



FINANCIAL STATEMENTS

OF THE

HERITAGE COUNCIL

FOR THE YEAR ENDED

31 DECEMBER 2003

**THE HERITAGE COUNCIL
2003 FINANCIAL STATEMENTS**

CONTENTS

| | PAGE |
|--|-------------|
| Report of the Comptroller and Auditor General | 2 |
| Statement of Responsibilities of the Council | 3 |
| Statement of the System of Internal Financial Controls | 4 |
| General and Accounting Policies | 5 |
| Income and Expenditure Account | 6 |
| Balance Sheet | 7 |
| Notes to the Financial Statements | 8-14 |
| Schedule 1 to the Financial Statements | 15-27 |

**THE HERITAGE COUNCIL
2003 FINANCIAL STATEMENTS**

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

THE HERITAGE COUNCIL

2003 FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITIES OF THE COUNCIL

Section 21(1) of the Heritage Act, 1995 requires the Council to prepare financial statements in such form as may be approved by the Minister for Environment, Heritage and Local Government after consultation with the Minister for Finance.

In preparing the financial statements, the Council is required to:

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

The Council is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Council and which enable it to ensure that the financial statements comply with section 21(1) of the Act. The Council is also responsible for safeguarding the assets of the Heritage Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dr Tom O'Dwyer

Council Chairperson

Nessa Dunlea

Council Member

THE HERITAGE COUNCIL

2003 FINANCIAL STATEMENTS

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

Responsibility for system of Internal Financial Control

On behalf of the members of Council I wish to acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

I report below on the Heritage Council in compliance with paragraph 10.2 of the above Code of Practice.

Key Control Procedures

The Council has taken steps to ensure an appropriate control environment by taking the following measures.

- the establishment of an Audit and Finance Committee which regularly reviews the effectiveness of the system of internal financial control. The Committee reviewed the existing financial systems and processes at the commencement of its term of office in 2000 and has selected different areas of Council's financial activities for detailed review on a rolling basis.

- delegation of clear management responsibilities to the Chief Executive, as accounting officer and Council's Financial Controller

- compliance with all aspects of Government requirement for public procurement and competitive tender

- compliance with Department procedures as regards reporting and draw down of funds

- immediate and positive response to all items drawn to Council's attention in management letters from the Comptroller and Auditor General.

The Council has an internal audit programme and uses the services of various independent financial consultants as and when required to carry out this and report on their findings to Council.

As a Small Body in terms of the requirements of the Code of Practice, the Heritage Council's control environment nonetheless has an extensive structure to ensure control objectives are achieved. The principle features such as the application of the Code of Practice are adhered to and the division of responsibilities and duties between directors and management are clear.

Council has approved a code of business conduct for Directors and Employees. In line with an earlier report to Council it can only, due to the resource implications, have full compliance with all aspects of the Code by mid 2004.

Annual Review of Controls

The Council did not conduct a review of the effectiveness of the system of internal financial control during 2003.

Dr Tom O'Dwyer
Council Chairperson

THE HERITAGE COUNCIL

2003 FINANCIAL STATEMENTS

GENERAL

The Heritage Council was established under the Heritage Act, 1995. The general function of the Heritage Council is to propose policies and priorities for the identification, protection, preservation and enhancement of the national heritage and to promote its appreciation.

ACCOUNTING POLICIES

1. Accounting basis

The financial statements are prepared under the accruals method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted, as they become operative.

2. Oireachtas Grant in Aid

Oireachtas Grant in Aid is accounted for on a cash receipts basis.

3. Grant Payments

The Heritage Council offers grants to various bodies and individuals to carry out works under its heritage grant schemes. When a grantee accepts the terms and conditions of a grant offer from Council, Council enters into a commitment with that grantee. That commitment is recognised as an accrual only when the grantee is seen to have fulfilled the full terms and conditions of the grant offer. Details of grant commitments at 31 December are given in note 13.

4. Tangible Fixed Assets

Fixed assets comprise buildings, office furniture, office equipment, computers and works of art of the Heritage Council and are shown at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of tangible assets over their estimated useful lives by equal annual instalments.

The depreciation rates used are:

| | | | |
|------------------|------|------------------|-----|
| Buildings | 2.5% | Office Furniture | 10% |
| Office Equipment | 20% | Computers | 25% |
| Works of Art | Nil | | |

5. Capital Account

The capital account comprises income allocated for the purchase of fixed assets. It is amortised in line with the depreciation of the related assets.

6. Stock

Stock comprising stationery and publications is written off in the year of purchase.

7. Leasing

Assets acquired under finance leases are capitalised and included in tangible fixed assets and depreciated in accordance with the Council policy. Assets leased under operating leases are not capitalised and payments under such leases are charged to the Income and Expenditure Account as they arise.

8. Superannuation

There was a defined contribution scheme with Scottish Provident in operation until 1 February 2003 upon which date the Heritage Council transferred to the public service model scheme. Details of contributions paid during the year are given in Note 7. Contributions are accounted for as they fall due.

**THE HERITAGE COUNCIL
BALANCE SHEET
AS AT 31 DECEMBER 2003**

| | NOTES | 2003 € | 2002 € |
|--|-------|-------------------------|-----------------------|
| Tangible fixed assets | 10 | <u>482,753</u> | <u>495,691</u> |
| Current Assets | | | |
| Debtors and Prepayments | | 132,004 | 941,762 |
| Cash at bank and in hand | | <u>10,612</u> | <u>6,487</u> |
| | | 142,616 | 948,249 |
| Current Liabilities | | | |
| General Creditors and Accruals | | 812,845 | 615,126 |
| Grants Outstanding | | <u>494,572</u> | <u>620,964</u> |
| | | 1,307,417 | 1,236,090 |
| Net Current (Liabilities) | | (1,164,801) | (287,841) |
| Total Assets less Current Liabilities | | <u>(682,048)</u> | <u>207,850</u> |
| Represented by: | | | |
| Capital Account | 3 | 482,753 | 495,691 |
| Income and Expenditure Account | | <u>(1,164,801)</u> | <u>(287,841)</u> |
| | | <u>(682,048)</u> | <u>207,850</u> |

The Statement of Accounting Policies, Notes 1 to 17 and Schedule 1 form part of these financial statements.

Dr Tom O'Dwyer Council Chairperson

Nessa Dunlea Council member

Michael Starrett Chief Executive

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 1: Oireachtas Grants

The amount of €8,534,000 comprises Grants-in-Aid from the Department of the Environment, Heritage and Local Government as follows:

| | 2003 | 2002 |
|--|------------------|------------------|
| | € | € |
| Administration Expenses (Exchequer funded) | 1,476,000 | 1,400,000 |
| Capital Grants (Exchequer funded) | 10,000 | 22,000 |
| Capital Grants (National Lottery funded) | 5,077,000 | 5,741,000 |
| Non-Capital Grants (National Lottery funded) | 1,971,000 | 2,083,000 |
| | 8,534,000 | 9,246,000 |

Note 2: Other Income

| | 2003 | 2002 |
|--|----------------|----------------|
| | € | € |
| EU- grant towards Mayglass | 7,271 | - |
| EU- grant towards Rever project | 3,095 | 3,364 |
| EU- grant towards Cultural Paths project | 10,950 | 10,884 |
| Ford Ireland – Sponsorship of Community awards | 50,000 | 40,000 |
| Deposit Interest | 4,114 | 5,868 |
| Attendance at Seminars | 9,756 | - |
| Sale of publications and data | 26,863 | 34,874 |
| Miscellaneous | 1,996 | 6,706 |
| | 114,045 | 101,696 |

Note 3: Capital Account

| | 2003 | 2002 |
|--|-----------------|-----------------|
| | € | € |
| Balance at 1 January | 495,691 | 512,234 |
| Transfer (to)/from Income and Expenditure Account | | |
| Amount allocated to fund fixed asset purchases | 94,591 | 85,468 |
| Less: Amortisation in line with depreciation | (107,529) | (91,606) |
| Less: Amount released on disposal of fixed assets | - | (10,405) |
| | (12,938) | (16,543) |
| Balance at 31 December | 482,753 | 495,691 |

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 4: Grants

| | 2003 | 2003 | 2003 | 2002 |
|--|------------------|----------------|------------------|------------------|
| | CAPITAL | NON | TOTAL | TOTAL |
| | € | CAPITAL | € | € |
| | | € | | |
| Local Heritage Grant Scheme | 271,165 | 68,884 | 340,049 | 362,815 |
| Publication Grants | 163,954 | - | 163,954 | 117,497 |
| Archaeology Grants | 202,736 | 54,000 | 256,736 | 173,313 |
| Museums and Archives Grants | 276,323 | 60,219 | 336,542 | 304,604 |
| Wildlife Grants | 375,696 | 85,240 | 460,936 | 355,391 |
| Buildings Grants | 1,862,827 | - | 1,862,827 | 1,999,957 |
| Education and Other Grants | 9,708 | 111,458 | 121,166 | 128,843 |
| Irish Landmark Trust Ltd. Note 11 | 280,600 | - | 280,600 | 305,000 |
| Discovery Programme Ltd. Note12 | 862,500 | 287,500 | 1,150,000 | 1,293,000 |
| | 4,305,509 | 667,301 | 4,972,810 | 5,040,420 |

Schedule 1 contains details of grants payable during the year.

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 5: Projects, promotions and studies

| | 2003 CAPITAL € | 2003 NON CAPITAL € | 2003 TOTAL € | 2002 TOTAL € |
|--|-------------------------|-----------------------------|-------------------------|-------------------------|
| Council Initiatives | | | | |
| Professional Fees- headquarters | - | 33,715 | 33,715 | 23,294 |
| TV Programme Development | 90,750 | - | 90,750 | 84,700 |
| Heritage Officer Scheme | - | 527,119 | 527,119 | 416,225 |
| County Heritage Plans | 355,745 | - | 355,745 | 218,651 |
| Pilgrim Paths Millennium Project | - | - | - | 35,625 |
| Rever – Greenways project | 34,066 | - | 34,066 | 30,065 |
| Advertising | - | 144,909 | 144,909 | 112,856 |
| Subscriptions | - | 11,055 | 11,055 | 15,449 |
| Conferences and seminars | - | 180,676 | 180,676 | 149,755 |
| Library | - | 4,993 | 4,993 | 2,115 |
| | <u>480,561</u> | <u>902,467</u> | <u>1,383,028</u> | <u>1,088,735</u> |
| Archaeology | | | | |
| Consultancy, studies and reports | 70,817 | - | 70,817 | 144,683 |
| Publications | - | - | - | 59,402 |
| | <u>70,817</u> | <u>-</u> | <u>70,817</u> | <u>204,085</u> |
| Architecture | | | | |
| Consultancy, studies and reports | 422,563 | - | 422,563 | 765,412 |
| Publications | 40,531 | - | 40,531 | 22,251 |
| | <u>463,094</u> | <u>-</u> | <u>463,094</u> | <u>787,663</u> |
| Education, Planning and Promotion | | | | |
| Consultancy, studies and reports | 114,324 | 190,000 | 304,324 | 383,556 |
| Publications | 198,180 | - | 198,180 | 162,441 |
| Heritage in schools scheme | - | 175,930 | 175,930 | 105,171 |
| | <u>312,504</u> | <u>365,930</u> | <u>678,434</u> | <u>651,168</u> |
| Inland Waterways | | | | |
| Consultancy, studies and reports | 205,551 | - | 205,551 | 43,142 |
| Publications | - | - | - | 13,286 |
| | <u>205,551</u> | <u>-</u> | <u>205,551</u> | <u>56,428</u> |
| Museums and Archives | | | | |
| Consultancy, studies and reports | 163,812 | - | 163,812 | 206,353 |
| Publications | 875 | - | 875 | 7,380 |
| | <u>164,687</u> | <u>-</u> | <u>164,687</u> | <u>213,733</u> |
| Wildlife | | | | |
| Consultancy, studies and reports | 114,881 | - | 114,881 | 243,987 |
| Publications | - | - | - | 4,834 |
| | <u>114,881</u> | <u>-</u> | <u>114,881</u> | <u>248,821</u> |
| Total | <u>1,812,095</u> | <u>1,268,397</u> | <u>3,080,492</u> | <u>3,250,633</u> |

Note 6: Staff Costs

The average number of staff employed by the Heritage Council for the year was 15. (2002 – 15).

| | 2003 € | 2002 € |
|--------------------------|----------------|----------------|
| Staff salaries and wages | 722,057 | 796,228 |
| Travel and subsistence | 98,960 | 118,304 |
| Training | 16,659 | 29,455 |
| | <u>837,676</u> | <u>943,987</u> |

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 7: Superannuation Scheme

There was a defined contribution scheme with Scottish Provident in operation until 1 February 2003. In accordance with Section 20 of the Heritage Act 1995, the Council sought to establish a superannuation scheme for all permanent staff in line with the public sector model. Accordingly, two defined benefit schemes were approved by the Minister for Environment, Heritage and Local Government with effect from 1 February 2003 on an operational basis and apply to staff employed at that date in respect of qualifying past service. The Schemes are the Heritage Council Employee Superannuation Scheme, 2003 and the Heritage Council Spouses and Children's Contributory Pension Scheme, 2003. Consequent to this approval, the Scottish Provident Scheme was ceased and a refund of the employer fund value (€200,102) was made to the Department of Environment, Heritage and Local Government in January 2004. The treatment of the refund of the employees fund value (€164,754) is under advisement and will be made in due course to the relevant employees.

(a) Financial Reporting Standard on Retirement Benefits (FRS17) was issued in November 2000 and under this there are phased disclosure requirements. The disclosures below relate to the Council's defined benefit schemes. The disclosures are based on liability valuations carried out by an independent qualified actuary at 31 December 2002 and 31 December 2003. There are no assets as the schemes are unfunded.

The financial assumptions used to calculate the retirement benefit liabilities under FRS17 were as follows:

| Assumptions | 31/12/2002 | 31/12/2003 |
|----------------------------------|------------------|------------------|
| Rate of return on assets | N/A | N/A |
| Discount Rate | 5.00% | 5.00% |
| Salary escalation | 4.00% | 4.00% |
| Increases to pensions in payment | 3.00% | 3.00% |
| Increases in state pension | 3.00% | 3.00% |
| Net pension liability | (721,000) | (914,000) |

(b) Had FRS 17 been reflected in the primary financial statements, the following are the amounts that would have been included in the Profit and Loss account and the Statement of Total Recognised Gains and losses:

| | Year ended 31 December 2003 |
|---|--------------------------------|
| | € |
| Included in payroll costs: | |
| Current service costs | 78,000 |
| Past service costs | - |
| Settlements and curtailments | - |
| Net operating profit charge | 78,000 |
| Included in finance costs: | |
| Interest cost | 39,000 |
| Expected return on assets | - |
| Net finance costs | 39,000 |
| Included in Statement of Total Recognized Gains and Losses (STRGL): | |
| Difference between expected and actual return on assets | - |
| Experience gains and losses on scheme liabilities | (47,000) |
| Effect of changes in actuarial assumptions | - |
| Net gain (loss) recognized in STRGL | (47,000) |

(c)

| | Year ended 31 December 2003 |
|--|--------------------------------|
| | € |
| MOVEMENT IN SURPLUS/(DEFICIT) DURING THE YEAR | |
| (Deficit) in scheme at beginning of year | (721,000) |
| Movement in year: | |
| Disposals | |
| Current service costs | (78,000) |
| Employer contributions paid | (29,000) |
| Past service costs | 0 |
| Other finance income | (39,000) |
| Actuarial loss | (47,000) |
| (Deficit) in scheme at end of year | <u>(914,000)</u> |

History of actuarial gains or losses

| | Year ended 31 December 2003 |
|---|--------------------------------|
| | € |
| Difference between expected and actual return on assets | - |
| Expressed as a percentage of scheme assets | - |
| Experience gains and losses on scheme liabilities | (47.0) |
| Expressed as a percentage of scheme liabilities | -5.14% |
| Total actuarial gains and losses | (47.0) |
| Expressed as a percentage of scheme liabilities | -5.14% |

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 8: Establishment expenses

| | 2003 | 2002 |
|--------------------------------|----------------|---------------|
| | € | € |
| Rent and service charges | 52,756 | 39,037 |
| Power, heat and light | 6,899 | 9,206 |
| Canteen, catering and cleaning | 9,714 | 7,690 |
| Repairs and maintenance | 3,138 | 5,103 |
| Insurance | 37,768 | 34,870 |
| | 110,275 | 95,906 |

Note 9: Office supplies and administration

| | 2003 | 2002 |
|-----------------------------------|----------------|----------------|
| | € | € |
| Telephone and postage | 78,930 | 44,776 |
| Stationery and printing | 15,495 | 27,435 |
| Library and newspapers | 1,776 | 9,654 |
| Computer supplies and maintenance | 63,834 | 60,589 |
| Legal and professional fees | 116,150 | 5,347 |
| Audit fee | 7,000 | 7,714 |
| Gifts | 8,135 | 3,693 |
| | 291,320 | 159,208 |

Note 10: Tangible Fixed Assets

| | Buildings | Office Furniture | Office Equipment | Computers | Works of Art | Total |
|---------------------------------|---------------|---------------------|---------------------|----------------|----------------|----------------|
| | € | € | € | € | € | € |
| COST | | | | | | |
| As at 1 January 2003 | 44,441 | 92,312 | 86,465 | 517,147 | 194,490 | 934,855 |
| Additions | - | 2,934 | 605 | 91,052 | - | 94,591 |
| Disposals | - | - | (12,458) | (294,141) | - | (306,599) |
| At 31 December 2003 | 44,441 | 95,246 | 74,612 | 314,058 | 194,490 | 722,847 |
| ACCUMULATED DEPRECIATION | | | | | | |
| As at 1 January 2003 | 6,666 | 33,018 | 56,506 | 342,974 | - | 439,164 |
| Charge for year | 1,111 | 9,477 | 11,264 | 85,677 | - | 107,529 |
| On disposals | - | - | (12,458) | (294,141) | - | (306,599) |
| At 31 December 2003 | 7,777 | 42,495 | 55,312 | 134,510 | - | 240,094 |
| NET BOOK AMOUNTS | | | | | | |
| As at 1 January 2003 | 37,775 | 59,294 | 29,959 | 174,173 | 194,490 | 495,691 |
| As at 31 December 2003 | 36,664 | 52,751 | 19,300 | 179,548 | 194,490 | 482,753 |

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 11: The Irish Landmark Trust Ltd.

The Irish Landmark Trust Ltd was established in 1992 as a non-profit company with the objective of saving historic buildings that were abandoned or at risk. This is achieved by giving them a useful and viable function as short-term holiday accommodation, which would secure their long-term future. The level of Council funding each year is determined by reference to Council's Five Year Plan, the Irish Landmark Trust's Corporate Plan, and Council's overall budgetary position.

Note 12: Discovery Programme Ltd.

The Council funds the Discovery Programme that was established in 1991 and was registered as a company, limited by guarantee on 15 January 1996. The Council is responsible for appointing the chair of the Discovery Programme and three of its directors. The Chief Executive of Council is one of Council's nominees to the Board of the Discovery Programme. The level of Council funding each year is determined by reference to Council's Five Year Plan, The Discovery Programme's Corporate Plan, and Council's overall budgetary position.

The purpose of the programme is to enhance our understanding of Ireland's past through research and archaeological excavations.

Note 13: Grant Commitments

At 31 December 2003 the Council had entered into commitments in connection with activities due to take place after that date. The amount involved of €339,215 is not reflected in these Financial Statements.

| | 2003 | 2002 |
|----------------------------------|----------------|----------------|
| | € | € |
| Grants committed at 1 January | 238,302 | 272,214 |
| Approvals in year | 6,078,904 | 5,945,570 |
| Grants decommitted | (1,005,181) | (939,062) |
| Grant expenditure in the year | (4,972,810) | (5,040,420) |
| Grant Commitments at 31 December | <u>339,215</u> | <u>238,302</u> |

Note 14: Council Members' Disclosure Of Interest

In the normal course of business the Council may approve financial assistance to undertakings in which the Council members are employed or otherwise have an interest.

The Council adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Council members and these procedures have been adhered to during the year.

The following members disclosed an interest in organisations to which financial assistance was approved in the year.

Maurice Hurley, City Archaeologist, Cork City Council: €22,888 under the Archaeology Grant scheme.

Eamonn McEaney, Manager, Waterford Treasures: €5,000 under the Museums and Archives Grant scheme.

Simon Berrow, Project Manager, Irish Whale and Dolphin Group:

€10,000 under the Wildlife grant scheme.

€4,000 under Discretionary funding (Education and other grants) .

The members withdrew from the meetings where the projects were being discussed and played no part in the decision to grant funding.

THE HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Note 15: Premises

The Council occupies offices in Rothe House, Kilkenny under a short-term lease at a cost in 2003 of €50,000 (2002 €36,583). The Council is in negotiations with the Representative Church Body to acquire the Bishop's Palace in Kilkenny for use as its permanent Headquarters.

Note 16: Going Concern

The Council draws funds from the Department of Environment, Heritage and Local Government as and when required. It recognises this income on a cash receipts basis but recognises expenditure on an accruals basis, the difference in treatment leading to an increase in the reported deficit. The Council believes that the Department will continue to fund its approved activities and on this basis it is appropriate to prepare the financial statements on a going concern basis.

Note 17: Approval of Financial Statements

The Financial Statements were approved by Council on 10 June 2004.