744,263</u>	<u>11,176,155</u>

Strategic Investment Board Limited

Annual Review and Financial Statements 2015-16

Year Ended 31st March 2016

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
APPLICATION OF FUNDS		
Staff Costs (see note 4)	8,117,350	7,953,649
Other operating charges (see note 5)	747,541	737,679
Other		
<i>Enabling Expenditure by project</i>		
Urban Villages programme	723,895	107,520
Asset Management Unit	686,018	1,584,134
Primary Care Programme	231,337	364,154
Investment Strategy Northern Ireland 2	84,560	164,246
Causeway Coasts and Glens Borough Council (including Coleraine Enterprise Zone)	80,532	13,980
Energywise (formerly HEaT)	16,216	18,910
Buy Social (Toolkit Development)	14,508	31,070
Risk Avoidance Danger Awareness Resource (RADAR)	9,990	-
Forensic Science Northern Ireland	8,208	-
Royal Ulster Constabulary George Cross Foundation	3,400	8,960
Northern Ireland Community Safety College (Desertcreat)	2,993	7,691
Strule Shared Education Campus (formerly Lisanelly)	12	45,946
Craigavon House	-1,070	50,000
Belfast Media Hub	-	10,200
Department for Communities (formerly DDS) Housing Programme	-	1,191
The Executive Office (formerly OFMDFM) Delivering Social Change	-	42,488
Department for Communities (formerly DSD) Sirocco	-	29,640
Total Enabling Expenditure	<u>1,860,599</u>	<u>2,480,130</u>
Total Expenditure (excl Depreciation)	<u>10,725,490</u>	<u>11,171,458</u>
Depreciation	18,773	4,697
Net deficit (surplus) for the year	0	0

Enabling Expenditure

This expenditure on enabling costs is principally undertaken in respect of Strategic Investment Board Ltd supported projects, and includes VAT and in some cases subcontractor costs.

The table below lists all suppliers in excess of £100,000 unless separately disclosed for comparative purposes:

	No of Projects	Year Ended 31-Mar 2016 £	No of Projects	Year Ended 31-Mar 2015 £
Lambert Smith Hampton	-	-	1	1,241,772
KPMG	1	231,337	1	364,153
Translink (Support to Dept Projects)	1	300,000	-	-
BTW Sheills	-	-	1	1,800
Total Suppliers Over 100k		531,337		1,607,725
Suppliers Under £100k		1,329,262		872,405
Direct Dept Funding Contributions		-		-
Project Staffing related costs		-		-
Total Enabling Spend		1,860,599		2,480,130

The expenditure in relation to Government bodies listed above comprises recharges from those bodies in relation to projects supported by Strategic Investment Board Ltd.

Of the project spend detailed in note six above, a total of £555,087 was declared as consultancy costs. This was categorised by the consultancy definitions set out in Department of Finance (formerly Department of Finance and Personnel) guidance (See Table 1 below).

Table 1: Use of Consultancy

Use of Consultancy	Year Ended 31-Mar 2016	Year Ended 31-Mar 2015
Financial	7,180	122,039
Marketing	-	25,894
Strategic	393,132	343,521
Technical	154,775	115,617
Total	555,087	607,071

7. Related Party Transactions

The Executive Office (formerly Office of the First Minister and deputy First Minister) is regarded as a related party. During the year Strategic Investment Board Ltd received grant in aid for normal activities and for the FTC loan arrangement. The Executive Office (formerly Office of the First Minister and deputy First Minister) is also a shareholder in Ilex Urban Regeneration Corporation and Maze Long Kesh Development Corporation to whom Strategic Investment Board Ltd provided staff during the year.

Transactions Involving Directors and Related Parties to Strategic Investment Board Limited

Due to the nature of Strategic Investment Board Ltd's operations and the composition of its Board, it is inevitable that there will be relationships or transactions with companies and organisations in which Board members may have a beneficial or non beneficial interest or with which they have a relationship. A beneficial interest is when the Board member is either, directly or through a family connection, a material shareholder or receives remuneration (including expenses) from the entity.

The following table lists the related party relationships involving Strategic Investment Board Ltd, and any Board Members interests during the year ended 31st March 2016.

Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Interest	Member's	Financial Reward from Related Party (if any)
G McGinn	Deloitte	Strategic Investment Board Limited may contract work to Deloitte in relation to projects		A family member works for Deloitte	N/A
B Hannam	Strategic Investment Board Ltd	B Hannam was appointed Chief Executive of Strategic Investment Board Limited in June 2012	N/A		N/A
B Hannam	Armagh Observatory and Planetarium (AOP)	Strategic Investment Board Limited provides advice to the former Department of Culture Arts and Leisure and AOP		Member is on the Management Board of AOP	None
F Hewitt	Northern Ireland Transport Holding Company	Strategic Investment Board Limited provides support to Translink on various projects		The member is a Non-executive director of NITHCO	Remuneration

Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Interest	Member's	Financial Reward from Related Party (if any)
D McCausland	Maze Long Kesh Development Corporation	Strategic Investment Board Limited provides support to the MLK Development Corporation	Member is a Non-executive director of the MLK Development Corporation		Remuneration
D McCausland	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS	Member is an employed associate of G4S(NI)		Remuneration
D McCausland	PwC	Strategic Investment Board Limited has awarded contracts to PWC	Member is an employed associate of PWC		Remuneration
A F McFerran	Ni Science Park	Strategic Investment Board Limited has provided advice in respect of NISP	Member is a Non-executive director of NISP Trust Foundation. Mr McFerran left the Strategic Investment Board Ltd's Board in October 2015		None.
M T McGivern	Titanic Foundation	Strategic Investment Board Ltd has provided support and advice to Titanic Foundation	Member is a Non-executive director of Titanic Foundation		None
M T McGivern	Short Brothers PLC	Bombardier is promoting a residual waste project	Non-Executive Director		Remuneration
M T McGivern	IoD Ni Advisory Panel	IoD have a networking relationship with Strategic Investment Board Ltd on general business themes	Member		No
M T McGivern	CBI NI Council	CBI NI have a networking relationship with Strategic Investment Board Limited on general business themes	Council Member		No
M T McGivern	Belfast Metropolitan College	Belfast Metropolitan College received an Urban Village's Grant in 2015-16	Chief Executive and Principal at Belfast Metropolitan College		N/A
C Thompson	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS	Member is an employed associate of G4S(NI)		Remuneration
D McSorley	Stadia Safety Technical Group	Strategic Investment Board Ltd employ staff to support DCAL on all aspects of delivery of the regional stadia developments	Independent Chair		Remuneration

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Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Interest	Member's	Financial Reward from Related Party (if any)
D McSorley	Graham Construction Company	Possibility of Graham Construction being awarded a contract for an Strategic Investment Board Ltd supported project	Son is an employee		N/A
K Thomson	Tourism NI	Some Strategic Investment Board Ltd projects work in partnership with Tourism NI/DETI	Previous Operating Officer NITB	Chief Officer for	None. Resigned Feb 2016
K Thomson	National Museums NI (NMNI)	ALB which is funded by the former Department of Culture Arts and Leisure. Strategic Investment Board Ltd may carry out work in support of NMNI	Chief Executive of NMNI. March 2016	Appointed	Yes

Strategic Investment Board Ltd maintains a register of the interests for the members of the Board of Directors that is published on the Strategic Investment Board Ltd website, www.sibni.org, and is also available upon request to the Company Secretary.

8. Taxation

HM Revenue & Customs has determined that Strategic Investment Board Ltd is a taxable entity but not all of the income will be taxable. In the year ended 31 March 2016, no provision for tax has been made as there has been no assessable income arising (period ended 31 March 2015: £nil).

9 a) Property, Plant and Equipment

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Cost:		
At 1 April 2015	15,408	12,970
Additions in year	0	2,438
Disposals	0	0
At 31 March 2016	<u>15,408</u>	<u>15,408</u>
Accumulated Depreciation:		
At 1 April 2015	8,299	3,972
Charge in year	4,366	4,327
Disposals	0	0
At 31 March 2016	<u>12,665</u>	<u>8,299</u>
Net book value:		
At 31 March 2016	<u>2,743</u>	<u>7,108</u>

9 b) Intangible Assets

	IT £	Software licenses £	Websites £	Total £
2014-15				
Cost:				
At 1 April 2015	9,998	3,310	28,224	41,532
Additions in year	0	0	14,700	14,700
Disposals				0
At 31 March 2016	<u>9,998</u>	<u>3,310</u>	<u>42,924</u>	<u>56,232</u>
Accumulated Amortisation:				
At 1 April 2015	46	15	309	370
Charge in year	3,333	1,103	9,971	14,407
Disposals	0	0	0	0
At 31 March 2016	<u>3,379</u>	<u>1,118</u>	<u>10,280</u>	<u>14,777</u>
Carrying amount at 31 March 2016	<u>6,619</u>	<u>2,192</u>	<u>32,644</u>	<u>41,455</u>
Carrying amount at 31 March 2015	9,952	3,295	27,915	41,162

10 Financial Assets (Investments)

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 (as restated) £	Year ended 01-Apr 2014 (as restated) £
	Financial Transaction Capital Loans	Financial Transaction Capital Loans	Financial Transaction Capital Loans
As at 1 April 2015	58,688,521	19,540,000	19,540,000
Loans issued in year	14,500,000	48,475,000	0
Repayment of loan in year*	(180,000)	0	0
Impairment of loans issued in year	(3,362,297)	(9,756,359)	0
Unwinding of impairment in year	1,291,147	429,880	
As at 31 March 2016	70,937,371	58,688,521	19,540,000

Maturity of Financial Assets are as follows:

Repayable within 1 year	580,000	0	0
Repayable more than 1 year	70,357,371	58,688,521	19,540,000
At 31st March 2016	70,937,371	58,688,521	19,540,000

Strategic Investment Board Ltd facilitated the transfer of funds between Department of Finance (formerly Department of Finance and Personnel) via the Executive Office (formerly Office of the First Minister and deputy First Minister) and University of Ulster and Queen's University, Belfast for a Financial Transactions Capital loan agreement, at the request of Ministers. It is an interest free loan agreement. Funding for the loans was received from the Executive Office (formerly Office of the First Minister and deputy First Minister) and has been recorded at amortised cost at an effective interest rate of 2.2%.

*In December 2015 Strategic Investment Board Ltd received the first loan repayment of £180k from Queen's University, Belfast.

Financial instruments

All of the Strategic Investment Board Ltd's financial assets, which comprise Financial Transactions Capital loans, cash and cash equivalents, trade receivables and accrued income are classified as "loans and receivables". All of the Strategic Investment Board Ltd's financial liabilities, which comprise trade payables, accruals and employee benefits are classified as "other financial liabilities" are held at amortised cost.

11. Trade and Other Receivables

	Year ended 31-Mar-16	Year ended 31-Mar-15
	£	£
Trade Receivables	592,165	1,059,674
Prepayments and Accrued Income	556,821	834,388
	<u>1,148,986</u>	<u>1,894,062</u>

Analysed between amounts due from:

	Year ended 31-Mar-16	Year ended 31-Mar-15
	£	£
Central government bodies	721,508	1,470,437
Local Government	23,007	65,299
Bodies external to government	404,471	358,326
	<u>1,148,986</u>	<u>1,894,062</u>

Trade receivables have decreased from 31st March 2015 to 31st March 2016 due to significantly fewer Asset Management Unit transactions from external suppliers to central government bodies via Strategic Investment Board Ltd.

12. Cash and Cash Equivalents

	Year ended 31-Mar-16	Year ended 31-Mar-15
	£	£
Balance as at 1 April:	64,402	709,028
Net Changes in cash and cash equivalent balances	835,333	(644,626)
Balance as at 31 March	<u>899,735</u>	<u>64,402</u>

The above balances comprise balances at commercial banks and cash in hand.

13. Trade and Other Payables

	Year ended 31-Mar-16 £	Year ended 31-Mar-15 £
Included in liabilities falling due within one year are:		
Trade Payables	37,376	138,479
Accruals	1,194,102	1,121,205
Employee benefits (Note 14)	227,314	203,750
Deferred Income (Grant in Aid)	438,178	384,789
Value Added Tax	195,949	158,511
	<u>2,092,919</u>	<u>2,006,734</u>

Analysed between amounts owed to:

	Year ended 31-Mar-16 £	Year ended 31-Mar-15 £
Central government bodies	655,307	555,918
Public Corporations	10,650	10,650
Bodies external to government	1,199,648	1,236,416
Employee benefits	227,314	203,750
	<u>2,092,919</u>	<u>2,006,734</u>

14. Employee Benefits

Strategic Investment Board Ltd has recognised the cost of providing employee benefits in the period in which the benefit was earned by the employee, rather than when it is paid or payable. Short term benefits are recorded as an expense in the period in which the employee renders the service. For Strategic Investment Board Ltd, this expense relates solely to the cost of any untaken annual leave at the year end. This policy has been adopted in accordance with IAS 19 'Employee benefits' (2015-2016: £227,314; 2014-2015: £203,750).

15. Contingencies and Commitments

Strategic Investment Board Ltd is committed to supporting various projects which are on-going at year end. Strategic Investment Board Ltd is dependent on funding from Departments to meet its commitments. There were no capital commitments, commitments under leases or other financial commitments at the year-end.

The Strategic Investment Board Ltd has a contingent liability of £300,000 in respect of any ongoing claims, claims threatened against Strategic Investment Board Ltd or,

insofar as Strategic Investment Board Ltd is aware, claims that are pending against Strategic Investment Board Ltd. Claims in this context shall include demands, actions, complaints and proceeding, whether arising under contract, statute, at common law or in equity or under any treaties including the Treaty on the Functioning of the European Union, the laws of the European Union or otherwise.

16. Guarantee

The members of the company undertake to contribute to the assets of the company in the event of the same being wound up while such party is a member, or within one year after such party ceases to be a member, for payment of the debts and liabilities of the company contracted before such party ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of its contributories among themselves, such amount as may be required not exceeding one pound.

17. Deferred Income

	Year ended 31-Mar-16	Year ended 31-Mar-15
	£	£
At 1 April 2015	(384,789)	(19,171)
Capital grant received in year	0	0
Deferred Income	(438,178)	(384,789)
Released to Statement of Comprehensive Net Expenditure	384,789	19,171
At 31 March 2016	<u>(438,178)</u>	<u>(384,789)</u>

18. Notes to the Cash Flow Statement

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Operating Activities		
Deficit for the year	0	0
Depreciation - Property, Plant and Equipment	4,366	4,327
Depreciation - Intangible Assets	14,407	370
Loss on disposal	0	0
Increase / (Decrease) in trade and other payables	86,185	962,357
(Increase)/ Decrease in trade and other receivables*	745,075	(1,567,711)
Net cash inflow/ (outflow) from operating activities	<u>850,033</u>	<u>(600,657)</u>
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	0	(2,438)
Purchase of Intangible Assets	(14,700)	(41,532)
Financial Investment (FTC)	(14,500,000)	(48,475,000)
Repayment of FTC loan receipt to the Executive Office	(180,000)	0
Net cash inflow/ (outflow) from Investing Activities	<u>(14,694,700)</u>	<u>(48,518,970)</u>
Cash flows from financing activities		
Funding received in respect of FTC loans	14,500,000	48,475,000
Receipt of FTC loan repayment	180,000	0
Increase (decrease) in cash and cash equivalents	<u>835,333</u>	<u>(644,626)</u>

(ii) Reconciliation of net cash flow to movement in net funds:

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Increase (decrease) in cash and cash equivalents	835,333	(644,626)
Cash and cash equivalents at the beginning of the period	<u>64,402</u>	<u>709,028</u>
	<u>899,735</u>	<u>64,402</u>

*(Increase)/Decrease in trade and other receivables rounded to the nearest £1

19. Provision for Liabilities

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
As at 1 April 2014	58,688,521	19,540,000	19,540,000
Loans issued in year	14,500,000	48,475,000	0
Impairment of loans issued in year	(3,362,297)	(9,756,359)	
Repayment of loan in year	(180,000)	0	0
Unwinding of impairment in year	1,291,147	429,880	0
Balance at 31 March 2016	70,937,371	58,688,521	19,540,000

Whilst the Strategic Investment Board Ltd does not have a legal obligation to repay FTC loans to the Executive Office (formerly Office of the First Minister and deputy First Minister), based on its memorandums of understanding, it does have a constructive obligation and therefore provides for this obligation. This provision is discounted at a rate of 2.2% per annum.

20. Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' requires disclosure that enables evaluation of the significance of financial instruments for Strategic Investment Board Ltd's financial position and performance, the nature and extent of risks arising from financial instruments which Strategic Investment Board Ltd is exposed to during the period and at the reporting date, and how Strategic Investment Board Ltd manages those risks. As a result of the non-trading nature of its activities and the way in which Strategic Investment Board Ltd is financed, Strategic Investment Board Ltd is not exposed to the degree of financial risk faced by business entities. The carrying value of trade and other receivables, bank, trade and other payables (including accruals) as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. No other disclosures are relevant to Strategic Investment Board Limited's activities.

21. Reserves

As at 1 April 2014 (as previously reported)	19,540,000
Restatement (see note below)	<u>(19,540,000)</u>
As at 1 April 2014 (as restated)	0
Net surplus for the year	<u>0</u>
As at 1 April 2015	0
Net surplus for the year	<u>0</u>
As at 31 March 2016	0

Movement to Reserves

There was no movement from the Comprehensive Income and Expenditure Statement to Reserves in 2015-16 (2014-15: nil).

Restatement

Based on the Strategic Investment Board Ltd's memorandum of understanding with the Executive Office (formerly Office of the First Minister and deputy First Minister), in respect of the repayment of FTC loans the Strategic Investment Board Ltd has restated its comparative information to reflect the fact that upon receipt of monies from the Executive Office (formerly Office of the First Minister and deputy First Minister) the Strategic Investment Board Ltd has a constructive obligation to repay the loans. This restatement has resulted in an increase in provisions as at 1st April 2014 of £19,540,000 (with a corresponding reduction in reserves), an increase of provisions as at 31 March 2015 to £58,688,521 (with a corresponding reduction in reserves) and a reduction in Grant in Aid income of £48,475,000 and the removal of loan impairments of £9,326,479 during the year ended 31 March 2015. The restatement has also resulted in a finance cost as at 31st March 2015 of £429,880 for the unwinding of impairment on provision (with a corresponding finance income for the unwinding of impairment on the financial asset).

Prior Period Adjustment

Primary Financial Statement	Description		Original	Adjustment	Restated
Statement of Comprehensive Net Expenditure	Non Operating Income - Grant in Aid (FTC activities)	01-Apr 2014	25,000,000	(25,000,000)	-
		31-Mar 2015	48,475,000	(48,475,000)	-
Statement of Comprehensive Net Expenditure	FTC Loan Impairment	01-Apr 2014	5,460,000	(5,460,000)	-
		31-Mar 2015	9,326,479	(9,326,479)	-
Statement of Comprehensive Net Expenditure	Finance costs - unwinding of impairment on Provision	01-Apr 2014	-	-	-
		31-Mar 2015	-	(429,880)	(429,880)
Statement of Comprehensive Net Expenditure	Finance income - unwinding of impairment on Financial Assets	01-Apr 2014	-	-	-
		31-Mar 2015	-	429,880	429,880
Statement of Financial Position	Provision for Liabilities	01-Apr 2014	-	19,540,000	19,540,000
		31-Mar 2015	19,540,000	39,148,521	58,688,521
Statement of Financial Position	General Reserve (Income and Expenditure Account)	01-Apr 2014	19,540,000	(19,540,000)	-
		31-Mar 2015	58,688,521	(58,688,521)	-

22. Additional Disclosures to Comply With FReM

FReM requires non-Departmental public bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

If the Strategic Investment Board Ltd were to comply with FReM, the following would be the effect of this compliance:

Statement of Comprehensive Net Expenditure Prepared Under FReM

		Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
	Note		
INCOME			
Other operating income	2	3,181,652	3,790,054
		<u>3,181,652</u>	<u>3,790,054</u>
EXPENDITURE			
Staff costs	4	8,117,350	7,953,649
Enabling expenditure	6	1,860,599	2,480,130
Other operating charges	5	747,541	737,679
Depreciation - Property, Plant & Equipment	9a	4,366	4,327
Amortisation - Intangible Assets	9b	14,407	370
FTC Loan Impairment	10	2,071,150	9,326,479
		<u>12,815,413</u>	<u>20,502,634</u>
TOTAL EXPENDITURE			
		(9,633,761)	(16,712,580)
NET DEFICIT FOR THE YEAR		(9,633,761)	(16,712,580)
AMOUNT TRANSFERRED TO RESERVES		<u>(9,633,761)</u>	<u>(16,712,580)</u>

Statement of Cashflows Prepared Under FReM

	Year ended 31-Mar 2016	Year ended 31-Mar 2015 restated
Cashflows from Operating Activities	£	£
Net Deficit after interest and tax	(9,633,761)	(16,712,580)
Non Cash Transactions (Depreciation - Property, Plant & Equipment)	4,366	4,327
Non Cash Transactions (Amortisation - Intangible Assets)	14,407	370
Increase / (Decrease) in trade and other payables	32,796	596,740
(Increase)/ Decrease in trade and other receivables*	<u>745,075</u>	<u>(1,567,711)</u>
Net Cash used in Operating Activities	<u>(8,837,117)</u>	<u>(17,678,854)</u>
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	0	(2,438)
Purchase of Intangible Assets	(14,700)	(41,532)
FTC Loan GIA received	(14,500,000)	(48,475,000)
Impairment Reserve	2,071,150	9,326,479
Repayment of FTC loan receipt to the Executive Office	<u>(180,000)</u>	<u>0</u>
Net Cash used in Investing Activities	<u>(12,623,550)</u>	<u>(39,192,491)</u>
Cash flows from Financing Activities		
Grant in Aid from Parent Department	7,616,000	7,745,173
Grant in Aid re FTC	14,500,000	48,475,000
Other Grants received	0	6,546
Receipt of FTC Loan repayment	<u>180,000</u>	<u>0</u>
Net Cash used in Financing Activities	<u>22,296,000</u>	<u>56,226,719</u>
Net increase / (decrease) in cash and cash equivalents	<u>835,333</u>	<u>(644,626)</u>
Cash and cash equivalents at beginning of the period	<u>64,402</u>	<u>709,028</u>
Cash and cash equivalents at end of the period	<u>899,735</u>	<u>64,402</u>

In December 2015 Strategic Investment Board Ltd received the first Financial Transactions Capital loan repayment of £180k from Queen's University, Belfast. Strategic Investment Board Ltd immediately transferred the repayment to the Executive Office (formerly of the First Minister and deputy First Minister).

Year ended 31st March 2015 is restated to reflect the movement in deferred income from 'Increase/ (Decrease) in trade and other payables' and 'GIA from Parent Department'. See note 24 for further analysis.

*(Increase)/Decrease in trade and other receivables rounded to the nearest £1

Statement of Changes in Taxpayers' Equity Note Prepared Under FReM

	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Analysis of Income and Expenditure Reserves:		
Balance at 1 April 2015	59,073,310	19,559,171
Grant in Aid received in year	22,116,000	56,226,719
Net operating cost for the year	(9,633,761)	(16,712,580)
Receipt of FTC Loan repayment	<u>(180,000)</u>	<u>0</u>
Balance at 31 March 2016	<u>71,375,549</u>	<u>59,073,310</u>
	Year ended 31-Mar 2016 £	Year ended 31-Mar 2015 £
Summary of Balances:		
Income & Expenditure reserve	<u>71,375,549</u>	<u>59,073,310</u>
Balance at 31 March 2016	<u>71,375,549</u>	<u>59,073,310</u>

FReM accounting does not recognise deferred income (note 17). Grant in Aid received over and above expenditure incurred is credited to the Income and Expenditure Reserve. The Income and Expenditure reserve within the Statement of Taxpayers' Equity note is reconciled in the table below:

Movement in Reserves Prepared Under FReM

		As at 31-Mar 2016 £	As at 31-Mar 2015 £
Reserves at 1st April		59,073,310	19,559,171
FTC loans issued in 2015-16	10	14,500,000	48,475,000
Impairment of loans issued in year	10	(3,362,297)	(9,756,359)
Unwinding of impairment in year	10	1,291,147	429,880
Receipt of FTC Loan repayment	10	(180,000)	0
Movement in Deferred income in year	17	53,389	365,618
Reserves at 31st March 2016		<u>71,375,549</u>	<u>59,073,310</u>

23. Statement of Financial Position as at 31st March 2016 Prepared Under Department of Finance Guidance

The Strategic Investment Board Ltd sought and received independent financial advice regarding the correct accounting treatment of the Financial Transactions Capital (FTC) loans in the company set of accounts which resulted in the recognition of a provision. However, in line with Treasury's guidance and the requirements of the Memorandum of Understanding, Department of Finance (formerly Department of Finance and Personnel) have confirmed that the Strategic Investment Board Ltd should recognise a financial asset for loans made but should not recognise any liability for the repayment. Under FReM accounting the transaction represents funding from the Consolidated Fund and the Strategic Investment Board Ltd has been advised by the Department of Finance (formerly Department of Finance and Personnel) to record all FTC transactions through reserves. The following amended Statement of Financial Position is not part of the primary statements of the Strategic Investment Board Ltd but has been prepared to illustrate the financial position based on the Department of Finance (formerly Department of Finance and Personnel) guidance.

	Note	As at 31-Mar 2016 £	As at 31-Mar 2015 £
Non-current assets			
Property, plant and equipment	9a	2,743	7,108
Intangible Assets	9b	41,455	41,162
Financial Assets (Investments)	10	70,357,371	58,688,521
Current assets			
Trade and other receivables	11	1,148,986	1,894,062
Financial Assets (Investments)	10	580,000	0
Cash and cash equivalents	12	899,735	64,402
Total current assets		2,628,721	1,958,464
Total Assets		73,030,290	60,695,255
Current liabilities			
Trade and other payables	24	(1,654,741)	(1,621,945)
Non current assets less net current liabilities		71,375,549	59,073,310
Non-current liabilities		0	0
Assets less liabilities		71,375,549	59,073,310
Reserves			
General reserve (Income and Expenditure account)		71,375,549	59,073,310
Total		71,375,549	59,073,310

24. Trade and Other Payables Prepared Under FReM

FReM accounting does not recognise deferred income. Grant in Aid received over and above expenditure incurred is credited to the Income and Expenditure Reserve.

	Year ended 31-Mar-16	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£	£
Included in liabilities falling due within one year are:			
Trade Payables	37,376	138,479	368,887
Accruals	1,194,102	1,121,205	401,716
Employee benefits (Note 14)	227,314	203,750	157,706
Value Added Tax	195,949	158,511	96,896
	<u>1,654,741</u>	<u>1,621,945</u>	<u>1,025,205</u>

Analysed between amounts owed to:

	Year ended 31-Mar-16	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£	£
Central government bodies	217,129	171,129	332,693
Public Corporations	10,650	10,650	46,120
Bodies external to government	1,199,648	1,236,416	488,686
Employee benefits	227,314	203,750	157,706
	<u>1,654,741</u>	<u>1,621,945</u>	<u>1,025,205</u>

4.5 Events after the Reporting Period

The Strategic Investment Board Ltd has considered the impact of the European Union referendum and the United Kingdom's vote to leave. The Strategic Investment Board Ltd does not believe that it will have a material adverse effect on the company or the budget for the foreseeable future.

4.6 Date Authorised for Issue

The Accounting Officer authorised the issue of these financial statements on

7th December 2016.



