

Special EU Programmes Body

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Front cover photograph: Interpretation at Altahullion Wind Farm and Cashel Picnic Centre.
Funded by PEACE II through Sperrins Tourism Ltd.



" MOVING AHEAD "

Special EU Programmes Body

Annual Report and Accounts | 2003



" MOVING AHEAD "

Ordered by the House of Commons
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FOREWORD

“ The success of both Programmes cannot be calculated in figures alone. Our vision is to create a more peaceful, stable and tolerant society and the success of the many projects which we have assisted in Northern Ireland and the Border Region is the real story and benchmark of our work.

”

Foreword



Nuala Kerr, Acting Chief Executive

For me, the words 'Moving Ahead' sum up the tremendous amount of work which the Body undertook during 2003, in particular, with the work of the PEACE II and INTERREG IIIA Programmes. We faced many challenges throughout the year but 2003 was also filled with many achievements and all of us involved in implementing both Programmes, as well as our other work, moved forward with a great deal of determination and focus.

The number of projects joining the PEACE II family accelerated rapidly during the year and we celebrated the first letters of offer being issued to projects under the INTERREG IIIA. By the end of 2003, over 3,000 were being funded by PEACE II and 187 projects by INTERREG within weeks of allocating funds.

The success of both Programmes cannot be calculated in figures alone. Our vision is to create a more peaceful, stable and tolerant society and the success of the many projects which we have assisted in Northern Ireland and the Border Region are the real story and benchmark of our work.

One of the greatest challenges we faced in 2003 was the issue of N+2, a target set by the European Commission for the PEACE II Programme to spend £156 million on the ground before the end of December. During the year there was much speculation and comment that the N+2 issue would not be resolved, with some reports projecting that

up to £55 million would be lost to the Programme if the target was not met.

Together with all of our partners we ensured that the target was achieved and as a result no money was lost which meant that the full Programme budget was spent in assisting valuable peace building projects throughout Northern Ireland and the Border Region.

The excitement, enthusiasm and determination we displayed when we started our work three years ago remain very strong and this has helped us to make 2003 our most successful year to date.

I would like to take this opportunity to thank the projects that the PEACE and INTERREG Programmes fund for their vision and support in helping to achieve the goals of the Special EU Programmes Body. I would also like to acknowledge the invaluable support of our many partners who help to implement both Programmes, without their efforts neither Programme could operate, and last, but by no means least, I would like to acknowledge the sterling work of the staff of the SEUPB. The enormous progress we made during 2003 is testament to their dedication.

BACKGROUND

// The PEACE II Programme aims to help Northern Ireland become a more stable and prosperous society and to promote reconciliation in Northern Ireland and the Border Region of Ireland.

The INTERREG IIIA Programme, an EU wide initiative, is designed to support cross border co-operation, social cohesion and economic development between the regions of the European Union.

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Background

The Special EU Programmes Body's principal functions are to manage certain EU Structural Funds, such as the EU Programme for Peace and Reconciliation (PEACE II), INTERREG IIIA Programme and other Community Initiatives and to support a range of development and regeneration programmes in the North and South of Ireland.

The SEUPB is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in Ireland. The Body was established on 2nd December 1999 under the Good Friday Agreement 1998 and the British Irish Agreement establishing implementation bodies. The Body reports to the North/South Ministerial Council.

PEACE II Programme

The PEACE II Programme aims to help Northern Ireland become a more stable and prosperous society and to promote reconciliation in Northern Ireland and the Border Region of Ireland.

By the time the Programme closes at the end of 2004, it will have provided around £456 million (€707 million) for projects. The Programme has five main themes; Economic Renewal; Social Integration, Inclusion and Reconciliation; Locally-based Regeneration and Development Strategies; Outward and Forward Looking Region and Cross Border Co-operation.

Northern Ireland Regional Partnership Board

The Special EU Programmes Body is also responsible for the secretariat for the Northern Ireland Regional Partnership Board, which was set up to ensure that partnership working continues beyond the life of the PEACE II Programme. The Board is tasked with promoting partnership working at a local level, the sharing of best practice, and assisting different districts and organisations to work together.

INTERREG IIIA Programme

The INTERREG IIIA Programme, an EU wide initiative, is designed to support cross border co-operation, social cohesion and economic development between the regions of the European Union. The Ireland/Northern Ireland INTERREG IIIA Programme covers all of Northern Ireland and the six border counties of Ireland.

The €179 million programme aims to address the economic and social disadvantages which can result from the existence of a border, by promoting the creation of cross border networks involving, and also benefiting, local communities.

The Programme has a number of Measures under which applications can be made; however, preference is given to projects which lead to job creation, improvement of the economic competitiveness of an area, creation of development plans and the promotion of equal opportunities for men and women.



The Special EU Programmes Body also has oversight of other Community Initiatives, including Leader +, Urban II and Equal and contributes to the development of such programmes through partnership activity with government departments, North and South.

Common Chapter

The Special EU Programmes Body is charged with monitoring and promoting the implementation of the Common Chapter. The National Development Plan for Ireland (2000-2006) and the Northern Ireland Structural Funds Plan (2000-2006) each contain a chapter of agreed text that appears in both plans.

This sets out a strategic framework for building upon North/South and wider co-operation across a broad range of sectors and activities. This develops from previous work set out in the 1994/1999 plans and recognises the benefits that may be secured throughout the island of Ireland through closer economic co-operation.



Our Values

As an organisation the Special EU Programmes Body is committed to undertake our business on the basis of the following values which all staff strive to uphold.

Inclusiveness

In all aspects of our work we will aim to act in a manner which offers equality of opportunity and accessibility. We will act fairly and openly towards any one person or any organisation. We wish to encourage participation from all and respect for diversity.

Transparency and Openness

We adopt a policy of transparency and openness and will keep personnel, customers and the general public aware of our policies and actions through the exchange and dissemination of information and consultation.

Working Positively Together

We will continue to work in partnership with stakeholders and customers to respond to their needs and ensure that issues are identified and addressed.

Respect for People

The Special EU Programmes Body is committed to showing respect for all people with whom we come into contact during the course of our business.

Ready to Learn, Share and be Innovative

At all times we will be open to new ideas and concepts and willing to consider new ideas and challenging ways of working, whilst retaining quality deliverables. The Special EU Programmes Body encourages sharing of ideas and suggestions to improve both personal and corporate performance, through open two-way communication.



The Mission of the Special EU Programmes Body is:

“ To develop co-operation, understanding and action between people and organisations in Ireland and Northern Ireland through consultation and implementation of EU social, economic, reconciliation and cultural programmes. ”

1: Nuala Cormican, INTERREG Programme Manager, with John Rice (DCMNR), Trevor Forsyth (DETI) and Harry Hamill, InterTrade Ireland at an Open Day in September 2003 for the Telecommunications and Broadband element of Measure 2.1.

2: An example of Craftwork Cross Border Craft Network's products, funded by the PEACE II programme through Co-operation Ireland.

3: The Positive Futures and Tullynewbank Stables PEACE II project, funded through the Lisburn Local Strategy Partnership.



HIGHLIGHTS

// The PEACE and INTERREG Programmes celebrated some notable achievements in 2003, not least the achievement of the N+2 target set by the European Commission to spend a set amount of money on projects by the end of 2003.

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1: PEACE II and INTERREG IIIA's eligible areas.



Highlights of 2003

The PEACE and INTERREG Programmes celebrated some notable achievements in 2003, not least the achievement of the N+2 target set by the European Commission to spend a set amount of money on projects by the end of 2003. Some of the important highlights of both Programmes throughout the year included:

PEACE II

- Over £410 million (€636 million) had been committed to over 3,000 projects by the end of 2003.
- Simplification of the way the Programme is administered by projects following the recommendations by the 60 Day Action Team in the Autumn of 2003.
- The publication of a series of user-friendly guides to help projects in the areas of financial management and monitoring.
- The introduction of a shortened application form.

INTERREG IIIA

- The INTERREG IIIA Steering Committee assessed 187 applications for funding during the year and the first Letters of Offer were issued.
- Under Measure €2.1, €2.5m was approved under the heading of Oil Infrastructure and €10m under the theme of Technology Parks.

Common to both Programmes the Special EU Programmes Body's website was redesigned. The new site is more user-friendly, is a useful source for projects and those applying for funding and allows the user to download all documents relating to both Programmes.

Main photograph: Festival of Fish, County Down. Funded by PEACE II through the Rural Development Council.

INCLUSIVENESS

“ In all aspects of our work we will aim to act in a manner which offers equality of opportunity and accessibility. ”

”

Inclusiveness

2003 saw PEACE II's first ever award to an ethnic minority. The Chinese Welfare Association, which represents the members of Northern Ireland's largest ethnic group, received £183,000 from the Community Relations Council to employ two new staff to work in Belfast and Londonderry.

The project focuses on helping the Chinese community to work together for positive social action and build links to other community groups. The purpose of both activities is to promote cross-community relations and improve understanding of different cultures leading to a more positive relationship between Chinese and other groups.

The project will run for three years during which time a booklet on Chinese culture will be produced. The group has already been in discussion with local community groups to improve perceptions and reduce the possibilities for misunderstandings that can result in attacks.

Increasing training and economic opportunities throughout Northern Ireland and the Border Region is a priority of

the PEACE Programme. The Clogher IT Centre, based in the Clogher Valley Rural Centre received £80,000 from the Programme.

The centre provides accredited IT training in word processing, OCR CLAIT and ECDL (European Computer Driving Licence) and plans to train over 300 people during the two-year programme. The scheme has also built up a relationship with Dungannon Further Education College and collaboration between the two organisations is growing.

A network of women in North Belfast is proving that they are more than a match for their male counterparts when it comes to trades, such as tiling and electrical engineering!

The Women's Tec Centre has created the 'Women into Trades and Employment' (WITE) project, funded by a £98,000 PEACE grant through the Community Foundation for Northern Ireland.

A team of recently qualified tradeswomen is providing instruction to one hundred and twenty participants, from both sides of the community, to take accredited courses in tiling, electrical engineering and painting and decorating.

The WITE project includes personal and pre-employment development and provides childcare and travel costs to ensure that all participants are able to make the most of the training programme.

Over €15.6m was allocated to Women's Projects by Peace II in 2003.

1: The Chinese Welfare Association, funded through CRC, provides programmes for Northern Ireland's largest ethnic minority.





TRANSPARENCY AND OPENNESS

“ We adopt a policy of transparency and openness and will keep personnel, customers and the general public aware of our policies and actions.

”

Transparency and Openness

The SEUPB aims to be as open as possible in all aspects of its work and, in order to aid the Body with this objective, a number of positive actions were taken which included the publication of the PEACE Programme's first ever Standards Delivery Charter.

The website was improved to include a section where all documents relating to the Programmes, including minutes of the PEACE II Monitoring Committee meetings, could be viewed and downloaded.

A six foot high glass 'wall' that contains poems written by local people expressing their hopes for the future was just one of the many projects PEACE funded throughout the year.

The glass 'wall' project is part of the New Belfast Community Arts Initiative which has received a total of £226,000 of Peace II funding for numerous projects from the Belfast Local Strategy Partnership.

Bringing people together, from both sides of our divided society, is fundamental to the PEACE Programme. Whereas walls normally separate, this glass sculpture has bridged communities and brought people together in a thought-provoking project.

The PEACE II Monitoring Committee met four times throughout 2003, the INTERREG Monitoring Committee twice and the INTERREG Steering Committee on six occasions.

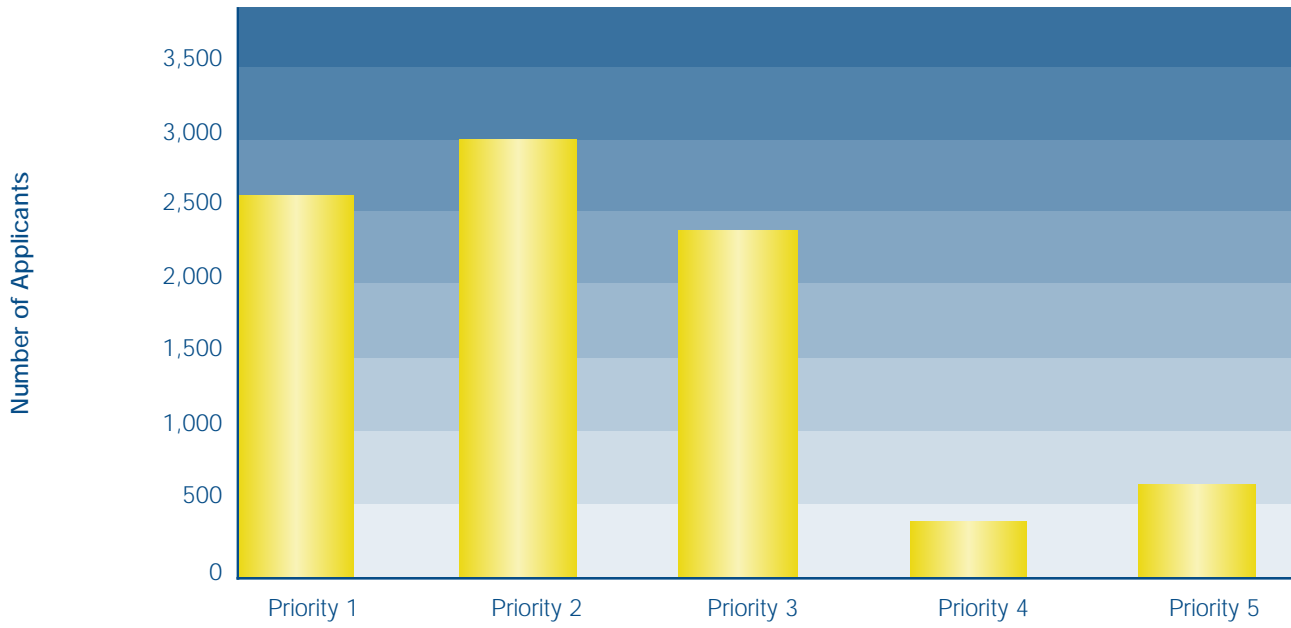
The INTERREG Programme hosted an open day in September 2003 for those interested in the Telecommunications and Broadband element of Measure 2.1. Over one hundred people attended the event and the INTERREG team delivered a presentation and joined a panel in a question and answer session.

Over €15.6m was allocated to arts related projects by Peace II in 2003.

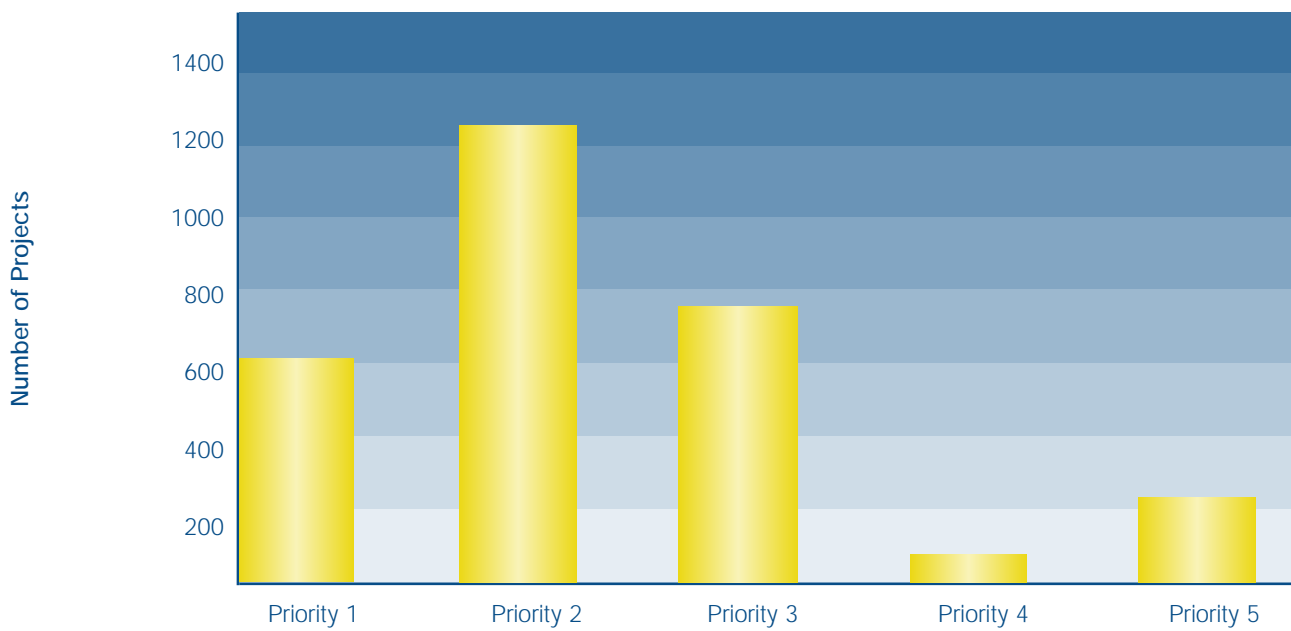


1: Nuala Kerr with Manfred Beschel, EU Commission and Tim Spalding, CWC at the Peace Monitoring Committee at Carrickmacross.

PEACE II: Applications per Priority

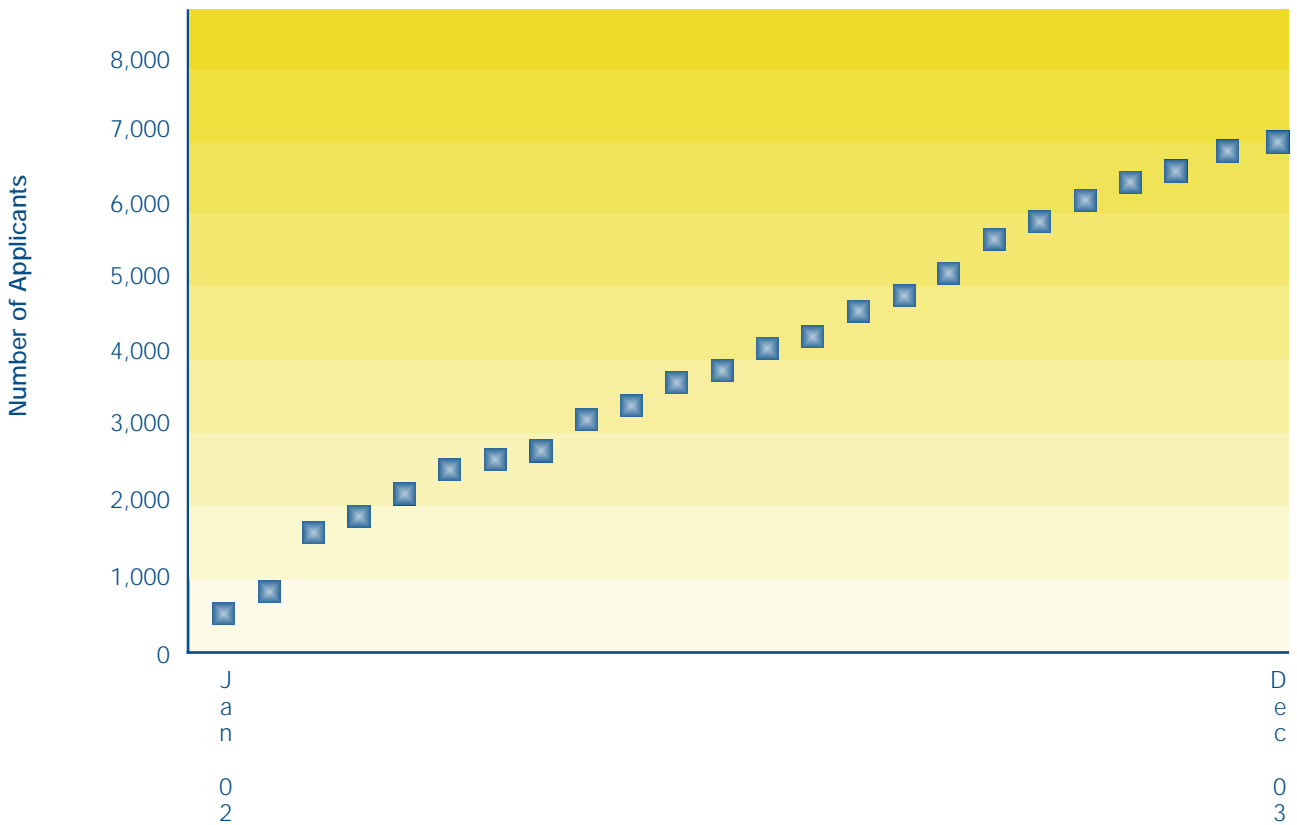


PEACE II: Number of Projects per Priority



PEACE II: Growth in the Number of Applications

The Peace II Programme made very significant progress during 2003, with a high level of activity maintained throughout the year in all Priorities. The Programme continued to receive a large amount of applications rising from 4,001 in December 2002, to 7,034 in December 2003.



- Priority 1:** Economic Renewal
- Priority 2:** Social Inclusion and Reconciliation
- Priority 3:** Locally Based Regeneration
- Priority 4:** Outward & Forward Looking
- Priority 5:** Cross Border Co-operation



WORKING TOGETHER

// Part of the programme management is a continuous exchange of information and consultation with the Implementing Bodies and Agents to improve the way the Programme operates.

//

Working Positively Together

The impact that the INTERREG and PEACE Programmes have had on Northern Ireland and the Border Region cannot be calculated in figures alone, important though these are. The accounts of those whose lives have been changed throughout the eligible area by both Programmes are the real story at the heart of INTERREG and PEACE.

Money alone cannot provide peace nor address the problems associated with borders. The Special EU Programmes Body works with thousands of people and organisations to ensure that the aims and objectives of both Programmes are fulfilled.

The INTERREG IIIA Programme in Ireland and Northern Ireland operates differently than it does in the rest of the EU. Rather than centrally implemented, the Programme operates through a range of Implementing Agents, including Government Departments and locally based partnerships.

Implementing Programmes on the scale of PEACE and INTERREG can be a complex business; however, the Special EU Programmes Body listens to the suggestions of many people and organisations and, where possible and practical, implements change.

Throughout 2003 the Special EU Programmes Body continued to listen, consult, debate and change through a series of meetings with key players as well as implementing the recommendations of the PEACE II 60 Day Action Team, detailed further within this report.

Over €36.9m was allocated to Children/Youth Projects by Peace II in 2003.



1: One of the PEACE 2003 Roadshows to bring project promoters together.



RESPECT FOR PEOPLE

“ The Special EU Programmes Body is committed to showing respect for all people with whom we come into contact with, during the course of our business. ”

Respect for People

The Ballymoney-based project, Can-Can, is doing its best to clean up the local environment. Funded by PEACE II the group takes aluminium cans and crushes them so that they can be recycled.

This would be admirable enough but Can-Can does much more. All the people who work there are learning disabled and the activities not only help the environment, they help to give the employees a sense that they have a real contribution to make to their community.

This project provides learning disabled people, from both communities, with personal skills and the confidence to become more integrated into the community and has created a mini business where everyone involved has a role.



Over €150m was allocated to projects that centred on Training by PEACE II in 2003.

- 1: Children taking part in the PEACE funded Belfast Community Circus School.
- 2: The Can-Can Project funded by PEACE II through the Ballymoney Local Strategy Partnership.

Main photograph: Magherafelt and District Disability Forum, funded by PEACE II through Magherafelt Local Strategy Partnership.



BE INNOVATIVE

“ Keen to ensure that projects focus on the real business of delivering peace and reconciliation, the changes implemented make it easier for projects to apply for funds under the Programme and keep the audit and monitoring demands on them to a minimum.

”

Learn, Share and Innovate

Programmes on the scale of PEACE II and INTERREG IIIA can be complicated to implement. However, we have always listened to the views of many people and, where possible and practical, have introduced changes and improvements.

In September 2003, Ian Pearson MP, Minister for the Department of Finance and Personnel, set up a 60 Day Action Team to look at ways to further simplify the work of PEACE II. Chaired by Nuala Kerr, Acting Chief Executive of the Special EU Programmes Body, the Team was made up of membership drawn from Special EU Programmes Body, Implementing Bodies, Local Strategy Partnerships and key government departments.

The recommendations by the 60 Day Action Team, endorsed by the Minister, were announced at a conference held in Belfast in December 2003.

Keen to ensure that projects focus on the real business of delivering peace and reconciliation, the changes implemented make it easier for projects to apply for funds under the Programme and keep the audit and monitoring demands on them to a minimum.

There's no doubt that the PEACE II Programme has made a considerable impact on the stability, economy and strength of communities across Northern Ireland and the Border Region. Those of us involved in the delivery of the Programme - the Special EU Programmes Body and the Implementing Bodies - are committed to making the Programme more accessible and manageable for projects.



- 1: New SEUPB guide to financial management for PEACE Projects.
- 2: New PEACE II Service Delivery Standards Booklet.
- 3: Nuala Kerr with Conor Shields of the PEACE funded New Belfast Community Arts Initiative at 60 Day Action Team Conference, December 2003.



The main changes to the Programme included;

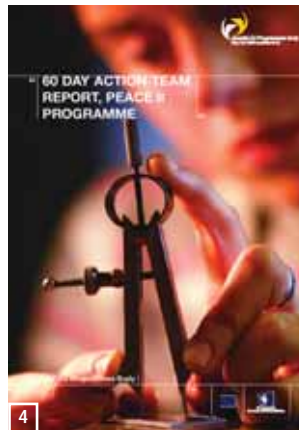
- A streamlined application form;
- An increase in the limit for small grants applications from £10,000 to £20,000; and
- Reduced monitoring and auditing.

In December the PEACE II's first ever newsletter, INFORM, was launched with the aim of giving projects and implementing bodies the platform to share information, be kept informed of developments to the Programme and the opportunity to publish their own experiences of PEACE funding.

Both the PEACE and INTERREG Programmes took their messages out to the community through a number of workshops, roadshows and events.

In the summer of 2003 the PEACE II Team held nine roadshows across Northern Ireland and the Border Region to celebrate PEACE II's successes in local communities. These roadshows proved to be a useful platform and meeting point for funded projects to share their experiences of PEACE funding.

- 4: The published report from the 60 Day Action Team.
- 5: New SEUPB guide for monitoring.
- 6: SEUPB's James Magowan meeting with PEACE Project Promoters.



Throughout the year INTERREG held fifteen roadshows and in September the Programme hosted a special seminar for those interested in the Telecommunications Broadband element of Measure 2.1. Over 100 people, from both sides of the border, attended the event, which was held in Dundalk. The INTERREG Team also held an event

in Louth in November to highlight its work and issue Letters of Offer to some of its successful projects.

As well as updating its information leaflets, the INTERREG Programme also updated its guidance notes used by Implementing Agents.



CROSS BORDER

“ Cross Border projects not only bring the two communities together, they help both communities to benefit from the experience of the other.

”

Cross Border Working: A Priority

Cross Border co-operation is fundamental to the INTERREG IIIA Programme and a key feature of the PEACE II Programme.

Both Programmes are helping to stimulate and build, not only social links, but also cross border business links. One of the priorities under the PEACE Programme is economic renewal and one of the sub-measures specifically targets the border region.

The kinds of cross border projects funded under PEACE II in 2003 included the Fermanagh Leitrim Organic Co-Operation Project. This initiative aims to bring together the skills and knowledge of the Organic Centre in Rossinver, County Leitrim and the Devenish Partnership in Enniskillen for the social and economic benefit of both communities.

Another example is the Blacklion Enterprise Centre where the border villages of Blacklion and Belcoo have come together and established a centre to assist businesses from both villages. The result of this project, which is near completion, is not only the creation of around 30 jobs but it will also stimulate the local economies by providing facilities to businesses, on both sides of the border.

Similarly, the Aquaculture project, based in the North West and funded through Co-operation Ireland, markets the produce from fisheries on both sides of the border.

The PEACE II Programme has now funded over 150 cross border projects to the tune of over 30 million euros. This money not only supports economic development but it also promotes reconciliation, which is the cornerstone of the Programme.

But this is not all that the PEACE Programme is delivering. Part of what the Special EU Programmes Body is concerned with is changing the mindset of people on both sides of the border. Forging links between different communities, encouraging tolerance for diversity are as important to the PEACE Programme as to the economic regeneration it helps to deliver.

One of the issues that is of concern to us all is the way that we tend to look to the centre, either North or South, when we should be facing each other and co-operating. Facing each other makes it more likely that cross border links can be made.

2003 also saw a milestone for the INTERREG IIIA Programme. The Programme issued its first letters of offer to a number of projects that are aimed at supporting cross border co-operation, social cohesion and economic development.

Peace II funded 142 Cross Border projects in 2003, to the value of €47.4m.



INFORMATION

“ The Special EU Programmes Body has embraced the principles of public service delivery, highlighting the importance of accessibility, co-operation and new ideas. ”

Implementation, Dedication & Commitment

Access to Information

In accordance with the terms of the British-Irish Agreement establishing implementation bodies, a Code of Practice on access to information will be drawn up as soon as practicable by the Ministers North and South with responsibility for freedom of information. In the meantime, the Special EU Programmes Body has facilitated access to information on the Operational Programmes and the Body. The Body also undertook a wide range of publicity activities and consultation exercises to promote the Operational Programmes, its Equality Scheme and the functions of the Body.

In going forward the Special EU Programmes Body has established a dedicated web site for the SEUPB and is promoting access to information in a number of accessible formats on request. Pending the introduction of the Code of Practice, it will aim to adopt best practice in providing access to information in a timely fashion.

Standards of Service

The Special EU Programmes Body has embraced the principles of public service delivery, highlighting the importance of accessibility, co-operation and new ideas. During its second year of operation the Body has established standards of service in line with best practice.

The Body is implementing standards of service in line with 'Service First - the new charter programme', that focus on the quality of output and will lead to the achievement of a Charter Mark as recognition for the level of service provided.

Payment of Creditors

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of Commercial Debts (Interest) Act 1998 as amended by the Late Payments in Commercial Debts Regulations 2002, and the Late Payment in Commercial Transactions Regulations 2002. The performance of the Special EU Programmes Body is reported in the Accounts.



THE FINANCE

“ The Body’s principal functions are to administer certain EU Structural Funds to support a range of development and regeneration programmes. ”

Foreword to the Accounts

Background Information

The Special EU Programmes Body is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in Ireland. The Body was established on the 2nd of December 1999 under the Good Friday Agreement 1998 and the British Irish Agreement establishing implementation bodies, which is underpinned by the North South Co-operation (Implementation Bodies Northern Ireland) Order 1999 and the British Irish Agreement Act 1999. Reporting to the North/South Ministerial Council, the Special EU Programmes Body's principal functions are to administer certain EU Structural Funds, PEACE, INTERREG and other Community Initiatives to support a range of development and regeneration programmes in the North and South of Ireland.

These accounts have been prepared in accordance with

- The financial arrangements of Part 7 of the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and Personnel and the Department of Finance, as provided for in the Body's Financial Memorandum, and

- The Annual Report and Accounts Guidance provided by the Department of Finance and Personnel and the Department of Finance.

Business Overview

An overview of The Special EU Programmes Body's activities is given in the Annual Report.

Results for the year

The results of The Special EU Programmes Body are set out in detail on page 34. The deficit for the year was €20,896 (£14,453) - 2002 deficit €11,474 (£6,959).

Fixed Assets

Details of the movement of fixed assets are set out in note 8 to the accounts. During the year the main expenditure on fixed assets was in relation to improving the Information and Technology and controls of the organisation.

Research and Development

There was no significant expenditure in this area.

Important Events Occurring After the Year End

There have been no important events since the year end that impact on these accounts.

Charitable Donations

The Special EU Programmes Body made no charitable donations during the financial year.

Board Members

The functions of the body are exercised by the Chief Executive.

Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment of Commercial Debts (Interest) Act 1998 and the Irish Prompt Payments Act, 1997. Unless otherwise stated in the contract, payment is due within 30 or 45 days, as appropriate, of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

The Body operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the Special EU Programmes Body paid its bills found that 95.5% (2002 - 93.1%) of bills were paid within this standard.

The Body also makes payments under the EIB Interest Rate Subsidy Scheme, for which a 15 days prompt payment rule is operated. This rule has been met for all payments made during 2003.

During the year, the Body has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the Body to make payments to projects within 10 working days of receipt of a valid claim. This has been achieved for 96% (2002 - 98%) for payments made during the year.

Health and Safety Policy

The Body has developed a written Health and Safety Policy and circulated it to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the Body to attain a high standard of health and safety within the organisation.

Disabled Employees

The Body has developed a policy in relation to Disability.

The Body is committed to the implementation of this policy to achieve equality of opportunity for its staff, applicants and potential staff, and to meeting the requirements of the Disability Act 1995.

The Body will treat all staff, or applicants for employment, with disabilities, with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

The Body Aims :

- to promote a positive working environment within which people with disabilities are readily accepted;
- to examine the working environment and practices in order to ensure, where practicable, the removal of barriers to the full participation of staff with disabilities in the life of the Body;
- to provide a safe working environment;
- to ensure the development of skills and potential of staff with disabilities, for example, through training and staff development;
- to provide access to the full range of recruitment and career development opportunities for people with disabilities.

Employee Involvement

Throughout the year employees were kept involved in the full workings and plans of the Body through formal and informal meetings, courses and briefings.

Statement of Responsibilities

Special EU Programmes Body's Responsibilities

The Department of Finance and Personnel and the Department of Finance have directed the Special EU Programmes Body to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at the appendix to these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the Body's state of affairs at the year end and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Body is required to:

- observe the accounts direction issued by the Finance Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the accounts;
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Body will continue in operation.

Chief Executive's Responsibilities

The Chief Executive's responsibilities as the Accountable Person for the Special EU Programmes Body, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of the Body.

Statement of Internal Control

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

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 the Body's 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 December 2003 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

We have carried out appropriate procedures to ensure that we have identified the Body's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Body has set out its attitude to risk to the achievement of its objectives.

I have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment has been carried out for the year ending 31 December 2003. Risk management has been incorporated more fully into the corporate planning and decision making process of the Body.

I receive periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Body's key objectives and risks, further work has been done to bring about more consistency in the way in which the Body treats risks.

During the year ended 31 December 2003, the Body has:

- regularly reviewed and updated the record of risks facing the organisation;
- set up a system of key performance and risk indicators;
- operated an Audit Committee, including a review of its membership and role in line with best practice
- developed and maintained an organisation-wide risk register; and
- arranged for reports from the Directors of the Body on internal control activities.

The Body has a Service Level Agreement with the Department of Finance and Personnel's Internal Auditor, who operates to standards defined in the Government Internal Audit Manual. Regular reports are received which include the IA's independent opinion on the adequacy and effectiveness of the Body's system of internal control together with recommendations for improvement.

Results have been favourable, and all recommendations are being implemented.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Body 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.



M F Kerr

Acting Chief Executive

23 June 2003

The Certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly and the Houses of the Oireachtas

We have audited the accounts on pages 34 to 47. Our audit has been carried out pursuant to the provisions of the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body.

Respective responsibilities of the Chief Executive and the Auditors

The responsibilities of the Body and the Chief Executive, including those pertaining to the preparation of the accounts and the regularity of financial transactions are set out in the Statement of the Body's and the Chief Executive's responsibilities on page 31. It is our responsibility to audit the accounts. As a result of our audit we express an opinion on the accounts.

We review whether the statement on page 32 reflects the Body's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We also report if, in our opinion, the Foreword or other information in the Annual Report is not consistent with the accounts.

Basis of Opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Chief Executive in the preparation of the accounts, and of whether the accounting policies are appropriate to the Body's circumstances, consistently applied and adequately disclosed.

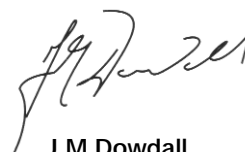
We planned and performed our audit to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Dáil Éireann and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the accounts.

We have obtained all the information and explanations which were necessary for the purposes for our audit.

Opinion

In our opinion

- proper accounting records have been kept by the Body and the accounts, which are in agreement with them, give a true and fair view of the state of the affairs of the Body at 31 December 2003 and of its transactions, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the accounts direction issued under the governing legislation and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Dáil Éireann and the financial transactions conform to the authorities which govern them.



J M Dowdall

Comptroller and Auditor General for Northern Ireland
106 University Street, Belfast BT7 1EU
16 July 2003



John Purcell

Irish Comptroller and Auditor General
Dublin Castle, Dublin 2
16 July 2003

SPECIAL EU PROGRAMMES BODY

Income and expenditure account for the year ended 31 December 2003

INCOME	Notes	2003 €	2002 €	2003 £	2002 £
Grant from Departments	2	20,278,397	16,323,212	14,025,922	10,261,047
Interim Funding from Departments	20	(358,130)	2,536,877	(247,706)	1,594,724
Other Operating Income	3	46,900	135,526	32,439	85,194
Capital Grant Release	14	406,934	328,377	281,463	206,423
TOTAL INCOME		20,374,101	19,323,992	14,092,118	12,147,388
EXPENDITURE					
Depreciation	8	(406,933)	(328,377)	(281,463)	(206,423)
Staff Costs	4	(1,522,049)	(1,454,767)	(1,052,753)	(914,491)
Other Operating Costs	6	(1,017,406)	(896,406)	(703,707)	(563,496)
Programme Costs	7	(17,692,361)	(14,017,141)	(12,237,243)	(8,811,157)
Interim Funding paid to projects	20	292,337	(2,536,877)	202,200	(1,594,724)
Interest repayable to Department of Finance and Personnel		(48,585)	(101,898)	(33,605)	(64,056)
TOTAL EXPENDITURE		(20,394,997)	(19,355,466)	(14,106,571)	(12,154,347)
(Deficit)/Surplus for the year transferred to General Reserve		(20,896)	(11,474)	(14,453)	(6,959)

All amounts above relate to continuing activities.

The body has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 37 to 47 form part of these accounts.

SPECIAL EU PROGRAMMES BODY
Balance Sheet as at 31 December 2003

Fixed Assets	Notes	2003 €	2002 €	2003 £	2002 £
Tangible Assets	8 (a)	820,642	1,081,646	578,388	703,601
Intangible Assets	8 (b)	88,624	129,611	62,462	84,311
		909,266	1,211,257	640,850	787,912

Current Assets					
Debtors	9	9,023,749	10,015,930	6,359,939	6,515,273
Cash at bank and in hand		32,651,432	28,266,841	23,012,733	18,387,329
Total Current Assets		41,675,181	38,282,771	29,372,672	24,902,602

Current Liabilities					
Creditors - amounts falling due within one year	10	(41,618,378)	(38,195,193)	(29,332,640)	(24,845,644)
Net Current Assets		56,803	87,578	40,032	56,958
Total Assets less Current Liabilities		966,069	1,298,835	680,883	844,870
Creditors-amount falling due after more than one year	11	(2,960)	(7,010)	(2,084)	(4,560)
		963,109	1,291,825	678,799	840,310

Financed by:					
Capital and Reserves					
General Reserve	13	53,843	80,568	37,948	52,401
Capital Grant Reserve	14	909,266	1,211,257	640,851	787,909
		963,109	1,291,825	678,799	840,310

The accounts approved by the Acting Chief Executive on 24 June 2004. The notes on pages 37 to 47 form part of these accounts.

M F Kerr

Acting Chief Executive

SPECIAL EU PROGRAMMES BODY

Cash Flow Statement for the year ended 31 December 2003

	Notes	2003 €	2002 €	2003 £	2002 £
Net cash inflow from operating activities	15.1	6,348,729	21,992,186	4,470,417	14,239,345
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(140,704)	(773,735)	(93,920)	(489,155)
Exchange Gain on acquisition of fixed assets		600	(2,158)	62,235	53,427
Net cash inflow before financing		6,208,625	21,216,293	4,438,732	13,803,617

Financing					
Capital funding received		104,341	135,151	72,169	84,958
Net cash inflow from financing		104,341	135,151	72,169	84,958
Increase in cash/bank balances	15.2	6,312,966	21,351,444	4,510,901	13,888,575

The notes on page 46 form part of these accounts.

**Notes to the Accounts for the year ended
31 December 2003**

ACCOUNTING POLICIES

1.1. Accounting Convention

The accounts have been prepared in accordance with the historical cost convention.

Without limiting the information given, the accounts are prepared on an accrual basis and comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 the Republic of Ireland Companies' Acts 1963 to 2003, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

1.2. Fixed Assets

Fixed Assets are valued at their cost to the body. Intangible assets comprise of purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	3 years
Office Equipment	5 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset.
Intangible assets	3 years

1.3. Pension Costs

During the year some of the staff employed by the Body were on secondment from Government departments and authorities.

Secondees from the Northern Ireland Civil Service continue to be members of the Principal Civil Service Pension Scheme. Secondees from the Southern Civil Service continue to be members of the Irish Principal Civil Service Pension Scheme.

Pension costs are paid by the Special EU Programmes Body as charged by the Government bodies.

A pension scheme specifically for all of the North/South Implementation bodies is currently being developed by the Finance Departments.

The terms of the scheme are expected to be in line with the Northern Ireland Principal Civil Service Pension Scheme. Details are given in Note 4 to the accounts. Until the actual terms and conditions of the scheme are determined, and an actuarial valuation is available, no provision has been made for the cost of providing for the future benefits of staff.

1.4. Value Added Tax

The Special EU Programmes Body is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of Fixed Assets.

1.5. Debtors

The Special EU Programmes Body does not pay for services in advance unless specifically required and therefore very few items are prepaid.

1.6. Stock

Stock is stated at the lower of cost and net realisable value.

1.7 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period

of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income and expenditure account.

Rentals are charged to the profit and loss account over the term of the lease.

1.8 Currencies

The Body's transactions are effected in the currencies of each part of Ireland. The Financial Statements

are presented in both currencies, each representing an aggregation of all transactions for the year in each part of Ireland translated at the average respective exchange rates during the year. At the year end assets and liabilities are translated at the rate existing at that time.

All exchange differences are taken to the Income and Expenditure account, with the exception of those arising in relation to the Central Payments Unit. They have been allocated to the Government Departments and included within Creditors (Note 10).

2. GRANT FROM THE DEPARTMENTS

	DFP €	DOF €	OTHER NI DEPTS €	TOTAL 2003 €	TOTAL 2002 €	TOTAL 2003 £	TOTAL 2002 £
Grant receivable:							
Administration and Expenses	1,435,701	1,190,049	-	2,625,750	2,283,228	1,816,148	1,435,276
Programme for PEACE & Reconciliation II	8,463,508	2,824,111	2,428,019	13,715,638	10,398,550	9,486,670	6,536,704
INTERREG III Programme	424,942	304,026	-	728,968	1,006,639	504,204	632,790
EIB Interest Rate Subsidy Scheme	2,989,757	218,284	-	3,208,041	2,634,795	2,218,900	1,656,277
Capital funding	48,434	53,380	-	101,814	43,162	70,422	27,132
TOTAL	13,362,342	4,589,850	2,428,019	20,380,211	16,366,374	14,096,344	10,288,179

Split as follows:	DFP €	DOF €	OTHER NI DEBTS €	TOTAL 2003 €	TOTAL 2002 £	TOTAL 2003 £	TOTAL 2002 £
Grants credited to income & expenditure	13,313,908	4,536,470	2,428,019	20,278,397	16,323,212	14,025,922	10,261,047
Grants credited to Capital Grant Reserve	48,434	53,380	-	101,814	43,162	70,422	27,132
TOTAL	13,362,342	4,589,850	2,428,019	20,380,211	16,366,374	14,096,344	10,288,179

In general terms, contributions are made towards Programme costs in the following manner;

	DFP	DOF
PEACE II	80%	20%
INTERREG IIIA	60%	40%

although certain costs are funded on an equal basis by the two Departments.

3. OTHER OPERATING INCOME

	2003 €	2002 €	2003 £	2002 £
Interest Receivable	46,900	135,526	32,439	85,194

4. STAFF COSTS

(a) The average weekly number of employees (full time equivalent) was:	2003	2002
Senior Management	5	5
Programme Delivery	15	17
Administration	12	11
TOTAL	32	33

Administration includes Finance, Human Resources, Central Payments Unit, Communications and general administration.

(b) The costs incurred in respect of these employees were:	2003 €	2002 €	2003 £	2002 £
Wages and Salaries	1,388,698	1,286,897	960,518	808,965
Social Security Costs	124,740	114,950	86,279	72,260
Other Pension Costs	23,393	52,920	16,180	33,266
Funded via Peace II Programme	(14,782)	-	(10,224)	-
TOTAL	1,522,049	1,454,767	1,052,753	914,491

(c) Number of employees at the end of the year whose emolument (including pension contributions) fell within the following bands (this represents the annual emolument):	2003	2002
€40,000 - 49,999	4	4
€50,000 - 59,999	4	4
€60,000 - 69,999	1	2
€70,000 - 79,999	0	0
€80,000 - 89,999	0	0
€90,000 - 99,999	1	1
€100,000 - 109,999	0	0
€110,000 - 119,999	0	0
€120,000 - 129,999	0	1

(d) Members of staff appointed by the Body are eligible for a new pension scheme which will apply to all Implementation Bodies. The terms of the new scheme are expected to be analogous to the Northern Ireland principal civil service pension scheme. At 31 December 2003, the Body employed 35 members of staff who will be eligible for the new scheme when it becomes available. The average length of eligible service was 23 months.

(e) The Chief Executive during the year was Mr J McKinney. Mr McKinney was suspended on 21 May 2003. Having been formally reinstated, Mr McKinney then resigned from his post on 9 December 2003.

The actual emolument of the Chief Executive during the year were as follows:

	2003 €	2002 €	2003 £	2002 £
Salary	285,760	108,623	197,651	68,282
Taxable benefits	16,531	14,324	11,434	9,004
	302,291	122,947	209,085	77,286

Upon leaving SEUPB, pending the introduction of the North South Pension Scheme, Mr McKinney was entitled to payments equivalent to what is payable under Principal Civil Service Pension Scheme (Northern Ireland). The amount payable to him upon resignation from the Body was a lump sum of £84,824. This is included in gross salary costs shown above. This amount will be repaid to SEUPB by the scheme when it is introduced, and subsequently repaid to the Departments.

Mr McKinney's gross salary also includes an ex-gratia payment of £20,000. This was as instructed by the Sponsor Departments.

During Mr McKinney's suspension and since his departure, Mrs Nuala Kerr has been Acting Chief Executive. The actual emolument of the Acting Chief Executive for the year ended 31 December 2003 were as follows:

	2003 €	2002 €	2003 £	2002 £
Salary	82,088	-	56,778	-
Pension Contributions	13,133	-	9,084	-
	95,221	-	65,862	-

5. PERFORMANCE AGAINST KEY FINANCIAL TARGETS

SEUPB successfully operated within its budget allocation for the year. SEUPB successfully managed the achievement of expenditure targets to 31 December 2003 under the Peace II Programme.

6. OTHER OPERATING COSTS	2003	2002	2003	2002
	€	€	£	£
Travel and Subsistence	88,223	61,003	61,021	38,348
Revenue Expenditure	217,093	166,870	150,156	104,897
Office Premises Expenses	335,245	330,855	231,878	207,981
Consultancy	134,056	84,168	92,722	52,909
Temporary Agency Staff	91,992	47,427	63,628	29,813
Training & Conferences	32,942	24,544	22,785	15,429
Subscriptions	2,819	1,372	1,950	862
Publicity and Advertising	94,735	26,036	65,525	16,367
Incidentals	22,029	10,761	15,237	6,766
Hospitality	4,220	3,859	2,919	2,426
Finance Lease Interest	1,440	1,440	996	905
Exchange Gains and Losses	(89,179)	65,752	(61,682)	41,333
Audit fees - External	37,933	59,939	26,237	38,850
- Internal	43,858	12,380	30,335	6,610
TOTAL	1,017,406	896,406	703,707	563,496

7. Programme Costs	2003	2002	2003	2002
	€	€	£	£
PEACE II North	10,903,734	8,489,346	7,541,766	5,336,392
PEACE II South	2,827,164	1,919,955	1,955,459	1,206,881
INTERREG III North	424,942	582,858	293,919	366,384
INTERREG III South	304,026	390,188	210,285	245,273
EIB Interest Subsidy Scheme	3,232,495	2,634,794	2,235,814	1,656,227
TOTAL	17,692,361	14,017,141	12,237,243	8,811,157

8. Fixed Assets

(a) Tangible Fixed Assets					
	Leasehold Improvements	Office Equipment	Computer Equipment	Fixtures & Fittings	Total
	€	€	€	€	€
Cost or Valuation					
At 31 December 2002	1,023,119	93,382	244,865	133,896	1,495,262
Additions	37,959	227	47,385	9,365	94,936
Permanent diminution in valuation	(15,235)	-	-	-	(15,235)
At 31 December 2002	1,045,843	93,609	292,250	143,261	1,574,963
Depreciation					
At 31 December 2002	247,589	31,770	99,260	34,997	413,616
Provision for year	213,061	18,688	88,799	20,157	340,705
At 31 December 2003	460,650	50,458	188,059	55,154	754,321
Net Book Value					
31-Dec-03	€ 585,193	43,151	104,191	88,107	820,642
	£ 412,444	30,413	73,434	62,098	578,388
Net Book Value					
31-Dec-02	€ 775,530	61,612	145,606	98,899	1,081,646
	£ 504,476	40,078	94,715	64,333	703,601
The net book value of office equipment includes €7,044 (2002 - €11,270) in respect of assets held under finance leases and hire purchase contracts.					

8. Fixed Assets Contd.

(b) Intangible Fixed Assets		Software
		€
Cost or Valuation		
At 31 December 2002		189,479
Additions		25,241
Disposals		-
At 31 December 2003		214,720
Depreciation		
At 31 December 2002		59,868
Provision for year		66,228
Disposals		-
At 31 December 2003		126,096
Net Book Value		
31-Dec-03	€	88,624
	£	62,462
31-Dec-02	€	129,611
	£	84,311

9. Debtors (amounts due within one year)				
Note	2003	2002	2003	2002
	€	€	£	£
Prepayments and accrued income	172,630	183,787	121,670	119,552
Technical assistance paid in advance to Implementing Bodies.	(I) 3,225,390	3,482,488	2,273,255	2,265,328
Grants due from Departments				
- Revenue	356,009	234,198	250,915	152,344
- Interim Funding	-	380,799	-	247,706
- INTERREG IIIA	10 5,269,720	5,734,658	3,714,099	3,730,343
	9,023,749	10,015,930	6,359,939	6,515,273

(I) In line with contracts entered into with Implementing Bodies involved in the delivery of the PEACE II Programme, initial payments were made to these

organisations based on need. This is in line with EU Regulations and Government Accounting for Northern Ireland.

The amounts paid will be converted to actual eligible expenditure during the course of the Programme.

10. Creditors (amounts falling due within one year)		2003	2002	2003	2002
	Note	€	€	£	£
Trade Creditors and Accruals	i	5,548,160	8,738,278	3,910,346	5,684,182
Staff costs creditors including social security		52,700	64,783	37,143	42,141
Obligations under finance leases	12	4,005	4,006	2,823	2,606
Amounts repayable to EU Commission/Government					
- EIB Interest Rate Subsidy Scheme	ii	226,680	3,601,600	159,764	2,342,809
- INTERREG IIIA Advance	iii	8,855,780	9,558,357	6,241,555	6,217,626
Amounts repayable to Government Departments					
- Department of Finance		1,205,005	1,026,785	849,288	667,915
- Department of Finance and Personnel (incl CPU balance)		2,810,295	2,950,615	1,980,696	1,919,349
- Departments using the Centralised Payment Unit	iv	22,914,852	12,221,744	16,150,390	7,950,136
Other Creditors		901	29,025	635	18,880
Total		41,618,378	38,195,193	29,332,640	24,845,644

(i) Grant income was received during 2003 and 2004 to discharge the year end creditors and accruals.

(ii) Under an arrangement agreed between the Governments and the European Commission, funds to meet future liabilities under the EIB Interest Rate Subsidy (Sub-programme 5 of PEACE I) were transferred to the Body and held in dedicated bank accounts prior to the closure of the programme on 31 December 2001. Amounts which were transferred to the Body shall either be paid to third parties on behalf of the Governments in relation to agreements entered into prior to 31 December 2001, or repaid to the EU Commission/Governments as unspent EU funds and matching exchequer funds as appropriate.

Where such liabilities have been identified and quantified with reasonable accuracy, provision has been made for the expenditure in the accounts, together with the related income. Otherwise, no income has been recognised in the accounts.

(iii) The Body is the Paying Authority for the INTERREG IIIA Programme. In this capacity it received an advance from the EU Commission of 7% of the Programme - €9,408,770 (£6,120,321). Interest relevant to the funds held by the Body (€243,214 - £185,507) have been included in the balance shown within creditors. In order to facilitate the requirements of Government Accounting in Northern Ireland, 60% (note 2) of the amount received, together with interest earned, has been transferred to the Consolidated Fund. These funds will be drawn as required by the Body, and have been shown in Debtors (note 9). The creditor figure is also shown after deducting claims for eligible expenditure due from the Commission (€790,777 - £557,340).

(iv) During the year the Body introduced a Central Payments Unit to make payments to projects on behalf of Accountable Government Departments. This was in operation during the year for certain Departments in Northern Ireland. The Departments passed funds to the Body in order for payments to be made in line with Terms and Conditions for Payment of Grant. Movements during the year are shown at Appendix 1. The balance on hand at 31 December 2003 is shown above.

(v) Amounts paid to projects by the Body on behalf of Irish Accountable Departments are shown at Appendix 1.

11. Creditors (amounts falling due after one year)		2003	2002	2003	2002
	Note	€	€	£	£
Obligations under finance leases	12	2,960	7,010	2,084	4,560

12. Finance Lease Obligations		2002	2001	2002	2001
		€	€	£	£
Less than one year		4,005	4,006	2,823	2,606
Between two and five years		2,960	7,010	2,084	4,560
Total		6,965	11,016	4,907	7,166

13. Reconciliation of Movements in General Reserve		2003	2002	2003	2002
		€	€	£	£
At 31 December 2002		80,568	92,042	52,401	56,007
Exchange gains/(losses)		(5,829)	-	-	3,352
Surplus for the year/period		(20,896)	(11,474)	(14,453)	(6,958)
At 31 December 2003		53,843	80,568	37,948	52,401

14. Reconciliation of Movements in Capital Grant Reserve		2003	2002	2003	2002
	Note	€	€	£	£
At 31 December 2002		1,211,257	1,406,641	787,909	855,946
Capital funding receivable during the period	2	101,814	43,162	70,422	27,132
Funding received via technical assistance		2,528	91,989	1,748	57,826
Less amount released to income and expenditure/account		(406,933)	(328,377)	(281,463)	(206,423)
Less amount released on disposal of fixed assets		-	-	-	-
Add exchange gain on acquisition of fixed assets		600	(2,158)	62,235	53,427
At 31 December 2003		909,266	1,211,257	640,851	787,908

15. Notes to Cashflow statement

15.1 Reconciliation of result for the period to net cash inflow from operating activities				
Note	2003 €	2002 €	2003 £	2002 £
Result for the period	(20,896)	(11,474)	(14,453)	(6,958)
Adjustment for non cash transactions				
Exchange differences on translation of opening cash balances at 31 December 2002	1,928,375	356,786	(114,503)	(73,607)
Exchange differences on translation of opening fixed asset balances at 31 December 2002	-	-	(65,782)	(28,103)
Depreciation	406,933	328,377	281,463	206,423
Capital Grant Release	(406,933)	(328,377)	(281,463)	(206,423)
Adjustments for movements in working capital				
Decrease/(Increase) in stock	-	4,975	-	3,027
Increase in debtors	992,181	(7,817,148)	155,333	(5,177,306)
Increase in creditors	3,449,069	29,459,047	4,509,822	19,522,292
Net cash inflow from operating activities	6,348,729	21,992,186	4,470,417	14,239,345

15.2 Reconciliation of net cash inflow to movement in net debt				
Note	2003 €	2002 €	2003 £	2002 £
Cash in bank at 31 December 2002	28,266,841	7,272,183	18,387,329	4,425,147
Retranslation to current year exchange rates	(1,928,375)	(356,786)	114,503	73,607
	26,338,466	6,915,397	18,501,832	4,498,754
Net cash inflow	6,312,966	21,351,444	4,510,901	13,888,575
Cash in bank at 31 December 2003	32,651,432	28,266,841	23,012,733	18,387,329

16. Future capital expenditure Capital commitments at 31 December 2003 for which no provision has been made:				
	2003 €	2002 €	2003 £	2002 £
Contracted	-	-	-	-
Authorised but not contracted	-	-	-	-
Total	-	-	-	-

17. Contingent liabilities/Programme Commitments

There were no contingent liabilities or Programme commitments at 31 December 2003.

18. Operating Lease Commitments

At 31 December 2003 the Body was committed to making the following payments during the next year in respect of operating leases:	Land and Buildings	Other	Land and Buildings	Other
	2002	2001	2002	2001
	€	€	€	€
Leases which expire:				
Within one year	-	1,694	-	1,578
Within two to five years	208,741	5,846	187,172	2,702
After five years	-	-	-	-
	208,741	7,540	187,172	4,280
	£	£	£	£
Within one year	-	1,194	-	1,026
Within two to five years	147,121	4,120	121,754	1,758
After five years	-	-	-	-
	147,121	5,314	121,754	2,784

19. Related Party Transactions

The Special EU Programmes Body is a North South Implementation Body sponsored by the Department of Finance and Personnel in Northern Ireland and the Department of Finance in Ireland.

The above named departments are regarded as related parties. During the year the Special EU Programmes Body has had various transactions with these departments.

None of the members of the key management staff or other related parties has undertaken any material transactions with the Special EU Programmes Body during the year.

20. Interim Funding

Following an undertaking by both Governments, Gap Funding (in the North) or PEACE II Interim Funding (in the South) was available to fund projects pending the implementation of PEACE II.

In the North, the Department of Finance and Personnel passed Gap funding to the Body for issue to those projects

for which the Body has managing authority responsibility under PEACE II.

In the South, the Interim Funding package was implemented by ADM/CPA.

Disbursements which meet the criteria for interim payments will ultimately be funded from PEACE II or, in the event that they fail to secure funding under that Programme, from general government funding.

In 2002, an overprovision was made in respect of expenditure and related income for interim funding. This occurred due to projects funded under this scheme being accepted or rejected for Programme funding earlier than anticipated.

21. Losses and Special Payments

There have been no losses or special payments other than the ex-gratia payment made to the outgoing Chief Executive John McKinney shown at note 4 (e).

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2003	APPENDIX 1.1			
Accountable Department	Implementing Body	Measure	Funds Held 31/12/03	Funds Held 31/12/02
£ Translated into Euros			€	€
1.44578 Average rate				
1.418842 Year rate				
DARD	RDC	1.7B	15,014	8,095
DARD	RDC	2.10	97,976	10,309
DARD	RDC	1.10A	85,131	80,229
DARD	RDC	1.10B	79,598	51,221
DARD	RDC	2.9A	323,299	67,685
DARD	RDC	2.9B	60,293	33,891
DARD	SEUPB RDC	6.2A	115,800	-
DFP	LSP	3.1	690,591	1,758,057
DFP	LSP	3.2	829,289	1,517,519
DFP	CO-OP	5.1	728,790	211,617
DFP	SEUPB	5.2	1,202,400	356,649
DFP	CPA	5.3	241,033	1,878,307
DFP	ADM	5.4	73,740	252,610
DFP	SEUPB	6TA1	18,445	19,985
DFP	SEUPB	6TA2	647,267	2,851,802
DFP	SEUPB	6TA2B	134,488	-
DHSSPS	NIPPA	2.5	1,192,998	61,164
DHSSPS	NIPPA	2.8	423,556	-
DHSSPS	SEUPB NIPPA	6.2A	76,375	-
DSD	CFNI	2.3	355,534	487,285
DSD	CFNI	2.4A	1,358,579	341,725
DSD	CFNI	2.6	228,625	61,107
DSD	CFNI	2.7	246,401	372,675
DSD	CFNI	2.8	17,662	-
DSD	SEUPB CFNI	6.2A	338,956	-
DEL	EGSA	1.3	393,457	592,151
DEL	PROTEUS	1.3	325,826	723,503
DEL	PLAYBOARD	1.5	238,371	114,832
DEL	SEUPB TWN	6.2A	323,120	-
DE	SELB	2.2	1,823,808	2,043,711
DE	SELB	2.8	266,867	-
DE	SEUPB SELB	6.2A	-	-
DEL	TWN	1.5	1,317,209	266,138
OFM/DFM	CRC	2.1	(81,863)	619,497
OFM/DFM	CFNI	2.4B	491,720	667,552
OFM/DFM	CFNI	2.8	279,107	-
OFM/DFM	SEUPB CFNI	6.2A	290,766	-
OFM/DFM	SEUPB CRC	6.2A	66,029	-
DSD	DSD	2.11	4,786,784	-
DSD	DSD	6.2	59,591	-

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2003	APPENDIX 1.1 (continued)			
Accountable Department £ Translated into Euros 1.44578 Average rate 1.418842 Year rate	Implementing Body	Measure	Funds Held 31/12/03 €	Funds Held 31/12/02 €
DCAL	DCAL	1.2A	412,657	-
OFM/DFM	OFM/DFM	2.1	319,239	-
OFM/DFM	OFM/DFM	4.1	369,486	-
DENI	DENI	5.5	265,090	-
DARD	DARD	1.2B	11,356	-
DARD	DARD	1.6	188,300	-
DARD	DARD	1.7A	264,887	-
DARD	DARD	1.9	221,981	-
DARD	DARD	4.2B	42,565	-
DARD	DARD	5.6A	21,969	-
DARD	DARD	5.6B	115,338	-
DARD	DARD	5.7	46,206	-
DARD	DARD	6.2A	25,635	-
DEL	DEL	1.3	736,324	-
DEL	DEL	1.4	321,574	-
DEL	DEL	1.5	45,406	-
DFP	INTEREST	-	203,091	176,166
DOF	CO-OP	5.1	633,455	50,144
DOF	SEUPB	5.2	187,020	-
DOF	SEUPB	4.1	82,735	-
DOF	SEUPB	6.2A	(183,115)	-
DCRGA	ADM/CPA	5.3	259,384	-
DCRGA	ADM/CPA	5.4	271,967	-
DCRGA	DCRGA	5.6A&B	182,000	-
			25,207,182	15,675,626
Less balances shown separately in the financial statements (to sponsor Department)				
DFP		5.2	(1,202,400)	(356,649)
DFP		6TA1	(18,445)	(19,985)
DFP		6TA2	(647,267)	(2,851,802)
DFP		6TA2B	(134,488)	-
DFP		INTEREST	(203,091)	(176,166)
DFP		Sundries	-	864
DOF		5.1	-	(50,144)
DOF		5.2	(187,020)	-
DOF		4.1	(82,735)	-
DOF		6.2A	183,115	-
Balance at 31 December 2003 per Note 10.			22,914,851	12,221,744

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2003	APPENDIX 1.2			
Accountable Department	Implementing Body	Measure	Funds Held 31/12/03 £	Funds Held 31/12/02 £
DARD	RDC	1.7B	10,582	5,266
DARD	RDC	2.10	69,054	6,706
DARD	RDC	1.10A	60,000	52,189
DARD	RDC	1.10B	56,101	33,319
DARD	RDC	2.9A	227,861	44,029
DARD	RDC	2.9B	42,494	22,046
DARD	SEUPB RDC	6.2A	81,616	-
DFP	LSP	3.1	486,729	1,143,616
DFP	LSP	3.2	584,483	987,146
DFP	CO-OP	5.1	513,651	137,657
DFP	SEUPB	5.2	847,452	232,000
DFP	CPA	5.3	169,880	1,221,839
DFP	ADM	5.4	51,972	164,323
DFP	SEUPB	6TA1	13,000	13,000
DFP	SEUPB	6TA2	456,194	1,855,097
DFP	SEUPB	6TA2B	94,787	-
DHSSPS	NIPPA	2.5	840,825	39,787
DHSSPS	NIPPA	2.8	298,522	-
DHSSPS	SEUPB NIPPA	6.2A	53,829	-
DSD	CFNI	2.3	250,580	316,979
DSD	CFNI	2.4A	957,527	222,292
DSD	CFNI	2.6	161,135	39,750
DSD	CFNI	2.7	173,664	242,425
DSD	CFNI	2.8	12,449	-
DSD	SEUPB CFNI	6.2A	238,896	-
DEL	EGSA	1.3	277,308	385,194
DEL	PROTEUS	1.3	229,642	470,639
DEL	PLAYBOARD	1.5	168,004	74,698
DEL	SEUPB TWN	6.2A	227,735	-
DE	SELB	2.2	1,285,420	1,329,434
DE	SELB	2.8	188,088	-
DE	SEUPB SELB	6.2A	-	-
DEL	TWN	1.5	928,369	173,123
OFM/DFM	CRC	2.1	(57,697)	402,983
OFM/DFM	CFNI	2.4B	346,565	434,242
OFM/DFM	CFNI	2.8	196,714	-
OFM/DFM	SEUPB CFNI	6.2A	204,932	-
OFM/DFM	SEUPB CRC	6.2A	46,537	-
DSD	DSD	2.11	3,373,726	-
DSD	DSD	6.2	42,000	-

CENTRAL PAYMENTS UNIT YEAR ENDED 31 DECEMBER 2003	APPENDIX 1.2 (continued)			
Accountable Department	Implementing Body	Measure	Funds Held 31/12/03 £	Funds Held 31/12/02 £
DCAL	DCAL	1.2A	290,841	-
OFM/DFM	OFM/DFM	2.1	225,000	-
OFM/DFM	OFM/DFM	4.1	260,413	-
DENI	DENI	5.5	186,835	-
DARD	DARD	1.2B	8,004	-
DARD	DARD	1.6	132,714	-
DARD	DARD	1.7A	186,692	-
DARD	DARD	1.9	156,452	-
DARD	DARD	4.2B	30,000	-
DARD	DARD	5.6A	15,484	-
DARD	DARD	5.6B	81,290	-
DARD	DARD	5.7	32,566	-
DARD	DARD	6.2A	18,068	-
DEL	DEL	1.3	518,961	-
DEL	DEL	1.4	226,645	-
DEL	DEL	1.5	32,000	-
DFP	INTEREST	-	143,139	114,596
DOF	CO-OP	5.1	446,459	32,618
DOF	SEUPB	5.2	131,812	-
DOF	SEUPB	4.1	58,312	-
DOF	SEUPB	6.2A	(129,059)	-
DCRGA	ADM/CPA	5.3	182,814	-
DCRGA	ADM/CPA	5.4	191,683	-
DCRGA	DCRGA	5.6A&B	128,276	-
			17,766,027	10,196,993
Less balances shown separately in the financial statements (to sponsor Department)				
DFP		5.2	(847,452)	(232,000)
DFP		6TA1	(13,000)	(13,000)
DFP		6TA2	(456,194)	(1,855,097)
DFP		6TA2B	(94,787)	-
DFP		INTEREST	(143,139)	(114,596)
DFP		Sundries	-	454
DOF		5.1	-	(32,618)
DOF		5.2	(131,812)	-
DOF		4.1	(58,312)	-
DOF		6.2A	129,059	-
			16,150,390	7,950,136
Balance at 31 December 2003 per Note 10.				

Abbreviations used within the Appendices to the Accounts

Appendix 2

RDC	Rural Development Council
LSP	Local Strategy Partnership
CO-OP	Co-operation Ireland
SEUPB	Special EU Programmes Body
CPA	Combat Poverty Agency
ADM	Area Development Management
CFNI	Community Foundation for Northern Ireland (Formerly NIVT)
EGSA	Educational Guidance Service for Adults
PROTEUS	Proteus
PLAYBOARD	Playboard
SELB	Southern Education and Library Board
TWN	Training for Women Network
CRC	Community Relations Council
NIPPA	Nippa The Early Years Organisation
DARD	Department of Agriculture and Rural Development
DFP	Department of Finance and Personnel (NI)
DHSSPS	Department of Health, Social Services and Public Safety
DSD	Department of Social Development
DENI	Department of Education
DEL	Department of Employment and Learning
OFM/DFM	Office of the First Minister/Office of the Deputy First Minister
DCAL	Department of Culture Arts and Leisure
DOF	Department of Finance
DCRGA	Department of Community, Rural and Gaeltacht Affairs

Appendix 3

ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT OF FINANCE & PERSONNEL AND THE IRISH DEPARTMENT OF FINANCE, IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a. the North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. other guidance which Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the Notes to the Accounts.



Signed by authority of the
Department of Finance and Personnel

L O'Reilly

29 June 2001



Department of Finance

A Dunning

29 June 2001



THE DETAILS

// A principal aim of the Body is to promote Cross Border co-operation through INTERREG IIIA and the Cross Border element of the PEACE II Programme.

//

Annex A: Statutory Background

The Special EU Programmes Body (SEUPB) is an Implementation Body set up under the "Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies", signed on 8 March 1999 (the British-Irish Agreement of 8 March 1999). The Agreement was given domestic effect, North and South, by means of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 respectively.

The Body undertakes certain management and operational responsibilities for the post 1999 EU Structural Funds, North and South.

The SEUPB is the designated Managing Authority for the PEACE II and Ireland/Northern Ireland INTERREG IIIA programmes. A principal aim of the Body is to promote cross border co-operation through INTERREG IIIA and the cross border element of the PEACE II Programme. It is also responsible for monitoring and promoting the implementation of North/South co-operative actions through the Common Chapter in the National Development Plan 2000 - 2006 for Ireland and the Structural Funds Plan 2000 - 2006 for Northern Ireland.

The Body is under the policy direction of, and reports to, the North/South Ministerial Council (NSMC). It is accountable to the NI Assembly and to the Houses of the Oireachtas. The NSMC did not meet in 2003 (refer to Annex C for details).

The Headquarters of the Body are in Belfast with two regional offices located in Monaghan and Omagh. The Belfast office has responsibility for policy and corporate issues, while the Monaghan office is responsible for the INTERREG Programme and other Community Initiative Programmes. The Omagh office oversees the delivery aspects of the PEACE Programme while Monaghan monitors and promotes the implementation of the Common Chapter.

The secretariat to the new Regional Partnership Board and the administration of Priority 3 of PEACE II (Locally based regeneration and development strategies) also operates from the Omagh office.

The Body has accepted nominations to be represented on each of the Operational Programme Monitoring Committees, North and South. In total the Body is represented on 14 Monitoring Committees and chairs a further two Committees.

Annex B: Corporate Strategy

Functions and Responsibilities of the Body

Functions

The functions of the Body, as outlined in the relevant legislation, cover the following areas:

- Special Support Programme for Peace and Reconciliation (PEACE I);
- Ireland/Northern Ireland INTERREG II Programme 1994-1999;
- EU Programme for PEACE and Reconciliation for Northern Ireland and the Border Region of Ireland 2000-2004 (PEACE II);
- Ireland/Northern Ireland INTERREG IIIA Programme 2000-2006 (INTERREG IIIA);
- Post 1999 Community Initiatives (LEADER+, URBAN and EQUAL);
- The “Common Chapter” on co-operation between Ireland and Northern Ireland.

Responsibilities

Under the relevant legislation, the Body takes on responsibility for a number of functions in relation to the PEACE and INTERREG Programmes as set out in Annex 1 and 2 of the Agreement:

- Central secretariat, monitoring, research, evaluation, technical assistance and development roles currently exercised jointly in respect of INTERREG and PEACE I by the Finance Departments and the post-1999 Community Initiatives, which includes PEACE II;
- Administration of certain sectoral sub-programmes under the INTERREG and PEACE Programmes namely the Interest Rate Subsidy Scheme and Cross Border Co-operation between public bodies;
- The Body will advise the North/South Ministerial Council on the progress of the negotiations on PEACE II and contribute as appropriate to the negotiations with the Commission;
- Prepare, in consultation with the Finance Departments and other relevant Departments, detailed proposals for the PEACE II Programme and the post-1999 Community Initiatives;
- Grant making and other managerial functions in respect of INTERREG IIIA and of North/South elements of programmes under other Community Initiatives, within the framework of the relevant overall policies of North and South respectively, and subject to the expenditure allocations and specific programme parameters agreed within the two administrations and with the EU Commission; and
- To monitor and promote implementation of the Common Chapter.

Strategic Objectives

The strategic objectives of the Body are defined within the specific functional areas which form the basis of its work. The programmes of work to be undertaken are detailed within the Body's Corporate Plan and Annual Business Plans.

- To bring PEACE I to a timely and satisfactory conclusion.
- To bring the INTERREG II programme to a timely and satisfactory conclusion.
- To ensure the efficient and effective delivery of PEACE II and fully utilise all programme funding.
- To ensure the efficient and effective development and delivery of the INTERREG IIIA programme in Northern Ireland and the Border Counties of Ireland and fully utilise all programme funding.
- To achieve the maximum level of Cross Border co-operative actions in the Community Initiatives.
- To achieve the maximum level of North/South co-operative actions in Ireland and Northern Ireland in the context of the National Development Plan 2000–2006 for Ireland and the Structural Funds Plan 2000–2006 for Northern Ireland.
- To support and enhance the business performance of the Body through the provision of quality management and effective administration of its activities.

Annex C: Attendance

Attendance at North/South Ministerial Meetings

There were no North/South Ministerial Meetings.

Annex D: Corporate Information

Acting Chief Executive Nuala Kerr

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Notes

A series of horizontal dotted lines for writing notes.

