



ANNUAL REPORT & FINANCIAL STATEMENTS

2003 - 2004



An Agency within the Department of

**Finance and
Personnel**

www.dfpni.gov.uk

HC 833 LONDON: The Stationery Office £14.00



INVESTOR IN PEOPLE



Awarded for Excellence



RATE COLLECTION AGENCY

An Executive Agency within the Department of Finance and Personnel

ANNUAL REPORT AND FINANCIAL STATEMENTS

2003-2004

Laid before the Houses of Parliament, by the Department of Finance and Personnel in accordance with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2002

20 July 2004

Laid before the Northern Ireland Assembly under section 11(3) (c) of the Government Resources and Accounts Act (Northern Ireland) 2001 by the Department of Finance and Personnel

20 July 2004

Ordered by The House of Commons to be printed

20 July 2004.

VISION

“To be at the forefront of revenue collection, Housing Benefit administration and customer service.”

MISSION

“To deliver timely, efficient and fair assessment and collection of rate liability for all our citizens.”

STRATEGIC OBJECTIVES

“To increase the percentage of the Gross Collectable Rate (excluding Late Assessments) collected.”

“To manage resources efficiently and reduce the cost of operations.”

“To increase customer (ratepayers and stakeholders) satisfaction levels.”

“To contribute to the reform of the rating system to provide a fairer system for raising local revenue.”



CONTENTS

1. Chief Executive's Introduction	4
2. Who We Are and What We Do	6
3. Highlights 2003-2004	7
4. Performance against Key Ministerial targets	8
5. Business Report	10
6. The Agency's Performance in context	12
7. Key Targets for 2004-2005	13

ANNEXES

A Unaudited Summary of 2003-2004 Collection	14
B Unaudited Summary Statement of Rate Levy and Collection	15
C Internal Audit Validation Certificate of Agency Performance Against Key Ministerial Targets	16
D Performance Definitions	20
Financial Statements for the year ended 31 March 2004	21



Chief Executive's Introduction

Introduction

I am pleased to present the Agency's Annual Report for 2003-2004.

Four strategic themes drove our main efforts during 2003-2004 and these will continue to significantly influence our activities over the next few years as we strive to implement a new computer system and the changes from rating reform.

Implementing and contributing to Rating Reform

The Agency's rating reform team successfully designed, developed and implemented new business processes and procedures to prepare for and take forward the introduction of vacant rating for non-domestic property with a net annual value of 2000 or more. Detailed research of rating case law and best practice from other jurisdictions was carried out to ensure that the systems we have put in place are robust and relevant. Staff have been extensively briefed and trained to deal with the new requirements to enable them to effectively deal with queries or concerns raised by the owners of property liable for vacant rates. These arrangements will be fully tested when the first vacant rate bills issue in July 2004. This team provides our input to the development of detailed policy proposals for the reform of the domestic rating system and will design operational measures and systems to support this.

Replacing our computer system

The procurement stage of our computer replacement project was scheduled to award a contract during late 2003. Unfortunately the procurement failed to produce a compliant bid and a decision was made to terminate it. A new

procurement strategy was developed and a fresh procurement stage started in January 2004. The project is on target to award a contract during November 2004. The new system will support our existing business, the domestic rating reforms and future modernisation of our business processes.

Sustaining business performance

Although we just failed to deliver the rate revenue collection target the total collected secured a reduction in the level of rate arrears owing at the end of the year. This reverses the upward arrears trend and we will be making every effort to sustain this positive outcome. We exceeded two and met the other five of the eight Ministerial targets. Against a backdrop of competing demands for available skilled staff and the impact of industrial action, which started in December 2003, this is a very creditable performance outturn.

Defining a programme to modernise the delivery of rating services

A strategic outline business case to modernise the delivery of future rating services is nearing completion. This includes ranked improvement opportunities through closer working with the Valuation and Lands Agency and District Councils. The case if approved, will be used to guide the development of improved, efficient and more integrated delivery of rating services to customers.

Finally I acknowledge the continued professionalism, commitment and dedication demonstrated by staff at all levels to strive to meet the targets set. I remain confident that the challenges that lie ahead will be successfully met.



ARTHUR E SCOTT

2

WHO WE ARE AND WHAT WE DO

The Rate Collection Agency is an Executive Agency within the Department of Finance & Personnel. It became an Agency on 1 April 1991.

Its main functions are:

The collection and recovery of rates on behalf of Central Government and the Province's 26 District Councils in accordance with the Rates (Northern Ireland) Order 1977; and

The management of the Housing Benefit Scheme, for those ratepayers who are owner-occupiers and the Disabled Person's Allowance (DPA) Scheme.

It operates from Headquarters at Oxford House, Belfast, and from five Regional Offices around Northern Ireland, dealing with collection and recovery matters.

The Housing Benefit Central Unit is situated at Lancashire House in Belfast and deals with applications for Housing Benefit and Disabled Person's Allowance.

The Agency employs around 292 full-time and part-time staff.



HIGHLIGHTS 2003-2004

Among the Agency's key achievements during 2003-2004 were:

- The development and implementation of business processes to facilitate the introduction of vacant rating for certain non-domestic properties from 1 April 2004
- The increase in customer satisfaction levels to 98.81% and the 42% reduction in the number of official complaints made to the Agency compared with the previous year.
- The development of a proposed programme of work in conjunction with the Valuation and Lands Agency, to modernise and improve the provision of and access to rating services. A strategic outline business case is being finalised.
- The successful upgrade of the Housing Benefit computer system to facilitate changes arising from the introduction of the State Pension Credit Act (2001).
- The completion of pilot projects with Moyle and Larne District Councils to test new approaches including closer working to minimise the amount of rates forgone from vacant property.
- The number of people using the Direct Debit method of payment continued to rise.
- The Agency contracted Propertynews.com to promote an online campaign to advise ratepayers about the need to inform the Agency

when they bought or sold property and how to apply for Housing Benefit and Disabled Persons Allowance.

4

PERFORMANCE AGAINST KEY MINISTERIAL TARGETS

KEY MINISTERIAL TARGETS	TARGETS, OUTTURNS AND ACHIEVEMENTS				TARGETS FOR 2004-2005
		2001-2002	2002-2003	2003-2004	
OUTPUT					
1. To Collect X% of a forecast £705M gross collectable rate (excluding late assessments) by 31 March 2004	Target	98	98	98	98
	Outturn	97.67 Substantially achieved	97.77 Substantially achieved	97.64 Substantially achieved	
QUALITY OF SERVICE					
2. To achieve by 31 March 2004 a satisfied rating for overall service provision from at least X% of customers responding to our annual survey	Target	85	90	95	95
	Outturn	97.57 Exceeded	97.34 Achieved	98.81 Achieved	20 of which should be very satisfied
3. To achieve an average turnaround time of X working days for regular non-annual Housing Benefit application	Target	28	26	20	Discontinued
	Outturn	19.71 Exceeded	18.62 Exceeded	17.59 Exceeded	
4. To issue all eligible refunds within 14 days of being identified as a rate refund *	Target	100	100	100	Discontinued
	Outturn	96.7 Not Achieved	99.68 Substantially Achieved	100 Achieved	

* Where the Agency has all the necessary information to enable the refund to be processed.

• Performance definitions can be found in Annex D

PERFORMANCE AGAINST KEY MINISTERIAL TARGETS

KEY MINISTERIAL TARGETS	TARGETS, OUTURNS AND ACHIEVEMENTS				TARGETS FOR 2004-2005
		2001-2002	2002-2003	2003-2004	
5. To process X% of Housing Benefit claims free from error	Target	98	98	98	Discontinued
	Outturn	98.16 Exceeded	98.58 Achieved	98.58 Achieved	
6. To accurately calculate and advise District Councils of the Actual Penny Product for 2002-2003 and to forecast the Estimated Penny Product for 2004-2005 by 01 November 2003	Target	100	100	100	Discontinued
	Outturn	100 Achieved	Partially Achieved	100 Achieved	
EFFICIENCY					
7. To achieve a reduction of X% in the real value of Unit Costs of collecting rates per hereditament	Target	-1	-1		A new efficiency target was introduced for 2003-2004 in line with Departmental Reform Plans. The Agency target is an overall 2% efficiency saving.
	Outcome	-2.3 Exceeded	-10.4 Exceeded		
8. To achieve a reduction of X% in the real value of Unit Costs of processing Housing Benefit applications	Target	-1	-1		
	Outcome	+3 Not achieved	-4.4 Exceeded		
To achieve an overall efficiency saving of X%	Target			-2	Discontinued
	Outcome			-2.26 Exceeded	
FINANCIAL MANAGEMENT					
9. To live within budget allocations for 2003-2004	Target	£5,834K*	£6,039K*	£6,320k#	Discontinued
	Outcome	Achieved	Achieved	Achieved	

Ministerial Targets

New Ministerial Targets have been agreed for the Rate Collection Agency. Details can be found on page 13.

Summary

The Agency fully met 7 of its 8 key Ministerial targets for 2003-2004.

Further information on the performance in each of these 8 areas is provided in Section 5.

5

BUSINESS REPORT

A brief summary of performance against each of the Ministerial targets follows.

OUTPUT

Collection Target – Substantially achieved

Rate accounts were issued to 558,853 ratepayers during the year in respect of 808,836 properties*. The total collected was £751m of £769m, or 97.64% of the Gross Collectable Rate (excluding late assessments**). Whilst the Agency increased the amount it collected compared with the previous year this unfortunately falls just short of the Ministerial target of 98%. On a positive note the collection level achieved secures a welcome reduction in the level of rate arrears and we plan to sustain this downward trend.

QUALITY OF SERVICE

Customer Satisfaction Target - Achieved

The Agency, in conjunction with the Northern Ireland Statistics and Research Agency, used the same methods employed in the previous year to measure customer satisfaction levels. Responses were obtained from a full range of our customers throughout the business year by various means. These show a marked improvement in service delivery and the rating achieved demonstrates the continued emphasis placed on delivering a responsive professional service.

Turnaround Time for Housing Benefit Target - Exceeded

Regular monitoring and targeting of resources has secured this outcome.

Refunds Target - Achieved

Regular monitoring and compliance with procedures secured this outcome.

Housing Benefit claims free from error Target - Achieved

This target was successfully met. Sampling exercises were conducted monthly throughout the year and where errors were detected, training and/or amendments to procedures were implemented.

Penny Product Target - Achieved

Councils were informed of the Actual Penny Product Outturn for 2002 – 2003 and the Estimated Penny product figures for 2004-2005 on 31 October 2003. The accuracy of the calculations made has been independently verified.

EFFICIENCY

Efficiency Target - Exceeded

To support the Departmental Reform Plan the Agency was required to deliver a 2% efficiency saving. The Agency's costs during 2003-2004 rose in real terms by 1.29% on the previous year while its throughput in terms of properties billed and housing benefit applications processed increased by 3.55%. Our efficiency saving is therefore 2.26%.

*Figures quoted are those at 31 December 2003 and include NIHE properties totalling 122,993.

**“Late assessments” are new properties or changes to the net annual value of existing properties notified to the Agency after 1 January each year which affect the total amount of rates due. In such cases, it is acknowledged that there is insufficient time for the Agency to process and complete the collection and recovery activities required, which may include legal proceedings, within the remaining three months of the financial accounting year.



FINANCIAL MANAGEMENT

Budget Allocation Target - Achieved

The 2003-2004 outturn was within the agreed control total.

6

ENVIRONMENTAL ANALYSIS – THE AGENCY’S PERFORMANCE IN CONTEXT

The following analysis outlines some of the key factors that have had an impact on business activity throughout the year.

The Agency achieved 7 of its 8 Ministerial targets in a year where:

- Several experienced staff were unavailable for front line operations as they continued to consider and plan how best to address the implications of the various legislative and operational issues arising from the Review of Rating Policy.
- detailed work to procure a new computer system to support the business and domestic rating reform had to be restarted and continues with a revised timetable for the award of contract.
- staff turnover reduced from 31.5% to 21.4 % as people left the Agency, many on promotion, and new staff joined. An average of 37 non-permanent staff were supplied during the year - around 13.7% of the workforce.
- increasing workloads were contained within existing resource levels.
- industrial action started in December requiring the reconsideration of priorities and the redeployment of staff to maintain acceptable service levels.



KEY TARGETS FOR 2004-2005

The number of Key Ministerial Targets for 2004 – 2005 has been reduced from eight to three. These focus on the main outputs delivered by the Agency.

The Targets agreed by the Minister for the Agency for 2004-2005 are:

- To collect 98% (or the 2003-2004 outturn if higher) of a forecast £820 million gross Collectable Rate (excluding Late Assessments) by 31 March 2005.
- To achieve, by 31 March 2005, an overall rating for service provision of “satisfied” or above from at least 95% of respondents, 20% of which are “very satisfied”.
- To support the reform and modernisation of rating by:
 - Implementing the rating of vacant non-domestic property from 1 April 2004
 - Implementing appropriate business processes by 31 March 2005 to start the gradual phasing out of industrial derating
 - To achieve all key milestones for the IT replacement project.

Those targets previously regarded as Ministerial have become Key Agency Targets. Details of these can be found in the Agency’s Corporate and Business Plan for 2004-2007.

Annex A

UNAUDITED SUMMARY OF 2003-2004 RATE COLLECTION

1	2	3	4
DISTRICT COUNCIL	TOTAL RATES DUE	COLLECTED	COLLECTED % OF TOTAL RATES DUE
	£000	£000	
Antrim	23,149	22,759	98.32
Ards	27,040	26,298	97.26
Armagh	19,639	19,221	97.87
Ballymena	24,936	24,629	98.77
Ballymoney	8,138	7,965	97.87
Banbridge	15,044	14,792	98.32
Belfast	202,198	196,041	96.76
Carrickfergus	15,665	15,313	97.76
Castlereagh	27,305	26,816	98.21
Coleraine	27,694	27,308	98.60
Cookstown	10,468	10,272	98.13
Craigavon	35,053	34,380	98.08
Derry	48,757	47,703	97.84
Down	23,106	22,512	97.43
Dungannon	15,744	15,390	97.75
Fermanagh	19,785	19,327	97.69
Larne	12,864	12,651	98.34
Limavady	11,036	10,773	97.62
Lisburn	46,337	45,098	97.33
Magherafelt	11,073	10,853	98.02
Moyle	5,937	5,822	98.07
Newry	35,718	34,868	97.62
Newtownabbey	37,213	36,409	97.84
North Down	36,020	35,236	97.82
Omagh	18,146	17,770	97.93
Strabane	11,219	10,893	97.09
NORTHERN IRELAND	769,284	751,099	97.64
MINISTERIAL TARGET			98.00

NOTE: FIGURES ARE AFFECTED BY ROUNDING

UNAUDITED SUMMARY STATEMENT OF RATE LEVY AND COLLECTION

	2003-2004		2002-2003	
	£m	£m	£m	£m
Arrears at 1 April		24.6		22.0
Assessments during year		743.9		686.6
Credits c/f to next period		2.2		1.5
	
		770.7		710.1

LESS: DISCHARGED DURING YEAR

Credits b/f from last year	1.5		1.6	
Net Receipts (i.e., receipts less refunds)	653.8		605.8	
Vacancies	56.6		54.2	
Rebates/DPA	18.9		16.4	
Residential Home Relief	5.4		5.4	
Allowances	4.4		4.2	
Discounts	2.9		2.6	
Written-off as Irrecoverable	2.0		1.3	
Transitional Relief	0.6			
Rates Order Article 12		746.1	6.0	685.3
	
Arrears at 31 March		24.6		24.6

+ NOTE 1: The variation in the amounts written off in the table below and the amount in the summary statement is accounted for by monies received by way of dividends in respect of previous years' write-offs.

	Bankruptcies	Liquidations	Other Irrecoverables	Total
	£000s	£000s	£000s	£000s
2003-2004	909~	657	593	2159
2002-2003	568w	441	434	1,443
2001-2002	626#	286	311	1,223
2000-2001	531*	14	292	837

~ Includes Interim Voluntary Arrangement of £249,083

w Includes Interim Voluntary Arrangements of £137,677

Includes Interim Voluntary Arrangement of £208,165

* Includes Interim Voluntary Arrangement of £103,579

Annex C

DFP INTERNAL AUDIT VALIDATION OF AGENCY PERFORMANCE AGAINST KEY TARGETS – 2003 - 2004

1. Introduction

In accordance with current government instructions the Rate Collection Agency (RCA) Chief Executive is required to make arrangements for the independent validation of the performance levels reported by the Agency against its published Ministerial targets.

The Agency has appointed DFP Internal Audit to complete this exercise. The findings are detailed in section 3.

2. Scope

Audit work aimed at validating performance was carried out in respect of the eight Ministerial Targets. Work was not performed during this exercise to verify the integrity of the RCA systems and data extracted from these systems, however, reliance can be placed on systems work carried out during normal audit routines.

3. Findings

Target 1

To collect 98% (or the 2002-2003 output if higher) of a forecast £758 million Gross Collectable Rate (excluding Late Assessments) by 31 March 2004.

Work Done:

Internal Audit verified the Gross Collectable Rate at 31st December 2003 and the amount outstanding, late assessments and accrued adjustments at 31st March 2004. The collections calculation was also re-performed.

Outcome:

The actual percentage collected for domestic and non-domestic properties was confirmed at 97.64% therefore this target has not been achieved.

Target 2

To achieve efficiency savings of 2%

Work Done:

RCA management has established a methodology to measure the annual efficiency saving, utilising both activity levels and financial data. Internal Audit re-performed the calculations against Agency financial and outturn reports.

Outcome:

This target was achieved. It was confirmed that RCA achieved an efficiency saving of 2.26%.

Target 3

To accurately calculate and advise District Councils of the Actual Penny Product outturn for 2002-2003 and the Estimated Penny Product for 2004-2005 by 1 November 2003.

Work Done:

The figures used in the actual and estimated Penny Product calculations were verified against the source documents. A recalculation was carried out on 3 District Councils in respect of actual figures. Letters informing District Councils of the actual and estimated Penny Product were also reviewed.



Outcome:

This target was achieved. It was confirmed that RCA had accurately calculated and advised all District Councils of the Actual Penny Product outturn for 2002/03 and estimated Penny Product for 2004/05 on 31st October 2003.

Target 4

To process 98% of Housing Benefit applications free from error.

Work Done:

The number of New Application and Renewal claims selected for QA in 2003/04 was verified and checked against the Workflow Report (supplied by Systems Support Unit). This was repeated for Reassessed cases.

Outcome:

This target has been achieved. It was confirmed that 98.58% of Housing Benefit claims sampled were processed free from error.

Target 5

To achieve an average turnaround time for processing regular, non-annual Housing Benefit applications of 20 working days.

Work Done:

Two months were randomly selected and all records, totals and calculations verified, and confirmed to reported outturn.

Outcome:

The actual average turnaround time was confirmed as 17.59 days, therefore target achieved.

Target 6

To issue all eligible rate refunds within 14 working days of being identified as a rate refund.

Work Done:

Internal Audit re-performed the collation of figures supplied by local offices for two sample weeks, the percentage error rate for each of six sample weeks and the calculation of collated results to verify the final percentage figure.

Outcome:

This target has been achieved as it was confirmed that 100% of eligible rate refunds were issued within 14 working days of being identified.

Target 7

To achieve, by 31 March 2004, an overall rating for service provision of 'satisfied' or above from at least 95% of respondents.

Work Done:

The number of respondents and levels of satisfaction from the Ratepayer Survey and Customer Comment Cards were checked and final outturn calculations re-performed.

Outcome:

This target has been achieved. A total of 98.81% was confirmed.

Target 8

To live within budget allocation for 2003/04.

Work Done:

Internal Audit verified budget allocations from DFP, verified the spend under each budget category and re-performed the calculations.

Outcome:

This target has been achieved. Outturn was £8,617k against a budget of £8,884k.

4. Limitations on Validation

4.1 The findings on financial performance (targets 1 & 2) are subject to NIAO certification of the Agency Accounts.

5. Opinion

5.1 On the basis of work carried out I am pleased to report that the levels of performance against Ministerial targets for 2003/04 have been accurately reported by the Agency.

Jackie Connolly

Head of Internal Audit



PERFORMANCE DEFINITIONS

Exceeded:	Outturn exceeded target by at least 10%
Achieved:	Target fully achieved (i.e. outturn at least 100%)
Substantially Achieved:	Outturn at least 98% of target
Partially Achieved:	Objective has a number of targets only some of which were achieved
Not Achieved:	Outturn less than 98%

financial statements
2003 - 2004

Rate Collection Agency
financial statements 2003 - 2004
Financial Statements
2003-2004

FOREWORD TO THE FINANCIAL STATEMENTS

The Chief Executive, as Agency Accounting Officer, presents the accounts for the year ended 31 March 2004.

HISTORY AND STATUTORY BACKGROUND

The Rate Collection Agency (RCA) was originally established as a Next Steps Agency within the Department of the Environment for Northern Ireland in April 1991 under the Government's Next Steps Initiative. With the advent of devolution on 2 December 1999 the Agency transferred to the Department of Finance and Personnel.

The Agency's accounts have been prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

The Accounts reflect the cost of rate collection and the administration of Housing Benefit for owner-occupiers. They do not incorporate rate revenue, associated refunds, Housing Benefit payments and other losses on collection including allowances granted to owners who collect rates on behalf of the RCA, or occupiers who pay their rates promptly. These are accounted for separately in a Rate Levy and Collection Statement. The main features of that Statement will be included in the Annual report to Parliament, "Financial Auditing and Reporting 2003-2004: General Report by the Comptroller and Auditor General for Northern Ireland."

PRINCIPAL ACTIVITIES

The Agency's main activities are: -

1. the collection of rates levied on properties in Northern Ireland in accordance with the Rates (Northern Ireland) Order 1977; and
2. the administration of the Housing Benefit Scheme for owner-occupiers.

FUNDING

The RCA is funded entirely by Government. Rates collected are transferred directly to the Northern Ireland Consolidated Fund and are not offset against the Agency's running costs.

RESULTS FOR THE YEAR

A full review of the Agency's activities is given on pages 6 to 12 of the Annual Report.

The Cost of Operations for the year, as shown on page 31, was £10,195k.

FIXED ASSETS

Details of the movement of fixed assets are set out in Note 5 to the Accounts. The Agency does not own any land or buildings. The Agency believes there is no material difference between the market and book value of its fixed assets as at 31 March 2004.

Replacement of the Agency's computer system was expected to take place in 2003 but a more likely timescale is now thought to be 2007. Because replacement is now later than expected depreciation has been decelerated to write-off the system in March 2007.

FUTURE DEVELOPMENTS

The Department continues to oversee the implementation of the Rating Reform and Modernisation Programme. To contribute to the overall programme the Agency is undertaking three projects: -

- the replacement of the IT System;
- the implementation of Rating Reforms; and
- the improved delivery of and accessibility to rating services.

IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

There have been no significant events since the end of the financial year which would affect these financial statements.

CHARITABLE DONATIONS

The Agency made no charitable donations during the year.

SENIOR MANAGEMENT TEAM (“Board ”)

A Board of Directors headed by a Chief Executive and supported by five Directors manages the Agency.

Members of the RCA Directorate during the year were: -

Arthur Scott	Chief Executive
Bill Hagan	Director of Business Development
Fred Hempton	Director of Business Processes
Margaret Taylor	Director of Information Systems
John McAuley	Director of Corporate Services (until 23/6/03)
Tracey Browne	Director of Corporate Services (from 23/6/03)
Stuart Stevenson	Director of Finance (from 23/6/03)

DISABLED EMPLOYEES

As an Agency within DFP, RCA shares the Departments commitment to the NICS code of practice on the employment of people with disabilities.

EMPLOYEE INVOLVEMENT

The RCA continues to encourage staff ownership of its business. During the year staff were regularly provided with information regarding the financial and economic factors affecting the Agency. Formal Team Briefing was held monthly and there was wide publication of the Agency's Corporate and Business Plans and local Team Plans.

Consultation took place with Trade Union representatives through a formal Whitley structure.

HEALTH AND SAFETY

The Agency is committed to adhering to all existing legislation on Health and Safety at Work to ensure that staff and customers enjoy the benefits of a safe environment.

PAYMENT TO SUPPLIERS

The RCA is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code and British Standard 'BS 7890 – Achieving Good Payment Performance in Commercial Transactions'.

Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2003/2004, 92.41% of bills were paid within this standard

AUDIT

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency and reports his findings to Parliament.

The audit of the financial statements for 2003-2004 resulted in a notional audit fee of £10,000 and is included in the administration costs in the operating cost statement.



ARTHUR E SCOTT

Chief Executive

23 June 2004

STATEMENT OF AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Rate Collection Agency to prepare a Statement of Accounts for each financial year 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 Agency's state of affairs at the year-end, its income and expenditure, total recognised gains and losses and cash flows for the financial year.

The Department of Finance and Personnel (DFP) has appointed the Chief Executive as Accounting Officer of the Agency, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts the Accounting Officer is required to comply with the Northern Ireland Resource Accounting Manual (NIRAM) prepared by DFP and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the accounts on the going concern basis.

The responsibilities of an Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency's assets, are set out in the Accounting Officer's Memorandum issued by DFP and published in Government Accounting Northern Ireland.



ARTHUR E SCOTT

Chief Executive

23 June 2004

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the department's Minister, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The Agency has established the following processes:

- A Board of Directors that meets monthly to consider the plans and strategic direction of the Agency;
- A risk – audit committee comprising of Board members and a representative of Internal Audit;
- Regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement;
- The Agency has developed a Corporate Risk Register. Risks are reviewed by exception, monthly at Board meetings. All key risks are reviewed quarterly by Agency's Audit Committee.
- Performance against key targets is regularly reviewed and reported at monthly Board meetings.
- Regular reports from the Agency's business managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects;

financial statements
2003 - 2004

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the executive managers within DFP who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.



ARTHUR E SCOTT

Chief Executive

23 June 2004

RATE COLLECTION AGENCY

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND ASSEMBLY

financial statements
2003 - 2004

I certify that I have audited the financial statements on pages 31 to 44 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 34 and 35.

Respective responsibilities of the Agency, the Chief Executive, and Auditor

As described on page 26, the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder; and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 27 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Rate Collection Agency at 31 March 2004 and of the net cost of operations, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



J M Dowdall
Comptroller and Auditor General
5 July 2004

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

RATE COLLECTION AGENCY OPERATING COST STATEMENT

for the year ended 31 March 2004

	Notes	2004 £000s	2003 £000s
Expenditure			
Staff costs	2.2	5,451	4,866
Depreciation and other amounts written off tangible fixed assets	3	611	553
Other operating costs	4	4,084	3,301
Income			
Miscellaneous income payable to Consolidated Fund		<u>(10)</u>	<u>(6)</u>
Cost of continuing operating activities		10,136	8,714
Loss on disposal of tangible fixed assets		13	-
Notional Cost of Capital	1.6	<u>46</u>	<u>116</u>
Cost of operations		<u>10,195</u>	<u>8,830</u>

The amounts set out above arise wholly from continuing operations and are administrative in nature.

STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2004

	Notes	2004 £000s	2003 £000s
Unrealised surplus on revaluation of fixed assets	8	<u>19</u>	<u>23</u>

The notes on pages 34 to 44 form part of these accounts.

RATE COLLECTION AGENCY BALANCE SHEET
as at 31 March 2004

	Notes	2004 £000s	2003 £000s
FIXED ASSETS			
Tangible Fixed Assets	5	<u>680</u>	<u>1,212</u>
CURRENT ASSETS			
Debtors	6	869	832
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(698)</u>	<u>(284)</u>
NET CURRENT ASSETS		<u>171</u>	<u>548</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>851</u></u>	<u><u>1,760</u></u>
FINANCED BY:			
CAPITAL AND RESERVES			
General Fund	8	800	1,680
Revaluation Reserve	8	<u>51</u>	<u>80</u>
		<u><u>851</u></u>	<u><u>1,760</u></u>

Signed



A SCOTT

Chief Executive

23 June 2004

The notes on pages 34 to 44 form part of these accounts.

RATE COLLECTION AGENCY CASH FLOW STATEMENT
for the year ended 31 March 2004

		2004	2003
	Notes	£000s	£000s
Net cash outflow from continuing operating activities	9	7,563	6,572
 Capital Expenditure			
Purchase of tangible fixed assets	5	73	281
Disposal of tangible fixed assets	5	13	-
		<hr/>	<hr/>
Net cash outflow before financing		7,649	6,853
 Financing			
Net cash inflow from financing – Consolidated Fund	8	(7,649)	(6,853)
		<hr/>	<hr/>
Increase/Decrease in cash in the year		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 34 to 44 form part of these accounts.

RATE COLLECTION AGENCY NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

Note I Statement of Accounting Policies

The financial statements have been prepared in accordance with the Accounts Direction given by the Department of Finance and Personnel (DFP) in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. This direction requires the Agency to comply with the extant edition of the Northern Ireland Resource Accounting Manual (NIRAM) issued by DFP.

The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

I.1 ACCOUNTING CONVENTION AND BASIS OF PREPARING FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

I.2 TANGIBLE FIXED ASSETS

The Agency's fixed assets comprise computer equipment, software and other office equipment which are revalued annually using appropriate indices compiled by the Office for National Statistics.

The minimum level for capitalisation of a tangible fixed asset is £1,000.

I.3 DEPRECIATION

Depreciation is provided on a straight line basis in order to write-off the valuation, less any residual value, over the estimated useful lives. The estimated useful lives, which are reviewed regularly are:

Computer Equipment	3-10 years
Software	8-10 years
Office Equipment	5-10 years

The Rate Collection Agency does not own the land and buildings it occupies, but incurs an accommodation charge which is included in its operating costs.

I.4 RECOVERABLE LEGAL EXPENSES

Recoverable legal expenses are accounted for on an accruals basis and a provision is made for non-recovery of legal debts.

I.5 STOCK

Stocks consist only of low value consumable items and are therefore expensed in the year of purchase.

RATE COLLECTION AGENCY NOTES TO THE FINANCIAL STATEMENT

for the year ended 31 March 2004 continued.

1.6 CAPITAL CHARGE

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% in real terms on all assets less liabilities.

1.7 PENSIONS

Past and present employees are covered by the Principal Civil Service Pension Scheme which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, Agencies and other bodies covered by PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

Note 2 Staff Numbers and Costs

2.1 STAFF NUMBERS

	2004	2003
	Nos	Nos
The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:	<u>292</u>	<u>267</u>

The aggregate payroll costs of these persons were as follows:

2.2 STAFF COSTS

	2004	2003
	£000s	£000s
Salaries and Wages	4,649	4,166
Social Security Costs	287	226
Other Pension Costs	<u>515</u>	<u>474</u>
TOTAL	<u><u>5,451</u></u>	<u><u>4,866</u></u>

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Rate Collection Agency is unable to identify its share of the underlying assets and liabilities. The most up-to-date actuarial valuation was carried out as at 31 March 1999 and an interim estimate of the scheme liability is available at 31 March 2002. A full actuarial valuation of the scheme liability is currently underway.

For 2003-2004 contributions of £515,238.91 (2002-2003 £474,396.86) were paid to the PCSPS at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range of 12-18 per cent of pensionable pay.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition no employer contributions were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

2.3 SALARIES AND PENSION ENTITLEMENTS

The salary and pension entitlements of the most senior managers of the Agency were as follows:

Name and Title	Age	Salary (as defined below)	Real increase in pension at age 60	Total Accrued Pension at Age 60 at 31 March 2004	Benifits in Kind	Employer Contribution to Partnership Pension Account including risk benefit cover	CETV at 31/3/03 or at leaving date (to nearest £k)	CETV at 31/3/04 or at leaving date (to nearest £k)	Real increase in CETV after adjustment for inflation and changes in Market Investment Factors
2004									
£000s									
Arthur SCOTT Chief Executive	46	50-55	0-2.5	15-20	-	-	245	261	3
Bill HAGAN Director of Business Development.	43	40-45	0-2.5	10-15	-	-	150	166	8
Fred HEMPTON Director of Business Processes	55	30-35	0	15-20	-	-	268	281	2
Margaret TAYLOR Director of Information Systems	54	30-35	0-2.5	10-15	-	-	224	234	2
John MCAULEY Director of Corporate Support (until 23/6/03)	41	5-10	0-2.5	5-10	-	-	76	77	1
Tracey BROWNE Director of Corporate Services (from 23/6/03)	36	10-15	0-2.5	0-5	-	-	38	39	2
Stuart STEVENSON Director of Finance (from 23/6/03)	31	15-20	0-2.5	0-5	-	-	14	16	2

RATE COLLECTION AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Salary

- (i) "Salary" includes gross salary; performance pay or bonuses; overtime; reserved rights to London Weighting or London Allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Pension

- (ii) Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statute based "final salary" defined benefit schemes (**classic**, **premium** and **classic plus**). New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

(a) Classic Scheme

Benefits accrue at a rate of $1/80^{\text{th}}$ of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the members pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) Premium Scheme

Benefits accrue at a rate of $1/60^{\text{th}}$ of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum, but some members may commute some of their pension to provide a lump sum up to a maximum of $3/80^{\text{ths}}$ of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 % of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of $3/8^{\text{ths}}$ the members pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill-health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

RATE COLLECTION AGENCY NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

(c) Classic Plus Scheme

This is essentially a variation of *premium*, but with benefits in respect of service before 1 October 2002 calculated broadly as per *classic*.

All staff in service at 1 October 2002 will be given the option to join the *premium* or *classic plus* arrangements.

Pensions payable under *classic*, *premium* and *classic plus* are increased in line with the Retail Price Index.

(d) Partnership Pension Account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill-health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

Benefits in kind

(iii) The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. None of the above received benefits in kind.

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 3 Depreciation and other amounts written off tangible
fixed assets

	2004	2003
	£000s	£000s
Depreciation charge for the year	572	509
Reversal of downward revaluation of computer equipment written back	-	-
Impairments written off	39	44
	<u>611</u>	<u>553</u>

Note 4 Other Operating Costs

	2004	2003
	£000s	£000s
These comprise:		
General Administration Expenses	1,877	1,430
Bad debts	389	301
Non-recoverable legal expenses	230	68
Notional Costs	1,588	1,502
	<u>4,084</u>	<u>3,301</u>

NOTE: The Notional Costs relate to chargeable services for which no actual payment is made. They are included in the accounts to reflect the full economic cost of the Agency's activities.

	2004	2003
	£000s	£000s
Amounts included are:		
Services provided by parent Department	1,577	1,492
Services provided by other Agencies and Departments:		
Audit Fee	10	10
Other services	1	-
	<u>1,588</u>	<u>1,502</u>

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 5 Tangible Fixed Assets

	Assets under Construction	Office Equipment	Computer Equipment	Software	Total
	£000s	£000s	£000s	£000s	£000s
COST OR VALUATION					
At 1 April 2003	-	60	940	4,948	5,948
Adjustment	-	-	-	-	-
Additions	-	-	26	23	49
Transfers	-	-	25	-	25
Disposals	-	(4)	(50)	(22)	(76)
Impairment	-	-	(137)	-	(137)
Revaluation	-	1	-	195	196
At 31 March 2004	-	57	804	5,144	6,005
DEPRECIATION					
At 1 April 2003	-	43	481	4,212	4,736
Adjustment	-	-	-	-	-
Charge for year	-	6	254	312	572
Transfers	-	-	1	-	1
Disposals	-	(4)	(42)	(17)	(63)
Impairment	-	-	(99)	-	(99)
Revaluation	-	1	-	177	178
At 31 March 2004	-	46	595	4,684	5,325
NET BOOK VALUE					
At 31 March 2004	-	11	209	460	670
At 1 April 2003	--	17	459	736	1,212

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 6 Debtors

	2004	2003
	£000s	£000s
Amounts falling due within one year:		
Legal Debtors	1,099	1,110
Bad debt provision	(402)	(364)
	<u>697</u>	<u>746</u>
Due from Other Government Departments	2	1
Other Debtors	96	70
Prepayments	74	15
	<u>869</u>	<u>832</u>
TOTAL	<u><u>869</u></u>	<u><u>832</u></u>

Note 7 Creditors: due within one year

	2004	2003
	£000s	£000s
Trade Creditors	-	1
Accruals	688	277
Consolidated fund extra receipts received and receivable and other amounts due to be paid to the Consolidated Fund	10	6
	<u>698</u>	<u>284</u>
TOTAL	<u><u>698</u></u>	<u><u>284</u></u>

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 8 Reconciliation of movement in Reserves and Government Funds

	General Fund £000s	Revaluation Reserve £000s	2004 Total £000s	2003 Total £000s
At 1 April 2003	1,680	80	1,760	2,131
Movement on reserve:				
Adjustment	-	-	-	(29)
Financing from Consolidated Fund	7,649	-	7,649	6,853
Cost of operations	(10,195)	-	(10,195)	(8,830)
Income payable to Consolidated Fund	(16)	-	(16)	(6)
Notional costs	1,634	-	1,634	1,618
Revaluation of fixed assets	-	19	19	23
Transfer of realised elements	48	(48)	-	-
At 31 March 2004	<u>800</u>	<u>51</u>	<u>851</u>	<u>1,760</u>

Note 9 Reconciliation of cost of operating activities to net cash outflow from continuing operating activities

	2004 £000s	2003 £000s
Cost of continuing operating activities	10,136	8,714
Depreciation and other amounts written off tangible fixed assets	(611)	(553)
Bad debts	(389)	(301)
Notional and other non-cash costs	(1,588)	(1,502)
Increase / (Decrease) in Debtors	75	(42)
(Increase) / Decrease in Creditors	(411)	(100)
Use of provision for bad debts	351	356
NET CASH OUTFLOW FROM CONTINUING OPERATING ACTIVITIES	<u>7,563</u>	<u>6,572</u>

RATE COLLECTION AGENCY NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 10 Contingent Liabilities

There were no contingent liabilities at 31 March 2004 (2003: £NIL)

Note 11 Capital Commitments

	2004	2003
	£000s	£000s
Contracted capital commitments at the end of the financial year for which no provision has been made	-	-
	<u> </u>	<u> </u>

Note 12 Related Party Transactions

The Rate Collection Agency was an Executive Agency of the Department of the Environment for Northern Ireland until devolution on 2 December 1999 when it transferred to the Department of Finance and Personnel.

The Department of Finance and Personnel is regarded as a related party. During the year the Rate Collection Agency has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department, viz:

- Construction Service
- Land Registers of Northern Ireland
- Business Development Service

In addition, the Rate Collection Agency has had various material transactions with other Government Departments and other Central Government Bodies. Most of these transactions have been with the Northern Ireland Court Service and the Crown Solicitors Office.

None of the members of the key management staff or other related parties has undertaken any material transactions with the Rate Collection Agency during the year.

RATE COLLECTION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004 continued

Note 13 Principal Activities

The total expenditure of the Rate Collection Agency is directed towards its two principal activities: the collection and recovery of rates and the administration of the Housing Benefit scheme for owner occupiers. Costs are attributed as follows:

	2004	2003
	£000s	£000s
Rate Collection	8,659	7,408
Housing Benefit	1,536	1,422
Cost of operations	<u>10,195</u>	<u>8,830</u>

Note 14 Financing

	2004	2003
	£000s	£000s
Expenditure	8,396	7,547
Receipts	(747)	(694)
Financing received	<u>7,649</u>	<u>6,853</u>
This was used to finance:		
Net cash outflow from continuing operating activities	7,563	6,572
Purchase of tangible fixed assets	73	281
Disposal of tangible fixed assets	13	-
	<u>7,649</u>	<u>6,853</u>

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

Online
www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Fax orders: 0870 600 5533
Order through the Parliamentary Hotline
Lo-call 0845 702 3474
E-mail book.orders@tso.co.uk
telephone: 0870 240 3701

TSO Bookshops
123 Kingsway London WC2B 6PQ
020 7242 6393 Fax 020 7242 6394
68-69 Bull Street, Birmingham B4 6AD
0121 236 9696 Fax 0121 236 9699
9-21 Princess Street, Manchester M60 8AS
0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
18-19 High Street, Cardiff CF10 1PT
029 2039 5548 Fax 029 2038 4347
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop
12 Bridge Square, Parliament Square
London SW1A 2JX
Telephone orders/General enquiries 020 7219 3890
Fax orders 020 7219 3866

TSO Accredited Agents
(See yellow pages)

and through good booksellers

ISBN 0-10-292548-8

