

# **INVEST NORTHERN IRELAND**

## **MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM**

**March 2018**

# INVEST NORTHERN IRELAND: MANAGEMENT STATEMENT

Page no:

<b><u>1. INTRODUCTION</u></b> .....	3
1.1 This Document.....	3
1.2 Founding Legislation; Status.....	4
1.3 The Functions, Duties and Powers of Invest NI.....	4
1.4 Classification.....	5
<b><u>2. AIMS, OBJECTIVES AND TARGETS</u></b> .....	7
2.1 Overall Aims.....	7
2.2 Objectives and Key Targets.....	7
<b><u>3. RESPONSIBILITIES AND ACCOUNTABILITY</u></b> .....	8
3.1 The Minister .....	8
3.2 The Accounting Officer of the Department.....	8
3.3 The Department.....	9
3.4 The Invest NI Board.....	11
3.5 The Chairman of the Invest NI Board .....	12
3.6 The Chief Executive’s Role as Accounting Officer.....	13
3.7 The Chief Executive’s Role as Consolidation Officer .....	15
3.8 Delegation of Duties.....	16
3.9 The Chief Executive’s Role as Principal Officer for Ombudsman Cases...	16
3.10 Serving the needs of Customers and Stakeholders.....	16
<b><u>4. PLANNING, BUDGETING AND CONTROL</u></b> .....	17
4.1 The Business Strategy .....	17
4.2 The Operating Plan.....	17
4.3 Publication of Plans.....	18
4.4 Reporting Performance to the Department.....	18
4.5 Budgeting Procedures.....	18
4.6 Internal Audit .....	18
4.7 Audit & Risk Committee.....	19
4.8 Fraud.....	20
4.9 Additional Departmental Access to Invest NI.....	20
<b><u>5. EXTERNAL ACCOUNTABILITY</u></b> .....	21
5.1 The Annual Report and Accounts.....	21
5.2 External Audit.....	21
5.3 VFM Examinations.....	22
<b><u>6. STAFF MANAGEMENT</u></b> .....	23
<b><u>7. REVIEWING THE ROLE OF INVEST NI</u></b> .....	24
<b><u>FINANCIAL MEMORANDUM</u></b> .....	25

# 1. INTRODUCTION

## 1.1 This Document

- 1.1.1 This *Management Statement and Financial Memorandum* (MSFM) has been drawn up by the Department in consultation with Invest Northern Ireland (Invest NI), Bedford Square, Bedford Street, Belfast, BT2 7EH. The document is based on a model prepared by the Department of Finance (DoF).
- 1.1.2 The terms and conditions set out in the combined MSFM may be supplemented by guidelines or directions issued by the Department / Minister in respect of the exercise of any individual functions, powers and duties of Invest NI.
- 1.1.3 A copy of the MSFM for Invest NI should be given to all newly appointed Board Members and Invest NI senior executive staff and departmental sponsor staff on appointment. Additionally the MSFM should be tabled for information of Board Members at a full meeting of the Board and any amendments made to the MSFM should be brought to the attention of the full Board on a timely basis.
- 1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which Invest NI will operate, in particular:
- Invest NI's overall aims, objectives and targets in support of the Department's wider strategic aims and the outcomes and targets contained in its current Programme for Government (PfG) Commitments;
  - the rules and guidelines relevant to the exercise of Invest NI's functions, duties and powers;
  - the conditions under which any public funds are paid to Invest NI;
  - how Invest NI is to be held to account for its performance.
- 1.1.5 The associated [Financial Memorandum](#) sets out in greater detail certain aspects of the financial provisions, which Invest NI shall observe. However, the *MSFM* does not convey any legal powers or responsibilities.
- 1.1.6 The document shall be periodically reviewed by the Department of the Economy.
- 1.1.7 Invest NI, the Department, or the Minister, may propose amendments to this document at any time. Any such proposals by Invest NI shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of Invest NI itself. The guiding principle shall be that the extent of flexibility and freedom given to Invest NI shall reflect both the quality of its internal controls to achieve performance and its operational needs. The Department will determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DoF after consultation with Invest NI as appropriate. The definition of "significant" will be determined by the Department in consultation with DoF.

- 1.1.8 The MSFM is approved by DoF, and signed and dated by the Department and Invest NI's Chief Executive.
- 1.1.9 Any questions regarding the interpretation of the document shall be resolved by the Department after consultation with Invest NI and, as necessary, DoF.
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. The document shall also be made available to members of the public on Invest NI's website.

## **1.2 Founding legislation; status**

- 1.2.1 Invest NI is established under the [Industrial Development Act \(Northern Ireland\) 2002](#). Invest NI does not carry out its functions on behalf of the Crown.

## **1.3 The functions, duties and powers of Invest NI**

- 1.3.1 The functions, duties and powers of Invest NI are set out in the [Industrial Development Act \(Northern Ireland\) 2002](#) and [Industrial Development \(Northern Ireland\) Order 1982](#) (as amended). They are summarised below, but the summary should not be taken as being definitive and reference should also be made to the relevant legislation.

### ***Selective Financial Assistance***

- (1) Invest NI may provide financial assistance where, in its opinion:
- (a) the financial assistance is likely to provide, maintain or safeguard employment in any part of Northern Ireland;
  - (b) the form and amount of the financial assistance is reasonable having regard to all the circumstances; and
  - (c) there are good prospects that the provision of such financial assistance will achieve one or more of the purposes set out below and is justified having regard to any of those purposes.
- (2) The purposes mentioned in (1) above are:
- (a) to promote the development or modernisation of an industry or of any industrial undertaking;
  - (b) to promote the efficiency of an industry or of any industrial undertaking;
  - (c) to create, expand or sustain productive capacity in an industry or in any industrial undertaking;
  - (d) to promote the reconstruction, reorganisation or conversion of an industry or industrial undertakings; and
  - (e) to encourage arrangements for ensuring that any run down of an industry, or of any industrial undertaking, proceeds in an orderly way.

### ***General Powers of Industrial Development***

Invest NI may carry on, or establish and carry on, or develop, by itself or jointly with any other person, any industrial undertaking and may otherwise promote or assist in

the establishment, maintenance or development of any industrial undertaking for the following purposes:

- (a) the development or assistance of the economy;
- (b) the promotion of industrial efficiency; and
- (c) the provision, maintenance or safeguarding of employment in Northern Ireland.

### ***Assistance for Research and Development and Marketing***

Invest NI may encourage and give financial assistance:

- (a) to industrial undertakings in the carrying out of research and development and in the marketing of their products; and
- (b) to scientific research and to further the dissemination and practical application in industry of the results of scientific research.

### ***Provision of Premises and Sites***

In order to provide or facilitate the provision in Northern Ireland of premises for occupation by industrial undertakings carried on or to be carried on, or for otherwise meeting the requirements of such undertakings, or for meeting the requirements (including the training) of persons employed or likely to be employed therein Invest NI may:

- (a) acquire or take on lease any land or acquire land compulsorily;
- (b) develop land (either by itself or in agreement with another person) which it has acquired or taken on lease; and
- (c) dispose of any land which it has acquired or taken on lease.

### ***Supplementary Powers***

Invest NI may also incur such expenditure as it considers necessary for the purpose of:

- (a) obtaining advice as to the exercise of the above functions;
- (b) promoting, or assisting in the promotion of, publicity relating to any of the above functions; and
- (c) making known the scope for industrial development in Northern Ireland, including providing visits to Northern Ireland for any persons if the visits may promote the establishment, carrying on or development of an industrial undertaking likely to provide employment.

Invest NI may also carry out or give financial assistance towards the carrying out of such inquiries, investigations and research as it considers will further the functions referred to above.

## **1.4 Classification**

1.4.1 For policy and administrative purposes Invest NI is classified as an executive non-departmental public body. This means that it is overseen by a Board which is appointed by the Minister and that it employs its own staff and is allocated its own budget.

- 1.4.2 For National Accounts purposes Invest NI is classified within the central government sector.
- 1.4.3 References to Invest NI include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a relationship framework document setting out the arrangements between it and Invest NI (paragraphs 68-69 of the [Financial Memorandum](#) refer).

## **2. AIMS, OBJECTIVES AND TARGETS**

### **2.1 Overall aims**

- 2.1.1. Invest NI's aim, as set out in its Business Strategy, is to support wealth creation in Northern Ireland as an enabler and catalyst to grow innovation, exports, productivity and employment throughout the business base, resulting in increased living standards for all.

### **2.2 Objectives and key targets**

- 2.2.1 The Department determines the performance framework within which Invest NI's objectives and targets are set. Invest NI's objectives and key targets are to be agreed within Invest NI's corporate and business planning process, and shall be consistent with the appropriate Northern Ireland Executive PfG commitments, the Department's Industrial Strategy - Economy 2030 and Department's Corporate Plan.
- 2.2.2 The objectives, targets and performance measures for Invest NI shall be set out in its Business Strategy and annual Operating Plan, both of which shall be approved by the Department.

### **3. RESPONSIBILITIES AND ACCOUNTABILITY**

#### **3.1 The Minister**

3.1.1 The Minister is accountable to the Assembly for the activities and performance of Invest NI and his or her responsibilities include:

- approving Invest NI's strategic objectives and the policy and performance framework within which Invest NI will operate (as set out in this *MSFM* and associated documents);
- keeping the Assembly informed about Invest NI's performance;
- approving the amount of grant-in-aid to be paid to Invest NI, and securing Assembly approval;
- carrying out responsibilities specified in the founding legislation.

#### **3.2 The Accounting Officer of the Department**

3.2.1 The Permanent Secretary, as the Department's Principal Accounting Officer (the "Departmental Accounting Officer"), is responsible for the overall organisation, management and staffing of his/her Department and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to Invest NI. The Departmental Accounting Officer designates the Chief Executive of Invest NI as its Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular, the Departmental Accounting Officer shall ensure that:

- Invest NI's strategic aims and objectives support the Department's wider strategic aims, PfG commitments and the Departmental Corporate Plan;
- the financial, and other, management controls applied by the Department to Invest NI are appropriate and sufficient to safeguard public funds and for ensuring that Invest NI's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to Invest NI by the Assembly but also any other funds falling within the stewardship of Invest NI);
- the internal controls applied by Invest NI conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to Invest NI is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

3.2.3 The responsibilities of a departmental Accounting Officer are set out in more detail in Chapter 3 of [Managing Public Money Northern Ireland](#) (MPMNI).

#### **3.3 The Department**

3.3.1 The Department has the principal responsibility for developing economic policy in Northern Ireland. It will ensure that it makes available appropriate resources to enable it to carry out this function, including commissioning and

- undertaking such research as may be required in order to inform policy development. In this, the Department will assume the lead role in the interface with all other Departments as appropriate, for example the Department for Communities in relation to social economy matters. In the same way the Department will lead in all policy contacts with UK Government Departments, the European Commission and Republic of Ireland departments, drawing on Invest NI as appropriate.
- 3.3.2 The Department will also seek a substantive contribution to such policy development from Invest NI, to ensure that the process is informed by the organisation's knowledge and understanding of those sectors of industry and business with which it may interface under the terms of the founding legislation.
- 3.3.3 The principal role of Invest NI will be to carry out the functions of a service delivery body, developing and implementing programmes and processes designed to help achieve the Department's economic policy aims and objectives. The Department will seek to ensure that its resources are used in such a way as to maximise Invest NI's freedom to operate within this service delivery context, subject to appropriate governance and accountability controls being in place, as provided for elsewhere within this MSFM.
- 3.3.4 Service delivery in this context also includes meeting key stakeholder requirements, including those arising from the work of the Assembly, its Committees, the Minister and the Department itself. The Department will seek to ensure that the demands placed on Invest NI in this regard are proportionate, to minimise the impact of such demands on the organisation's resources and, consequently, its ability to deliver its core services to the business community.
- 3.3.5 Where the lead responsibility for dealing with such stakeholder requirements may more appropriately be taken by the Department, Invest NI will not be required to divert resources from its service delivery function to address non-core matters other than by providing such contribution to the Department as may be appropriate. Invest NI will, however, be responsible for taking forward the provision of such information, correspondence and other material as may be needed to address matters raised where these relate directly to its operational and service delivery functions.

### **The sponsoring team in the Department**

- 3.3.6 Within the sponsoring Department, Business Development Liaison branch is the sponsoring team for Invest NI. The team, in consultation as necessary with the departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of Invest NI, and the primary point of contact for Invest NI in dealing with the sponsor Department. In performing the duties listed below, the sponsoring team may seek support and advice from the following directorates: Strategic Policy 1, Finance, Analytical Services, Corporate Planning and Governance and others, as required. The sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within

the team for overseeing the activities of Invest NI. This is the Head of Business Engagement division.

The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for Invest NI in the light of the Department's wider strategic aims, current PfG commitments and the Departmental Corporate Plan;
- an appropriate budget for Invest NI in the light of the Department's overall public expenditure priorities;
- how well Invest NI is achieving its strategic objectives and whether it is delivering value for money.

In support of the departmental Accounting Officer, the sponsoring team shall:

***on performance and risk management –***

- monitor Invest NI's activities on a continuing basis through an adequate and timely flow of information from Invest NI on performance, budgeting, control, and risk management, including early sight of Invest NI's Governance Statement;
- address in a timely manner any significant problems arising in Invest NI, whether financial or otherwise, making such interventions in the affairs of Invest NI as the sponsor Department judges necessary to address such problems;
- periodically carry out a risk assessment of Invest NI's activities to inform the sponsor Department's oversight of Invest NI; strengthen these arrangements if necessary; and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into account the nature of Invest NI's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the body and the sponsor Department; and any other relevant matters;

***on communication with the NDPB -***

- In conjunction with other divisions in the sponsor department (e.g. Strategic Policy 1, Finance, Corporate Planning and Governance, as appropriate) inform Invest NI of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to Invest NI as necessary;
- bring concerns about the activities of Invest NI to the attention of the full Invest NI Board, and require explanations and assurances from the Board that appropriate action has been taken. Where possible, and appropriate, concerns should be raised in the first instance with the Chief Executive, and then, if not resolved to the satisfaction of DfE, raised with the Board.

The Department will meet regularly with Invest NI senior officers to work collaboratively to identify policy gaps, monitor performance against targets and agree areas for greater engagement in relation to policy.

The Department will advise the Minister on the value for money of Invest NI casework requiring Ministerial approval.

The Department will carry out a policy evaluation role principally on Invest NI activities.

### **3.6 The Invest NI Board**

3.6.1 Board members are appointed by the Department in line with [the Code of Practice](#) issued by the Commissioner for Public Appointments for Northern Ireland. To aid succession planning, board member appointments are for a term determined by the Department. Board member appointments are restricted to 2 terms, the length of which can be determined by the Department and staggered to meet succession needs. Normal practice has been to appoint members up to a maximum of 6 years over 2 terms, although in exceptional circumstances, and with adequate justification, this could be longer. Notwithstanding the length of individual appointment terms, the maximum period in a post must not exceed 10 years.

3.6.2 The Board has corporate responsibility for ensuring that Invest NI fulfils the aims and objectives set by the Department and approved by the Minister, for promoting the efficient, economic and effective use of staff and other resources by Invest NI. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of Invest NI within the policy and resources framework determined by the Department and the Minister;
- constructively challenge Invest NI's Executive Leadership Team in their planning, target setting and delivery of performance;
- ensure that the Department is kept informed of any changes which are likely to impact on the strategic direction of Invest NI or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF and the Department;
- ensure that it receives and reviews regular financial information concerning the management of Invest NI; is informed in a timely manner about any concerns relating to the activities of Invest NI; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent Audit & Risk Committee (ARC) (Section 4.7) to help

the Board to address the key financial (and other) risks facing Invest NI;  
and

- appoint a Chief Executive of Invest NI in consultation with the Department and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

3.6.3 Individual Board members shall act in accordance with their wider responsibilities as Members of the Board, namely to:

- comply at all times with the Code of Practice [see paragraph 3.7.5] that is adopted by Invest NI and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of Invest NI.

3.6.4 DfE shall have access to all Board meeting minutes, including minutes of Board Committees.

### **3.7 The Chairman of the Invest NI Board**

3.7.1 The Chairman is appointed in line with the [Code of Practice](#) issued by the Commissioner for Public Appointments for Northern Ireland for a term determined by the Department. The Chairman's appointment is restricted to 2 terms. Normal practice has been to appoint the Chair for a period of a maximum of 6 years.

3.7.2 The Chairman is responsible to the Departmental Minister. The Chairman shall ensure that Invest NI's policies and actions support the wider strategic policies of the Minister, and that Invest NI's affairs are conducted with probity. The Chairman shares with other Board members the corporate responsibilities set out in paragraph 3.6.2, and in particular for ensuring that Invest NI fulfils the aims and objectives set by the Department and approved by the Minister.

3.7.3 The Chairman has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the Department;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the Board to the general public; and

- ensuring that the Board meets at regular intervals throughout the year, the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board members.

#### 3.7.4 The Chairman shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and their duties, rights and responsibilities, and receive appropriate induction training, including the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Department of the needs of Invest NI when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chairman at the end of each year and prior to any re-appointment of individual members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chairman of the Board will also be appraised on an annual basis by the Departmental Accounting Officer.

3.7.5 The Chairman shall also ensure that a Code of Practice for Board Members is in place, based on the model *Code of Practice for Board Members of Public Bodies (NI)* ([FD \(DFP\) 04/14](#) refers). The Code shall commit the Chairman and other Board Members to the Nolan “Seven Principles of Public Life”, and shall include a requirement for a comprehensive and publicly available register of Board Members’ interests.

3.7.6 Communications between the Board, the Minister and the Department shall normally be through the Chairman. The Chairman shall ensure that the other Board members are kept informed of such communications on a timely basis.

### **3.8 The Chief Executive’s role as Accounting Officer**

3.8.1 The Chief Executive of Invest NI is designated as Invest NI’s Accounting Officer by the Departmental Accounting Officer.

3.8.2 The Accounting Officer of Invest NI is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of Invest NI.

3.8.3 As Accounting Officer, the Chief Executive shall exercise the following responsibilities, in particular:

***on planning and monitoring -***

- establish, in agreement with the Board and the Department, Invest NI's corporate and business plans in support of the Department's wider strategic aims, PfG Commitments and the Departmental Corporate Plan;
- inform the Department of Invest NI's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by Internal Audit or by other means are notified to the Department in a timely fashion.

***on advising the Board -***

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation, and in any other relevant instructions and guidance that may be issued from time to time by DoF or the Department;
- advise the Board on Invest NI's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of [MPMNI](#) if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

***on managing risk and resources -***

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to Invest NI, including any income or other receipts, are used for the purpose intended by the Assembly, and that such monies, together with Invest NI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by Invest NI, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that specific Ministerial, Departmental and DoF approval for expenditure has been obtained in all cases where it falls outside the scope of any standing authority delegated in writing to Invest NI;

- ensure that effective personnel management policies are maintained;

***on accounting for Invest NI's activities -***

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, Department or DoF;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding Invest NI's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about Invest NI are established and made widely known within Invest NI;
- act in accordance with the terms of this document and with the instructions and relevant guidance in [MPMNI](#) and other instructions and guidance issued from time to time by the Department and DoF - in particular, Chapter 3 of [MPMNI](#) and the Treasury document [Regularity, Propriety and Value for Money](#) (a copy of which the Chief Executive shall receive on appointment). [Section IX](#) of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee (PAC) on the use and stewardship of public funds by Invest NI;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and TEO;
- ensure that [Lifetime Opportunities](#) (the NI Executive's anti-poverty and social inclusion scheme) is taken into account; and
- ensure that the requirements of the [General Data Protection Regulation \(EU\) 2016/679](#), [Data Protection Act 1998](#) and the [Freedom of Information Act 2000](#) are complied with.

**3.9 The Chief Executive's role as Consolidation Officer**

3.9.1 For the purpose of Whole of Government Accounts, the Chief Executive of Invest NI is normally appointed by DoF as Invest NI's Consolidation Officer.

3.9.2 As Invest NI's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of Invest NI, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by DoF.

3.9.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of Invest NI's Consolidation Officer Letter of Appointment as issued by DoF and shall, in particular:

- Ensure that Invest NI has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
- Prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in

accordance with the consolidation instructions and directions [“Dear Consolidation Officer” (DCO) and “Dear Consolidation Manager” (DCM) letters] issued by DoF on the form, manner and timetable for the delivery of such information.

### **3.10 Delegation of duties**

3.10.1 The Chief Executive may delegate authority for day-to-day administration of his or her Accounting Officer’s and Consolidation Officer’s responsibilities to other employees in Invest NI. However, he or she shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **3.11 The Chief Executive’s role as Principal Officer for Ombudsman cases**

3.11.1 The Chief Executive of Invest NI is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer he shall inform the Permanent Secretary of the Department of any complaints about Invest NI accepted by the Ombudsman for investigation, and about Invest NI’s proposed response to any subsequent recommendations from the Ombudsman.

### **3.12 Serving the needs of customers and stakeholders**

3.12.1 Invest NI will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of the needs of businesses and expectations of its services, and to seek feedback from both stakeholders and customers, and will work to deliver modern, accessible services.

## **4. PLANNING, BUDGETING AND CONTROL**

### **4.1 The Business Strategy**

- 4.1.1 Consistent with the timetable for the NI Executive's budget process reviews, Invest NI shall submit to the Department a draft of its Business Strategy normally covering three years ahead. Invest NI shall have agreed with the Department the issues to be addressed in the plan and the timetable for its preparation.
- 4.1.2 DoF reserves the right to ask to see and agree Invest NI's Business Strategy.
- 4.1.3 The plan shall reflect Invest NI's statutory duties and within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how Invest NI contributes to the achievement of the Department's strategic aims, PfG Commitments and the Departmental Corporate Plan.
- 4.1.4 The Business Strategy shall set out:
- Invest NI's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
  - a review of Invest NI's performance in the preceding financial year, together with comparable outturns for the previous two years, and an estimate of performance in the current year;
  - alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
  - a forecast of income and expenditure, taking into account guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. The forecast should represent Invest NI's best estimate of all its available income not just any grant or grant-in-aid; and
  - other matters as agreed between the Department and Invest NI.
- 4.1.5 The plan, including the key performance targets, shall be agreed between the Department and Invest NI in the light of the Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

### **4.2 The Operating Plan**

- 4.2.1 The objectives and associated performance targets for each year's Operating Plan shall be closely linked to the equivalent year of Invest NI's Business Strategy. The Operating Plan shall also be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department.
- 4.2.2 DoF reserves the right to ask to see and agree Invest NI's Operating Plan.
- 4.2.3 The Business Strategy and the Operating Plan will be formally approved by the Minister.

### **4.3 Publication of plans**

4.3.1 Subject to any commercial considerations, the Business Strategy and the Operating Plan shall be published and made available on the Internet. They shall be made available to staff.

### **4.4 Reporting Performance to the Department**

4.4.1 Invest NI shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and operating plans.

4.4.2 Invest NI shall take the initiative in informing the Department of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or operating plans.

4.4.3 Invest NI's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be regularly reviewed by the Department as part of the Oversight and Liaison process. The Minister shall formally meet the Board on (at least) an annual basis to discuss Invest NI's performance, its current and future activities and any policy developments relevant to those activities.

4.4.4 Invest NI's performance against key targets shall be reported in Invest NI's annual report and accounts.

### **4.5 Budgeting procedures**

4.5.1 Invest NI's budgeting procedures are set out in the accompanying [Financial Memorandum](#).

### **4.6 Internal Audit**

4.6.1 Invest NI shall establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) (PSIAS).

4.6.2 The Department's Internal Audit Service (IAS) shall provide an internal audit function for Invest NI unless otherwise agreed by the Department. A Service Level Agreement has been developed which formalises the basis on which DfE IAS will deliver the internal audit service to Invest NI. The internal audit plan for the year ahead shall be considered by the Invest NI ARC.

4.6.3 The Invest NI Accounting Officer shall provide copies of final internal audit reports to the Departmental Accounting Officer. If, during the course of an IAS assignment, it appears likely that a 'limited' or 'unacceptable' opinion will be issued, IAS will advise the Invest NI Accounting Officer. The Invest NI Accounting Officer shall, in turn, advise the Departmental Accounting Officer of the issues arising at a time considered appropriate to him. If the draft report

relates to Structural Funds and contains a 'limited' or 'unacceptable' opinion, the DfE Managing Authority will also be copied the draft report by the Invest NI Accounting Officer. The DfE Managing Authority Head of Unit will be copied the final report by the Invest NI Accounting Officer when it relates to Structural Funds.

- 4.6.4 Draft and final reports relating to system reviews performed in accordance with the IAS Service Level Agreement with the DfE Audit Authority or final reports containing issues of relevance to Structural Funds will be copied to the Audit Authority Head of Branch.
- 4.6.5 The Departmental Accounting Officer will be provided with a copy of the Head of Internal Audit's annual report and opinion on Invest NI by the Invest NI Accounting Officer.
- 4.6.6 The Department's internal audit function will be subject to periodic Internal and External Quality Assessments.
- 4.6.7 The Department shall have the right of access to all documents prepared by Internal Audit Service insofar as they relate to Invest NI.
- 4.6.8 If, at any time in the future, Invest NI's internal audit function is not provided by the Department's Internal Audit Service, the Department will review Invest NI's terms of reference for internal audit service provision and Invest NI shall notify the Department of any subsequent changes to internal audit's terms of reference. The Department reserves a right of access to carry out its own independent reviews of internal audit in Invest NI.

#### **4.7 Audit & Risk Committee**

- 4.7.1 Invest NI shall set up an independent ARC as a committee of its Board in accordance with the model *Guidance on Codes of Practice for Public Bodies (NI)* (FD(DoF) 04/14 refers), and in line with the [Audit and Risk Assurance Committee Handbook NI](#) issued under cover of DAO (DoF) 03/18 .
- 4.7.2 DfE shall specify the arrangements it has determined appropriate for Invest NI which may include the need for:-
- attendance by departmental representatives at Invest NI ARC meetings;
  - access required to the ARC papers and minutes;
  - any input required from the Invest NI ARC to the Department's own Audit and Risk Assurance Committee; and
  - any other matters the Department considers appropriate.
- 4.7.3 The Department will review Invest NI's ARC terms of reference. Invest NI shall notify the Department of any subsequent changes to the ARC terms of reference.

## **4.8 Fraud**

- 4.8.1 Invest NI shall report immediately to the Department all frauds (proven or suspected), including attempted fraud. The Department shall then report the frauds immediately to DoF and the Comptroller and Auditor General (C&AG). In addition, Invest NI shall forward to the Department an annual fraud return, commissioned by DoF, on fraud and theft suffered by Invest NI.
- 4.8.2 The Department shall review Invest NI's Anti Fraud Policy and Fraud Response Plan. Invest NI shall notify the Department of any subsequent changes to the policy or response plan.

## **4.9 Additional Departmental Access to Invest NI**

- 4.9.1 In addition to the right of access referred to in paragraph 4.6.7 above, the Department shall have a right of access to all Invest NI's records and personnel for purposes such as sponsorship audits, operational investigations, end to end reviews etc. Invest NI will be provided with more clarity if the need arises.

## **5. EXTERNAL ACCOUNTABILITY**

### **5.1 The annual report and accounts**

- 5.1.1 After the end of each financial year Invest NI shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of Invest NI. A draft of the report shall be submitted to the Department at least two weeks before the proposed publication date although it is expected that the Department and Invest NI will have had extensive pre-publication discussion on the content of the report prior to formal submission to the Department.
- 5.1.2 The report and accounts shall comply with the most recent version of the [Government Financial Reporting Manual](#) (FReM) issued by DoF. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by the Department.
- 5.1.3 The report and accounts shall outline Invest NI's main activities and performance during the previous financial year and set out in summary form Invest NI's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant Finance Director letter issued by DoF.
- 5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the Department.

### **5.2 External audit**

- 5.2.1 The C&AG audits Invest NI's annual accounts and passes the accounts to the Department which lays them before the Assembly together with the annual report. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the [Audit and Accountability \(NI\) Order 2003](#).
- 5.2.2 The C&AG will liaise with Invest NI on the arrangements for completing the audit of Invest NI's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.
- 5.2.3 The C&AG has agreed to share with sponsor Departments relevant information identified during the audit process including the Report To Those

Charged With Governance at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within Invest NI. The C&AG will also, where asked, consider providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

### **5.3 VFM examinations**

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Invest NI has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. Where making payment of a grant, or drawing up a contract, Invest NI should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to the documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirement extends to them.

## **6. STAFF MANAGEMENT**

### **6.1 General**

6.1.1 Within the arrangements approved by the Minister and DoF, Invest NI shall have responsibility for the recruitment, retention and motivation of its staff. To this end Invest NI shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, political opinion, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and Invest NI's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Invest NI's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the [Public Interest Disclosure \(NI\) Order 1998](#) and [DAO\(DFP\) 02/15 att](#): Whistleblowing in the Public Sector - A good practice guide for workers and employers; and
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments

## 7. REVIEWING THE ROLE OF INVEST NI

7.1 Invest NI shall be reviewed periodically, in accordance with the business needs of the Department and Invest NI. Reference should be made to Chapter 9 of [Public Bodies: A Guide for NI Departments](#).

7.2 The next review of Invest NI will take place in financial year 2020.

Signed on behalf of Invest NI

 Date 10-10-2018

Signed on behalf of the Department

 Date 16-10-18

# INVEST NORTHERN IRELAND: FINANCIAL MEMORANDUM

Page No

<b><u>INTRODUCTION</u></b> .....	27
<b><u>INVEST NI's INCOME AND EXPENDITURE - GENERAL</u></b> .....	27
The Departmental Expenditure Limit (DEL).....	27
Annually Managed Expenditure (AME) .....	27
Expenditure Not Proposed in the Budget.....	27
Procurement.....	27
Competition.....	28
Best Value for Money.....	28
Timeliness In Paying Bills.....	28
Novel, Contentious or Repercussive Proposals.....	28
Risk Management/Fraud.....	29
Wider Markets.....	29
Fees and Charges.....	29
<b><u>INVEST NI'S INCOME</u></b> .....	29
Grant-In-Aid.....	29
Fines, Taxes and Other Related Receipts .....	30
Receipts from Sale of Goods or Services .....	30
Interest Earned.....	30
Unforecast Changes in In-year Income.....	30
Build-up and Draw-down of Cash Deposits.....	31
Proceeds from Disposal of Assets.....	31
Gifts and Bequests Received.....	31
Borrowing.....	31
<b><u>EXPENDITURE ON STAFF</u></b> .....	31
Staff Costs.....	31
Pay and Conditions of Service.....	31
Pensions; Redundancy/Compensation.....	33
<b><u>NON-STAFF EXPENDITURE</u></b> .....	33
Economic Appraisal.....	33
Capital Expenditure.....	34
Transfer of Funds within Budgets.....	34
Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort.....	35
Grant or Loan Schemes.....	35
Gifts Made, Write-Offs, Losses and Other Special Payments.....	35
Leasing.....	35
Public/Private Partnerships.....	36

	<b>Page No</b>
Subsidiary Companies and Joint Ventures.....	36
Financial Investments.....	36
Unconventional Financing.....	37
Commercial Insurance.....	37
Payment/Credit Cards.....	37
Hospitality.....	37
Use of Consultants.....	38
<b><u>MANAGEMENT AND DISPOSAL OF FIXED ASSETS</u></b> .....	<b>38</b>
Register of Assets.....	38
Disposal of Assets.....	38
Recovery of Grant-financed assets .....	38
<b><u>BUDGETING AND FINANCIAL REPORTING PROCEDURES</u></b> .....	<b>39</b>
Setting the Annual Budget.....	39
General Conditions for Authority to Spend.....	39
Providing Monitoring Information to the Department.....	39
<b><u>BANKING</u></b> .....	<b>40</b>
Banking Arrangements.....	40
<b><u>COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE</u></b> .....	<b>40</b>
Relevant Documents.....	40
<b><u>REVIEW OF FINANCIAL MEMORANDUM</u></b> .....	<b>40</b>
<b><u>ANNEX A: ECONOMIC APPRAISAL, PROCUREMENT CONTROL LIMITS AND DELEGATIONS TO INVEST NI</u></b> .....	<b>42</b>
<b><u>ANNEX B: SELECTIVE FINANCIAL ASSISTANCE GROSS GRANT EQUIVALENT (GGE) EU SCHEME LIMITS</u></b> .....	<b>50</b>
<b><u>ANNEX C: SUMMARY OF ISSUES IN THE MANAGEMENT STATEMENT (MS) AND FINANCIAL MEMORANDUM (FM) WHICH REQUIRE DFE /DoF APPROVAL OR CONSULTATION, OR WHICH REQUIRE TO BE REPORTED TO DFE</u></b> .....	<b>51</b>
<b><u>ANNEX D INVEST NI / NI-CO RELATIONSHIP FRAMEWORK DOCUMENT</u></b> .....	<b>53</b>

## **I INTRODUCTION**

1. This *Financial Memorandum* sets out certain aspects of the financial framework within which Invest NI is required to operate.
2. The terms and conditions set out in the combined MSFM may be supplemented by guidelines or directions issued by the Department/Minister in respect of the exercise of any individual functions, powers and duties of Invest NI.
3. Invest NI shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Department/Minister may from time to time impose.

## **II INVEST NI'S INCOME AND EXPENDITURE - GENERAL**

### **The Departmental Expenditure Limit (DEL)**

4. Invest NI's current and capital expenditure form part of the Department's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

### **Annually Managed Expenditure (AME)**

5. Invest NI's Annually Managed Expenditure (AME) forms part of the Department's AME.

### **Expenditure not proposed in the budget**

6. Invest NI shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside Invest NI's delegations or which is not provided for in Invest NI's annual budget as approved by the Department.

### **Procurement**

7. Invest NI's procurement policies shall reflect the [Public Procurement Policy](#) adopted by the Northern Ireland Executive in May 2002 (refreshed August 2014) [see also paragraph 3.8.3 of the Management Statement]; Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. Invest NI's procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure compliance with relevant, UK, EU and international procurement rules.
8. Periodic reviews of Invest NI's procurement activity should be undertaken. The results of any such review will be shared with the Department.

## **Competition**

9. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
10. A Direct Award Contract (Single Tender Action) is the process where a contract is awarded to an economic operator (i.e. supplier, contractor) without competition. In light of their exceptional nature, all Direct Award Contracts should be subject to approval by the Invest NI Accounting Officer. Direct Award Contracts for external consultancy require the approval of both the Invest NI and the DFE Accounting Officers. Those commissioning procurement through a Direct Award Contract must seek advice and assurance from CPD or their legal adviser to inform the relevant Accounting Officer(s) as to the correct use of single tender action in each particular case. Further information is published in [Procurement Guidance Note 03/11 \(as amended\): 'Direct Award Contracts'](#). Procurement Guidance Notes are available on the DoF [website](#).
11. Invest NI shall put arrangements in place to enable the Department to be provided with details of, and explanations for, all Direct Award Contracts.

## **Best Value for Money**

12. Procurement by Invest NI of works, supplies and services shall be based on best value for money, i.e. the optimum combination of whole life cost and quality (or fitness for purpose) to meet Invest NI's requirements. Where appropriate, a full option appraisal should be carried out before procurement decisions are taken.

## **Timeliness in Paying Bills**

13. Invest NI shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of [MPMNI](#) and any guidance issued by DoF or the Department.

## **Novel, contentious or repercussive proposals**

14. Invest NI shall obtain the approval of the Department and DoF before:
  - incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
  - making any significant change in either the scale of operation or the funding of any initiative or scheme previously approved by the Department;
  - making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. The Department will advise on what constitutes "significant" in this context.

## **Risk Management/Fraud**

15. Invest NI shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the [Treasury Guidance Management of Risk - a Strategic Overview](#) (*The Orange Book*) and should take account of the NIAO Report [Good practice in Risk Management](#) (published in June 2011).
16. Invest NI shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
17. Invest NI shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DoF's publication [Managing the Risk of Fraud Guide \(Northern Ireland\)](#).
18. All cases of attempted, suspected or proven fraud shall be reported to the Department which shall report it to other relevant parties (see Section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

## **Wider Markets (An initiative to generate commercial income)**

19. Invest NI shall seek to maximise receipts from non-Consolidated Fund sources provided that this is consistent with (a) Invest NI's main functions and (b) its Business Strategy as agreed with the Department. The Department will confirm with the DoF Supply Officer that such proposed activity is appropriate.

## **Fees and charges**

20. Fees or charges for any services supplied by Invest NI shall be determined in accordance with Chapter 6 of [MPMNI](#).

## **III INVEST NI's INCOME**

### **Grant in Aid**

21. Grant-in-aid is allocated to enable Invest NI to discharge its duties, powers and functions under the agreed operating plan and budget. Drawdown of grant-in-aid is facilitated through a daily funding of cash requirements, as notified to the Department. The drawdown application shall certify that conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to Invest NI's functions.
22. Invest NI should have regard to the general principle enshrined in Annex 5.1 of [MPMNI](#) that it should seek grant-in-aid according to need.
23. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of Invest NI. Grant in aid

not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) grant-in-aid which is required to meet any liabilities at year end, such as creditors.

### **Fines, taxes and Other Related receipts**

24. Most fines, taxes and other related receipts (including some levies and licences) do not provide additional DEL spending power and should be surrendered to the Department.

### **Receipts from sale of goods or services**

25. Receipts from the sale of goods and services, rent of land, and dividends, normally provide additional DEL spending power. If Invest NI wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of the Department.
26. If there is any doubt about the correct classification of a receipt, Invest NI shall consult the Department, which may consult DoF as necessary.

### **Interest earned**

27. Interest earned on cash balances cannot necessarily be retained by Invest NI. Depending on the budgeting treatment of this receipt, and its impact on Invest NI's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via the Department. If the receipts are used to finance additional expenditure by Invest NI, the Department will need to ensure it has the necessary budget cover.

### **Unforecast changes in in-year income**

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, Invest NI shall ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded.
29. If the negative DEL income realised or expected to be realised in the year is more than estimated, Invest NI may apply to the Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The Department shall consider such applications, taking account of competing demands for resources, and will consult with DoF in relation to any significant amounts. If an application is refused, grant-in-aid shall be commensurately reduced or Invest NI will have to surrender the excess income to the Northern Ireland Consolidated Fund via the Department.

### **Build-up and draw-down of cash deposits**

30. Invest NI shall comply with the rules that any DEL expenditure financed by the draw-down of cash deposits counts within DEL and that the build-up of cash deposits may represent a saving to DEL (if the related income is negative DEL in the relevant budgets).
31. Invest NI shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

### **Proceeds from disposal of assets**

32. Disposals of land and buildings are dealt with in [Section VI](#) below.

### **Gifts and bequests received**

33. Invest NI is free to retain any gifts, bequests or similar donations subject to paragraph 34. These shall be capitalised at fair value on receipt and must be notified to the Department. (NOTE: A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest [FReM](#) requirements should be applied).
34. Before accepting a gift, bequest, or similar donation, Invest NI shall consider if there are any associated costs in doing so or any conflicts of interest arising. Invest NI shall keep a written record of any such gifts, bequests and donations including their estimated value and whether they are disposed of or retained.

### **Borrowing**

35. Normally, Invest NI will not be allowed to borrow. However, should this happen Invest NI shall observe the principles set out in Chapter 5 and the associated annexes of [MPMNI](#) when undertaking borrowing of any kind. Invest NI must seek the approval of the Department and, where appropriate, DoF, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing.

## **IV EXPENDITURE ON STAFF**

### **Staff costs**

36. Subject to its delegated levels of authority, Invest NI shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

### **Pay and conditions of service**

37. [Industrial Development Act \(Northern Ireland\) 2002](#) provides that Invest NI shall pay to its employees such remuneration and allowances as it may, with the approval of DoF, determine. The staff of Invest NI, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS

pay structure and in line with NICS HR Policy. Invest NI has no delegated power to amend these terms and conditions. Exceptionally, and subject to paragraph 43 below, where Invest NI recruits local staff to work in offices outside the United Kingdom, or where flexibility is needed to address one-off or specialist requirements, Invest NI may appoint staff in a manner appropriate to local labour market conditions or requirements, and which facilitates the achievement of its objectives, provided it operates within the resources allocated for salaries and wages. Invest NI shall benchmark the salaries of locally recruited staff against salaries paid to staff employed in comparable public sector organisations in the country concerned. Where incremental pay scales exist, the presumption is that staff will commence on the minimum point of the pay scale. Any proposals to pay such staff at a rate above the scale minima should be justified by a business case which should be approved by appropriate officials within Invest NI.

38. While Invest NI will apply the annual NICS pay awards, it may seek approval from the Department and DoF to negotiate its own pay agreements. If such a delegation is agreed, a pay negotiating remit will be determined each year in discussion between the Department and Invest NI. In such determinations, the NICS remit will be used as a benchmark.
39. Invest NI will have due regard for Departmental staff travel and hospitality arrangements. However, subject to the provisions of paragraph 37 above, and subject to the agreed outcome of a review to be undertaken by Invest NI, it is expected that NICS terms and conditions of service will normally apply to the rates of pay and non-pay allowances paid to Invest NI staff and to any other party entitled to payment in respect of travelling expenses and other allowances. Any deviation will be subject to justification and authorisation at the appropriate level internally and approved by the Department and DoF. The scope, terms of reference, timescale and actions arising from the Invest NI review are to be agreed by the Department and, as appropriate, by DoF.
40. Current terms and conditions for staff of Invest NI are specified in paragraph 39 above and are set out in Invest NI's Employee Handbook. Invest NI shall provide the Department with a copy of the Handbook and subsequent amendments.
41. Annual pay increases of Invest NI staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DoF. Therefore, all proposed pay awards must have prior approval of the Department and the Minister for Finance before implementation.
42. The travel expenses of Board Members shall be tied to Departmental rates. Reasonable actual costs shall be reimbursed.
43. Subject to paragraph 36 above, the Chief Executive may create posts up to and including NICS Grade 7 equivalents. The creation of posts above NICS Grade 7 level or equivalent shall be subject to the approval of the Department.

44. Invest NI shall operate a performance related pay scheme which shall form part of the annual aggregate pay budget for Invest NI approved by the Department and DoF.
45. Invest NI shall comply with the EU directive on contract workers [Fixed Term Employees Regulations \(Prevention of Less Favourable Treatment\)](#).

### **Pensions; redundancy/compensation**

46. Invest NI's staff shall be eligible for a pension provided by membership of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)).
47. Staff may opt out of the occupational pension scheme provided by Invest NI. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall be limited to the national insurance rebate level.
48. Any proposal by Invest NI to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the Department and DoF. Proposals on severance payments must comply with Annex 4.13 of [MPMNI](#). Where the PCSPS(NI) is the relevant pension scheme, Invest NI must conform with the procedures for early retirement/severance which apply to the Department and ensure that the level of benefits are the standard applicable under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) rules. The Department is responsible for ensuring that Invest NI does this and may need to consult Civil Service Pensions Branch which is part of DoF Corporate HR.
49. The Department is responsible for ensuring that Invest NI continues to meet the criteria for membership of the PCSPS (NI), where this is the pension scheme applicable. Assurance on this issue should be obtained when a periodic review of Invest NI's functions, as provided for in [Section 7](#) of the Management Statement, is being undertaken. The Department may need to consult Civil Service Pensions Branch which is part of DoF Corporate HR.

## **V NON-STAFF EXPENDITURE**

### **Economic Appraisal**

50. Invest NI is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
  - (a) involve capital or current spending, or both;
  - (b) are large or small;
  - (c) are above or below delegated limits (see [Annex A](#)).
51. Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case by case judgement, but the

general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.

General guidance on economic appraisal that applies to NDPBs can be found in:

- DoF's on-line guide [The Northern Ireland Guide to Expenditure Appraisal and Evaluation](#) ("NIGEAE", 2009); and
- The HM Treasury Guide [The Green Book: Appraisal and Evaluation in Central Government \(2003\)](#).

### **Capital expenditure**

52. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
53. Proposals for large-scale individual capital projects or acquisitions will normally be considered within Invest NI's Business Strategy / Operating Plan process. Subject to paragraph 55, applications for approval within the Business Strategy / Operating Plan by the Department, and DoF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by Invest NI at the appropriate level. Regular reports on the progress of projects shall be submitted to the Department.
54. Approval of the Business Strategy / Operating Plan does not obviate Invest NI's responsibility to abide by the economic appraisal process.
55. Within its approved overall resources limit Invest NI shall, as indicated in the attached [Annex A](#) on delegations, have general delegated authority to spend up to £6 million on any individual capital project or acquisition. This is subject to specific capital delegations on individual schemes which are also set out in [Annex A](#). Beyond that general delegated limit, the Department's and, where necessary, DoF's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

### **Transfer of funds within budgets**

56. Unless financial provision is subject to specific Departmental or DoF controls (e.g., where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the revenue budget (excluding Administration and non cash budgets), do not need Departmental or DoF approval. They do, however, need to be

notified to the Department who will notify DoF. Due to HM Treasury controls, any movement into, or out of, depreciation and impairments within the resource budget will require departmental and possibly DoF approval (NOTE: Under resource budgeting rules transfers from capital to resource budgets are not allowed.)

### **Guarantees, indemnities; contingent liabilities; letters of comfort**

57. The prior written approval of the Department and, where necessary, DoF is required if Invest NI wishes to charge any asset or security, give any warranty outside its normal course of business, guarantee, indemnity or letter of comfort, or incur any other contingent liability (as defined in Annex 5.5 of [MPMNI](#)), whether or not in a legally binding form, which could not be met from within the current budget position or which could remain in force beyond the end of the budgetary allocation period as such actions could constitute contingent liabilities.

### **Grant or loan schemes**

58. Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by the Department and, where necessary, DoF.
59. The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by Invest NI, the Department and the C&AG.
60. See also paragraphs 84 - 86 below under the heading *Recovery of grant-financed assets*.

### **Gifts made, write-offs, losses and other special payments**

61. Proposals for making gifts or other special payments (including issuing write-offs), outside the delegated limits set out in [Annex A](#) to this document, must have the prior approval of the Department and, where necessary, DoF.
62. Losses shall not be written-off until all reasonable attempts to make a recovery have been made and proved unsuccessful.
63. Gifts made by management to staff are subject to the requirements of [DAO \(DFP\) 05/03, Expenditure on Non Pay Rewards](#).

### **Leasing**

64. With the exception of leases relating to the management of Invest NI's property portfolio, and leases relating to its offices and operations outside Northern Ireland, prior Departmental approval must be secured 18 months in advance for all new and renewed property and finance leases, and changes to existing leases relating to Invest NI's own offices and operations. In addition,

DoF approval is required for all leases for Office Accommodation (including supporting storage or warehousing) – both new and existing extension or renewal beyond break points. Invest NI must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraph 35 above).

65. Before entering into any lease (including an operating lease) Invest NI shall demonstrate that the lease offers better value for money than purchase.

### **Public/Private Partnerships**

66. Invest NI shall seek opportunities to enter into Public/Private Partnerships (PPP) where this offers better value for money than conventional procurement. Invest NI shall consult the Department's Finance Division in each case where a PPP is contemplated and prior Departmental approval must be obtained before Invest NI enters into a PPP. Invest NI should also ensure that it has the necessary budget cover.
67. Any partnership controlled by Invest NI shall be treated as part of Invest NI in accordance with guidance in the [FReM](#) and consolidated with it subject to any particular treatment required by the [FReM](#). Where judgement over the level of control is difficult the Department will consult DoF (who may need to consult with the Office of National Statistics over national accounts treatment).

### **Subsidiary companies and joint ventures**

68. Invest NI shall not establish subsidiary companies or joint ventures without the express approval of the Department and DoF. In judging such proposals the Department will have regard to its overall strategic aims and objectives and current PfG Commitments.
69. For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by Invest NI shall be consolidated with it in accordance with guidance in the [FReM](#), subject to any particular treatment required by the [FReM](#). Where the judgement over the level of control is difficult, the Department will consult DoF (who may need to consult the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and DoF, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this MSFM, and to the further provisions set out in any relationship framework documentation.

### **Financial investments**

70. Invest NI shall not make any investments in traded financial instruments without the prior written approval of the Department, and where appropriate, DoF, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in-aid is determined. Equity shares in ventures which further the objectives of Invest

NI shall also be subject to Departmental and DoF approval unless covered by a specific delegation.

### **Unconventional financing**

71. Invest NI shall not enter into any unconventional financing arrangement without the approval of the Department and DoF.

### **Commercial insurance**

72. Subject to paragraph 74 below, Invest NI shall not take out any insurance without the prior approval of the Department and DoF, other than third party insurance required by the [Road Traffic \(NI\) Order 1995](#) and any other insurance which is a statutory obligation, or which is permitted under Annex 4.5 of [MPMNI](#).
73. In the case of a major loss or third-party claim the Department shall liaise with Invest NI about the circumstances in which an appropriate addition to budget out of the Department's funds and/or adjustment to Invest NI's targets might be considered. The Department shall liaise with DoF where required in such cases.
74. Invest NI is permitted to hold commercial insurance in respect of its property holdings and travel insurance for its staff who have to travel on official business. Invest NI shall review the arrangements for commercial insurance at the same time as this MSFM is being reviewed to ensure continued value for money. The approval of the Department and DoF will be sought if Invest NI proposes to continue commercial insurance for its leased premises and for staff who have to travel on official business.
75. A Certificate of Exemption for Employer's Liability Insurance has been issued to Invest NI.

### **Payment/Credit Cards**

76. Invest NI, in consultation with the Department, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Invest NI shall comply with the provisions of FD (DoF) 11/16.

### **Hospitality**

77. Invest NI, in consultation with the Department, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Invest NI shall comply with the provisions of [DAO \(DFP\) 10/06 \(revised\)](#) Acceptance and Provision of Gifts and Hospitality.

## **Use of Consultants**

78. Invest NI shall adhere to the guidance issued by DoF, as well as any guidance produced by the Department in relation to the Use of Consultants. See the delegated limits set out in the attached [Annex A](#).
79. Invest NI will provide the Department with bi-annual statements on the status of all consultancies completed and/or started in each financial year.
80. Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

## **VI MANAGEMENT AND DISPOSAL OF FIXED ASSETS**

### **Register of assets**

81. Invest NI shall maintain an accurate and up-to-date register of its fixed assets.

### **Disposal of assets**

82. Invest NI shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender unless otherwise agreed by the Department and in accordance with the principles in [MPMNI](#).
83. All receipts derived from the sale of assets (including grant-financed assets, see below) must be declared to the Department, which will consult with DoF on the appropriate treatment.

### **Recovery of grant-financed assets**

84. Where Invest NI has provided capital grant to a client to assist the acquisition of capital assets, Invest NI shall set conditions and make appropriate arrangements to ensure that any such assets are not disposed of by the client for the specified clawback period without Invest NI's prior consent.
85. Invest NI shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
86. Invest NI shall ensure that if the assets created by grants made by Invest NI cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset will be repaid to Invest NI for surrender to the Department. The amounts recoverable under the procedures in 84-85 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

## **VII BUDGETING PROCEDURES**

### **Setting the annual budget**

87. Each year, in the light of decisions by the Department on Invest NI's Business Strategy ([Section 4.1](#) of the Management Statement), the Department will send Invest NI:
- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department; and
  - a statement of any planned change in policies affecting Invest NI
88. Invest NI's approved annual operating plan will take account of its approved funding provision including any forecast receipts, and will include a budget of estimated payments and receipts with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements will form part of the approved operating plan for the year in question ([Section 4.1](#) of the Management Statement.)
89. Any grant-in-aid provided by the Department for the financial year will be voted in the Department's Estimates and will be subject to Assembly control.

### **General conditions for authority to spend**

90. Once Invest NI's budget has been approved by the Department and subject to any restrictions imposed by statute, the Department or this MSFM, Invest NI shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- Invest NI shall comply with the delegations set out in [Annex A](#) to this document. These delegations shall not be altered without the prior agreement of the Department and DoF, but can be altered by the Department and by DoF at any time;
  - Invest NI shall comply with the conditions set out in paragraph 14 above regarding novel, contentious or repercussive proposals;
  - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental (and, where necessary, DoF) approval where any proposed expenditure is above the delegated limits or is for new schemes not previously agreed or is an extension or material change to a current scheme;
  - Invest NI shall provide the Department with such information about its operations, performance of individual projects or other expenditure as the Department may reasonably require (see paragraph 91 below); and
  - Invest NI shall comply with NI Procurement Policy and carry out procurement in accordance with its Service Level Agreement with CPD.

### **Providing monitoring information to the Department**

91. Invest NI shall provide the Department with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the sponsor Department of:

- Invest NI's cash management;
- its draw-down of any grant-in-aid;
- the expenditure for that month;
- forecast outturn by resource headings; and
- other data required for the DoF Outturn and Forecast Outturn Return.

## VIII BANKING

### Banking arrangements

92. Invest NI's Accounting Officer is responsible for ensuring that Invest NI's banking arrangements are in accordance with the requirements of Annex 5.7 of [MPMNI](#). In particular he or she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.
93. Invest NI is part of the NICS banking pool and as such is subject to tendering and operational arrangements as determined by DoF.

## IX COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

### Relevant documents

94. Invest NI shall comply with the following general guidance documents:
- This document (both the *Management Statement and Financial Memorandum*);
  - *Managing Public Money Northern Ireland* ([MPMNI](#)).
  - *Public Bodies – A Guide for NI Departments* issued by DoF;
  - *Public Sector Internal Audit Standards*, issued by DoF;
  - The document, *Managing the Risk of Fraud Guide Northern Ireland*, issued by DoF;
  - The Treasury Document [Government Financial Reporting Manual](#) (FReM), issued by DoF;
  - Relevant DoF *Dear Accounting Officer* and *Finance Director* letters;
  - Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF;
  - *Regularity, Propriety and Value for Money*, issued by Treasury;
  - The Consolidation Officer Letter of Appointment, issued by DoF;
  - Other relevant instructions and guidance issued by the central departments (DoF/TEO) including Procurement Board and CPD Guidance;
  - Specific instructions and guidance issued by the Department;
  - Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to Invest NI.

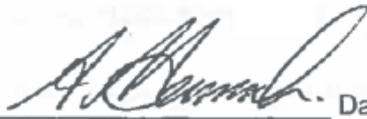
## X REVIEW OF FINANCIAL MEMORANDUM

95. This memorandum together with the management statement will be reviewed at least every five years. The memorandum may be amended or

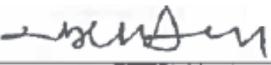
supplemented from time to time by the issue of new or additional guidance by the Department to Invest NI.

96. DoF will be consulted on any significant variation proposed to the *MSFM*.
97. If any other body or Department becomes involved in the funding arrangements of Invest NI, a revised *Financial Memorandum* will be issued.

Signed on behalf of Invest NI

 Date 10-10-2018.

Signed on behalf of the Department

 Date 10-10-2018

## **Annex A**

# **ECONOMIC APPRAISAL, PROCUREMENT CONTROL LIMITS AND DELEGATIONS TO INVEST NI**

### **Economic Appraisal**

1. The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or recurrent expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, Invest NI should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

### **Procurement Control Limits**

2. Invest NI shall observe the procurement control limits set out in Procurement Guidance Note 04/12 – Procurement Control Limits and the basis for Contract Awards. The level of internal approval required is set out in Invest NI's Financial Procedures Manual.

### **Delegations – General Principles**

3. All delegations and limits exclude VAT and are subject to the provisions of the *MSFM*. This Annex conveys delegated authority to commit and incur expenditure subject to the restrictions set out in the following paragraphs, i.e. Invest NI has full delegated authority to commit and incur expenditure except in relation to the areas listed in the following paragraphs. The delegations are also subject to the general requirement that DoF approval is always required for any proposal in any of the categories in [MPMNI](#) Annex 2.3, Box A.2.3B, i.e. any proposals which:

(a) could create pressures which could lead to a breach:

- (i) in Departmental Expenditure Limits (DEL);
- (ii) in administration cost limits, resource limits, capital limits and capital grant limits; or
- (iii) Estimates provision.

(b) would entail contractual commitments to significant levels of spending in future years for which no plans have been set;

(c) could set a potentially expensive precedent;

- (d) could cause repercussions for others;
  - (e) exceed the general threshold for major capital expenditure projects currently in force (unless other delegations specifically allow); or
  - (f) are novel and/or contentious.
4. All Invest NI projects and programmes in excess of the delegated limits for Invest NI Board approval will be subject to consideration by the Invest NI - DfE Casework Committee (“the Casework Committee”). The remit of the Casework Committee, which comprises representatives from the Department, DoF and Invest NI, is to consider any such proposals collectively with a view to reaching agreement on the merits of a project. By subjecting projects to scrutiny and endorsement by the Casework Committee, the process leading to formal approval by DoF and the Minister should be streamlined.
  5. Invest NI projects that are submitted for Casework Committee consideration must have already received approval at the appropriate level within Invest NI.
  6. Where the proposed level of financial assistance exceeds the delegated limits for DoF approval, formal DoF approval will be sought following consideration of the case by the Casework Committee, provided the Casework Committee endorses the case. DoF approval must be sought and approved before the case is submitted to the Minister. The exception to this rule relates to external consultancy cases, where Casework Committee consideration is not required. In these consultancy cases, Departmental Accounting Officer and Ministerial approval must be obtained prior to DoF approval being sought.

#### **Delegations: Specific Delegations Given by DoF**

##### **DoF**

7. DoF has provided Invest NI with the following specific delegations:

**A. SELECTIVE FINANCIAL ASSISTANCE**

	<b>Mobile Projects</b>	<b>Non-Mobile Projects</b>	
<b>Total Assistance</b>	over £10m	over £6m	
<b>Grant Cost per job</b> <i>*cost per job limits no longer apply to SFA support to SMEs under £100,000</i>	over £50k	over £40k	
<b>Capital Grant</b>			
<b>GGE 1 July 2014 – 31 December 2020</b>			
	<b>Company Size</b>		
<b>Area</b>	Large	Medium	Small
<b>Northern Ireland</b>	10%	20%	30%
<b>Repeat assistance within 5-year period for same project</b>	No delegation	No delegation	
	<b>Mobile/Non-Mobile Projects</b>		
<b>Share acquisition</b>	Over £6m and/or 51% or more of voting rights.		
<b>Loans</b>	Interest or capital free period of more than 2 years.		
<b>Buying Time Assistance</b>	Over £1m and/or loan cost per job of over £5k for up to 6 months.		

**B. GRANT FOR INNOVATION AND R&D**

	<b>Mobile Projects</b>	<b>Non –Mobile Projects</b>
<b>Total Assistance</b>	£10m	£6m
	<b>Mobile/Non-Mobile Projects</b>	
<b>Grant Rate</b>	Assistance over £250k where Invest NI's contribution exceeds 50%	

**C. GENERAL PROGRAMMES**

	<b>Mobile/Non-Mobile Projects</b>
<b>General Capital/Programme Delivery</b>	over £6 million
<b>Operating Grant</b>	3-year package over £250k or over £100k in any of the first 3 years.

**D. PROPERTY ASSISTANCE**

*Note: The following delegated limits apply to stand-alone property cases i.e. where property assistance is the only form of assistance to a project. Where property assistance is part of a wider package of assistance, the section 1 project assistance delegated limits apply.*

<b>Property Development Agreements</b>	over £1m
<b>Land Acquisition</b>	over £3m
<b>Estate Development</b>	over £3m
<b>Advance Factories</b>	over £2m
<b>Bespoke Factories</b>	over £2m
<b>Maintenance/minor alterations/repairs to factories</b>	over £250k per factory on aggregate basis over 3yrs
<b>Insurance Claims</b>	over £100k per claim
<b>Shortfall Guarantee Scheme</b>	
- Overall contingent liability	over £11.5m
- Individual contingent liability	over £500k

**E. THE AIRCRAFT AND SHIPBUILDING INDUSTRIES NI ORDER**

All payments
--------------

**F. TOURISM PROJECTS**

<b>Private Sector</b>	
Grant Loan	Over 30% of eligible costs or over £0.75m.

Interest Relief Grant Acquisition of shares	
Total Assistance	Over 30% eligible costs for projects or over £0.75m.

**Notes:**

**Invest NI CEO and DfE Permanent Secretary approval is required for the establishment of a new External Delivery Organisation (EDO).**

**All expenditure proposals, irrespective of cost, that set precedents, are novel, are potentially contentious or could cause repercussions elsewhere in the public sector will be subject to both Departmental and DoF approval. Early engagement with the Department and / or DoF should therefore be undertaken.**

**Ministerial Delegations for Invest NI Proposals for Assistance to Industry**

8. All proposals for which DoF approval is required will also require Ministerial approval. In addition, projects and programmes will require Ministerial approval if they breach any of the following thresholds:-

<b>All Projects/Programmes (excluding SFA proposals)</b>	
Total Assistance	Over £6m
<b>SFA Proposals</b>	
Total Assistance	Over £3m
Safeguarding of Jobs	Where safeguarding element in excess of £1m
Average annual salary below Private Sector Median <u>and</u> no increase in GVA per Employee	Over £1m
<b>All Projects/Programmes</b>	
If costs or any other key assumptions vary by more than 10% from the estimates given in the business case upon which the original approval was based, or if implementation is delayed by more than 24 months, Ministerial approval will be required.	

**Delegations: Consultancy, Capital Expenditure and IT Projects**

9. The following delegations will apply in respect of expenditure in the following categories: -

	<b>Consultants</b>	<b>IT Projects</b>
DoF approval	£75,000	£1,000,000 on a single project.
Ministerial Approval	£10,000	£1,000,000 on a single

		project
--	--	---------

Note: All amounts are exclusive of Value Added Tax.

### **Delegations: Losses and Special Payments**

10. Invest NI may write-off losses of up to £100,000 for any single event. The write-off of any losses above these amounts must be approved by the Department.

#### **A Losses**

- (a) Cash losses. Physical losses of cash and equivalents (eg bank notes, postal orders, stamps) by any cause.
- (ii) Bookkeeping losses:
  - Because of unvouched or incompletely vouched payments, including cases where vouchers are missing;
  - Because of charges to accounts to clear inexplicable or erroneous debit balances.
- (iii) Exchange rate fluctuations. Losses due to fluctuations in exchange rates or revaluations of currencies.
- (iv) Losses of pay, allowances and superannuation benefits paid to employees of Invest NI:
  - Overpayments due to miscalculation, misinterpretation of Acts, regulations or scheme rules or the full facts not being known;
  - Unauthorised issues, eg payments not admissible under the Acts, regulations or scheme rules.

#### **B Losses of Accountable Stores**

- (i) Because of fraud, whether or not it has been possible to charge anyone with an offence, or proven or suspected theft, arson or sabotage, or any other deliberate act (including repairable damage caused maliciously to buildings, stores, etc which is not the subject of an identifiable legal claim against some person); wherever possible recovery must be effected and prosecution mounted.
- (ii) Losses arising from other causes.

#### **C Fruitless payments and constructive losses**

### **Delegations: Losses and Special Payments Requiring DfE and DoF Approval**

11. Invest NI may write-off losses of up to £5,000 for any single event in respect of pay, allowances and superannuation benefits paid to employees of Invest NI arising from causes other than those specified at 10 A (iv) above, eg losses arising from non disclosure of the full facts by the beneficiary, short of proven fraud. This delegated authority is subject to an aggregate of £20,000 in any financial year. The

write-off of any losses above these amounts must be approved by the Department. In addition, DoF approval is needed where a loss for any single event where the amount involved is greater than £20,000.

12. Invest NI may write-off losses of up to £50,000 for any single event in respect of claims waived and abandoned. Departmental approval is required in respect of claims waived and abandoned above this amount and DoF approval is required where the amount exceeds £100,000.

13. Invest NI may make special payments in the following categories up to a maximum of £100,000 (with the exception of the special payments referred to at 13 (iii) below). Departmental approval is required for special payments above this amount and DoF approval is required where the payments exceed the amount set out in brackets beside each category:

- (i) extra-contractual and ex-gratia payments to contractors (DfE and DoF approval required where the amount exceeds £100,000);
- (ii) other ex-gratia payments (DfE and DoF approval required where the amount exceeds £100,000);
- (iii) individual compensation payments without legal advice settled out of court (DfE and DoF approval is needed where the amount exceeds £10,000);
- (iv) individual compensation claims above £100,000 where the legal advice is that Invest NI will not win the case if contested in court (DfE and DoF approval required where the amount exceeds £100,000);
- (v) Extra statutory and extra regulatory payments (DfE and DoF approval required where the amount exceeds £100,000);

14. DfE and DoF approval is required to write-off losses arising from overpayments of grants, subsidies etc arising from miscalculation, misinterpretation of Acts, regulations or scheme rules, or the full facts not being known;

15. DfE and DoF approval is required to write-off losses arising from the failure to make adequate charges for the use of public property or services;

16. DoF approval is required to make financial remedy payments (ie payments made to complainants through Invest NI's internal complaints procedures / processes) in excess of £500. DfE approval is required in respect of payments below that amount;

17. DfE and DoF approval is required for payments over £50,000 to be made as a result of a recommendation from the NI Assembly Ombudsman & NI Commission for Complaints.

### **Delegations: Gifts**

18. Invest NI may authorise gifts to be made up to a value of £500. Departmental approval is needed for gifts above this amount and DoF approval is required for all gifts of an unusual nature, and those whose value exceeds £500.

**Delegations: Assets**

19. DfE and DoF approval is required where Invest NI proposes to retain receipts from the sale of assets funded by grant or grant-in-aid from the Department.

## SELECTIVE FINANCIAL ASSISTANCE GROSS GRANT EQUIVALENT (GGE) EU SCHEME LIMITS

GGE 1 July 2014 – 31 December 2020

	Company Size		
Area	Large	Medium	Small
Northern Ireland	10%	20%	30%

**Note:** Invest NI's Guidelines on its Selective Financial Assistance Scheme contain guidance on Gross Grant Equivalent (GGE) and should be referred to when considering assistance. Section 8 of the guidelines provides details of how to calculate aid for initial investment and aid for job creation. Essentially, the calculation involves expressing discounted grants (capital and revenue) as a percentage of discounted project costs.

**SUMMARY OF ISSUES IN THE MANAGEMENT STATEMENT (MS) AND FINANCIAL MEMORANDUM (FM) WHICH REQUIRE DfE /DoF APPROVAL OR CONSULTATION, OR WHICH REQUIRE TO BE REPORTED TO DfE/DoF.**

**THIS ANNEX SHOULD BE READ IN CONJUNCTION WITH [ANNEX A](#) WHICH SETS OUT SPECIFIC DELEGATIONS TO INVEST NI**

<b>Issue</b>	<b>MSFM Reference</b>
Changes to MSFM	MS 1.1.7
Approval of MSFM	MS 1.1.8
Interpretation of MSFM	MS 1.1.9
Approval of Corporate and Operating Plans	MS 2.2.2 and Sections 4.1.5 and 4.2.3
Appointment of Chief Executive	MS 3.6.2 – Bullet Point 7
Acceptance of complaints about Invest NI by the Ombudsman for investigation	MS 3.11.1
Reporting Performance to the Department	MS Section 4.4
Fraud (proven or suspected) including attempted fraud	MS 4.8 and FM 18
Annual Report and Accounts	MS 5.1.1
Changes to accounting policies or significant estimation techniques	MS 5.1.5
Expenditure not proposed in the budget	FM 6
Direct Award Contracts for external consultancy	FM 10
Information on Direct Award Contracts	FM 11
Novel, contentious or repercussive proposals	FM 14
Significant changes to the scale of Invest NI's operations or the funding of any initiative or scheme previously approved by the Department	FM 14
Changes of policy or practice which have repercussive implications or which might significantly affect the future level of resources required	FM 14
Fines, taxes and other related receipts	FM 24
Retention of Receipts	FM 25
Classification of Receipts	FM 26
Unforecast changes in in-year income	FM 28 and 29
Gifts and Bequests received	FM 33

<b>Issue</b>	<b>MSFM Reference</b>
Borrowing	FM 35
Pay and Conditions of Service	FM 37 to 39
Employee Handbook	FM 40
Annual Pay Increases	FM 41
Creation of posts above NICS Grade 7 level or equivalent	FM 43
Performance Related Pay	FM 44
Redundancy or Compensation for Loss of Office	FM 48
Capital Expenditure	FM 53 and 55
Transfers within the resource budget involving depreciation or impairments	FM 56
Lending, guarantees, indemnities, contingent liabilities and Letters of Comfort	FM 57
Grant or Loan Schemes	FM 58
Gifts made, write-offs, losses or other special payments outside delegated limits	FM 61
Leasing	FM 64
Public / Private Partnerships	FM 66
Subsidiary Companies and Joint Ventures	FM 68
Financial Investments	FM 70
Unconventional Financing	FM 71
Commercial Insurance	FM 72 and 74
Payment/Credit Cards	FM 76
Hospitality	FM 77
Returns on consultancies	FM 79
Assets	FM 82 and 83
Monitoring Information	FM 91



## **INVEST NORTHERN IRELAND**

### **NORTHERN IRELAND COOPERATION OVERSEAS Ltd**

**(NI-CO)**

### **RELATIONSHIP FRAMEWORK DOCUMENT**

## 1. INTRODUCTION

### 1.1 This Document

1.1.1 This Framework Document has been drawn up by Invest NI in consultation with Northern Ireland Cooperation Overseas Ltd (NI-CO), a wholly owned subsidiary of Invest NI. The requirement for this document is set out at Section 1.4.3 of the Invest NI MSFM, which states that a subsidiary of Invest NI shall have *“a relationship framework document setting out the arrangements between it and Invest NI”*.

1.1.2. This document seeks to provide the broad framework within which NI-CO will operate by correctly setting the balance between Invest NI’s requirement for assurance and control, with an appropriate degree of autonomy consistent with NI-CO’s function and necessity to form impartial judgements and apply technical expertise to operational decisions. The document:

- describes the parameters within which NI-CO will operate;
- sets out the obligations with which NI-CO will comply; and
- clarifies aspects of the relationship between NI-CO and Invest NI, how they interact and ensure the appropriate level of operational independence for NI-CO.

1.1.3 The document may be supplemented by guidelines / directions issued Invest NI regarding any individual functions, powers and duties of NI-CO.

1.1.4 The Relationship Framework Document should be given to all relevant Invest NI staff and officials with sponsorship responsibilities for NI-CO. The document should be tabled for the information of NI-CO Board Members at a full Board meeting and any significant amendments should be brought to the attention of the full Board on a timely basis.

1.1.5 As a company incorporated in Northern Ireland, NI-CO is subject to the requirements of UK company law. Subject to such legislative provisions and the provisions of NI-CO’s Memorandum and Articles of Association, this document sets out:

- NI-CO’s overall aims, objectives and targets;
- the rules and guidelines relevant to the exercise of NI-CO’s functions, duties and powers;
- the conditions under which any public funds are paid to NI-CO; and
- how NI-CO is held to account for its performance, governance and activities.

1.1.6 Invest NI has agreed with NI-CO that it can be treated as a client company and, in certain circumstances, may benefit from Invest NI assistance.

- 1.1.7 This document does not convey any legal powers or responsibilities and, in the event of circumstances arising which have the potential to conflict with the requirements of UK company law, UK company law shall prevail.
- 1.1.8 NI-CO or Invest NI may propose amendments to this document at any time in the light of evolving policy aims, operational factors and the track record of NI-CO itself. The extent of flexibility and freedom given to NI-CO shall reflect both the quality of its internal controls and its operational needs. Significant variations to the document shall be cleared with DfE in consultation with DoF, as appropriate.
- 1.1.9 Any questions regarding the interpretation of the document shall be resolved by Invest NI after consultation with DfE and, if necessary, DoF.

## **1.2 Founding Legislation and Status**

- 1.2.1 NI-CO was incorporated in Northern Ireland on 8 January 1992 as a private company limited by shares. It was formed by the Department of Economic Development – now DfE - under the powers contained in Article 8 (1)(a) of the Industrial Development (Northern Ireland) Order 1982. NI-CO does not carry out its functions on behalf of the Crown.
- 1.2.2 From its incorporation, NI-CO's issued and fully paid share capital was held by DfE. Under the provisions of the [Industrial Development Act \(Northern Ireland\) 2002](#), property and rights acquired by DfE (including ownership of NI-CO) in connection with the exercise of its Article 8 (1)(a) functions were transferred to Invest NI.
- 1.2.3 NI-CO does not receive grant-in-aid from Invest NI or DfE, nor is it anticipated that it will do so in the future. NI-CO's funds are generated through commercial activities and it is expected to cover its costs from those activities.

## **1.3 Classification**

- 1.3.1 NI-CO has been categorised as a Public Corporation by the Office of National Statistics. It is overseen by a Board appointed by the Chief Executive of Invest NI and employs its own staff. For national accounts purposes, NI-CO is classified within the central government sector.
- 1.3.2 References to NI-CO include, where they exist, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purpose. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and NI-CO.

## **2. AIMS, OBJECTIVES AND TARGETS**

### **2.1 Overall Aims**

2.1.1 The overall aims of NI-CO, as set out in its Memorandum and Articles of Association (Appendix D2), are to establish and carry on the co-ordinated and systematic marketing and delivery on a worldwide basis of the services, skills, expertise and know-how of the activities of government departments and other public bodies or organisations in Northern Ireland and in furtherance of these purposes:

- to enter into such contracts and other arrangements including agency arrangements and contracts as NI-CO shall see fit;
- to identify sources of and make arrangements to facilitate the provision of finance for the benefit of purchasers and providers; and
- to publicise and promote whether in Northern Ireland or elsewhere the activities of NI-CO in such manner as NI-CO shall see fit.

### **2.2 Engagement**

2.2.1 Meetings will occur at least as often as specified in this engagement calendar:

- Annual review meeting between the Invest NI Chief Executive, NI-CO Chair and Chief Executive to review the previous year's performance and strategic objectives for the forthcoming year;
- NI-CO Chair will attend Invest NI Board twice a year;
- NI-CO Chief Executive will attend a meeting of Invest NI's Executive Leadership team twice a year;
- NI-CO Chair and Invest NI Chief Executive will meet on a 6 monthly basis or more frequently as required;
- The Invest NI Chief Executive and the NI-CO Chief Executive will meet on a 6 monthly basis or more frequently as necessary;
- Quarterly catch-up meetings between NI-CO's Chief Executive, Finance Director and the Invest NI Sponsorship Team to discuss governance, operational and budgetary issues; and
- A standing item will be on the agenda of Invest NI's Audit & Risk Committee (ARC) to address appropriate details regarding NI-CO; including NI-CO Board minutes, internal / external audit reports and Annual Report and Accounts

## **3. RESPONSIBILITIES AND ACCOUNTABILITY**

### **3.1 The Minister**

3.1.1 The DfE Minister is ultimately accountable to the Assembly for the activities and performance of NI-CO.

### **3.2 The Invest NI Chief Executive**

3.2.1 The Invest NI Chief Executive is responsible to the DfE Accounting Officer for ensuring appropriate arrangements are in place between Invest NI and NI-CO to:

- provide the necessary oversight of NI-CO's activities;
- address significant problems, making any interventions as judged necessary;
- periodically review the risks to Invest NI regarding NI-CO as articulated in Invest NI's Risk Register; and
- highlight any concerns about the activities of NI-CO as appropriate, requesting explanations and assurances that appropriate action has been taken.

3.2.2 Invest NI's Chief Executive, in accordance with his designation as Invest NI's Accounting Officer and NI-CO's status as a wholly owned subsidiary of Invest NI, is directly accountable to DfE's Accounting Officer regarding governance issues relating to NI-CO and will ensure that appropriate mechanisms are in place to provide this ongoing assurance.

### **3.3 Invest NI's Chief Executive as Invest NI's Accounting Officer**

3.3.1 As Invest NI's Accounting Officer, the Invest NI Chief Executive is directly accountable to DfE's Accounting Officer on all governance issues relating to NI-CO and shall ensure that:

- the financial and other management controls applied by Invest NI to NI-CO are appropriate and sufficient to safeguard public funds and for ensuring that NI-CO's compliance with those controls is effectively monitored by Invest NI ("public funds" include not only any funds granted to NI-CO by the Assembly, but also any other funds generated by approved activities or falling within their stewardship). Such monitoring will also be exercised through the NI-CO Board;
- the internal controls applied by NI-CO conform to the requirements of regularity, propriety and good financial management; and
- any funding to NI-CO is within the ambit and amount of the Request for Resources and that the authority of the Assembly has been sought and given.

3.3.2 The Invest NI Chief Executive should ensure that NI-CO is run on the basis of the standards, in terms of governance, decision-making and financial management, set out in Section 7.8 of [MPMNI](#), relating to the framework for Public Corporations working in partnership with others (Box 7.8.2).

3.3.3 The Invest NI Chief Executive will delegate day-to-day administration of his / her responsibilities in relation to NI-CO to Invest NI employees as appropriate to provide assurance that his / her responsibilities within this Document are

discharged fully. However, he / she cannot absolutely assign the responsibilities within this document to any other person.

3.3.4 The Invest NI Chief Executive shall be personally responsible for the preparation of the consolidated annual report and accounts that sets out the financial results and position of Invest NI and NI-CO.

3.3.5 In view of the broader functions of Invest NI, including various functions or obligations in relation to financial stability and economic policy, Invest NI reserves the right, on an exceptional basis, to give the NI-CO Board directions of a general or specific nature from time to time. The Board will comply with such directions, providing they are in accordance with statutory, legal and fiduciary duties, or resign. Invest NI will, in making any such direction, have regard to the objectives of NI-CO.

### **3.4 NI-CO's Chief Executive**

3.4.1 Invest NI's Chief Executive shall seek assurance on the performance, governance and activities of NI-CO from NI-CO's Chief Executive, who will:

- establish corporate and business plans with NI-CO's Board in pursuit of NI-CO's overall strategic aims and objectives;
- monitor NI-CO's progress in meeting policy objectives and demonstrate how resources are being used to achieve those objectives;
- ensure timely forecasts and monitoring information on performance and finance are available to the NI-CO Board and that corrective action is taken, if required, and that any significant problems are notified to the Board and Invest NI in a timely fashion;
- advise the NI-CO Board on the discharge of its responsibilities in accordance with this document and in any other relevant instructions and guidance that may be issued from time to time by DoF, DfE or Invest NI;
- advise the NI-CO's Board on NI-CO's performance compared with its aims and objectives;
- have appropriate governance mechanisms in place to ensure that financial considerations are taken fully into account by the NI-CO Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- in line with Section 3.8 of [MPMNI](#), advise action if NI-CO's Board or Chairman is contemplating any action which he / she considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;
- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

- ensure that an effective system of programme, project and contract management is maintained;
- where appropriate, ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure any public funds made available to NI-CO are used for the purpose intended, and that such monies, together with NI-CO's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;
- ensure that proper records are kept relating to the accounts and the accounts are properly prepared and signed by the Chairman and presented in accordance with NI-CO's requirements under the law;
- ensure that effective procedures for handling complaints about NI-CO are established and communicated within NI-CO;
- ensure the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with; and
- ensure NI-CO provide substantive responses to Assembly Questions and Freedom of Information requests relating to their activities through the Invest NI Sponsor Team.

### **3.5 The Chairman of NI-CO**

3.5.1 The Chairman is appointed by the Chief Executive of Invest NI, following a recruitment process that complies with the spirit of the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland, for 3 years (renewable for a further 3 years, subject to satisfactory performance).

3.5.2 Whilst responsible to the Chief Executive of Invest NI, the Chairman shall aim to ensure that NI-CO's policies and actions support the policy and performance of NI-CO. The Chairman shares with other Board members the corporate responsibilities set out in section 3.6 and in particular for ensuring that NI-CO fulfils the overall aims and objectives as detailed in section 2 above.

3.5.3 The Chairman has a particular responsibility for ensuring that there is effective strategic leadership on:

- formulating the Board's strategy;
- ensuring the Board, in reaching decisions, takes proper account of guidance provided by Ministers, DfE, DoF and Invest NI;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of regularity and propriety;
- representing the views of the Board to the general public; and

- ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and where appropriate, the views of individual members.

#### 3.5.4 The Chairman shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment, their duties, rights and responsibilities, and receive appropriate induction training - including the financial management and reporting requirements of public sector bodies and on any differences between private and public sector practice;
- advise Invest NI of the needs of NI-CO when Board vacancies arise and ensure a proper balance of professional and financial expertise; and
- complete the ongoing performance appraisal for Board Members at the end of each year and prior to any re-appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Chief Executive of Invest NI or an official acting on his behalf.

3.5.5 The Chairman shall ensure that a Code of Practice for Board Members is in place, based on the model Code of Practice for Board Members of Public Bodies (FD (DFP) 04/14 refers). The Code shall commit the Chairman and other Board Members to the Nolan “Seven Principles of Public Life”, and shall include a requirement for a comprehensive and publicly available register of Board Members’ interests.

3.5.6 The Chairman shall have access to the Chief Executive of Invest NI at any time.

### **3.6 NI-CO’s Board of Directors**

3.6.1 NI-CO’s Board of Directors shall comprise such persons as Invest NI may from time to time appoint following a recruitment process that complies with the spirit of the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland. An appointment of a Director shall be in writing and shall be for such period (not exceeding 3 years) and on such terms and conditions as may be specified in the appointment. Directors can be appointed for a maximum of 2 terms of office.

3.6.2 In addition, to ensure appropriate understanding of and access to the public service, Invest NI, in consultation with the Chairman of NI-CO, may from time to time seek nominations from Northern Ireland Permanent Secretaries or

other senior managers in the public sector for nominations to the Board of NI-CO. The appointment of such co-opted Directors will be kept under review.

3.6.3 Invest NI reserves the right to appoint one of their own Board Members and / or a senior member of staff to attend NI-CO Board meetings or ARC meetings.

3.6.4 The Board has corporate responsibility for ensuring that NI-CO fulfils its aims and objectives and for promoting the efficient, economic and effective use of staff and other resources by NI-CO. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of NI-CO within the policy and resources framework determined by DfE and Invest NI;
- constructively challenge NI-CO's executive team in their planning, target setting and delivery of performance;
- ensure that Invest NI is kept informed of any changes likely to impact on the strategic direction of NI-CO or attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with Invest NI, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by DfE, DoF and Invest NI;
- ensure that the Board receives and reviews quarterly financial reports concerning the management of NI-CO; is informed in a timely manner about any concerns relating to the activities of NI-CO; and provides positive assurance to Invest NI that appropriate action has been taken on such concerns;
- demonstrate and ensure high standards of corporate governance are observed at all times, to include using ARC to help the Board address key financial and other risks facing NI-CO;
- appoint a Chief Executive and set his / her performance objectives and remuneration terms linked to these objectives which give due weight to the proper management and use of public monies.

3.6.5 Individual Board members shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Practice [paragraph 3.5.5] that is adopted by NI-CO and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Board any private interests that may be perceived to conflict with their public duties;

- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of NI-CO.

3.6.6 Invest NI shall have access to all Board meeting minutes, including minutes of all Board sub-Committees.

3.6.7 Invest NI is committed to giving the NI-CO Board the commercial freedom to fulfil and deliver the activities and objectives set out in this Framework Document. In that context, and save for the provisions within this Document, Invest NI will not intercede in day-to-day operational and commercial matters.

3.6.8 Subject to this Framework Document and NI-CO's Memorandum and Articles of association, decisions on the day-to-day running of the Company will rest with the Board in accordance with Directors' statutory, legal and fiduciary responsibilities.

### **3.7 Invest NI Sponsor Team**

3.7.1 Invest NI will nominate members of staff to be the main points of contact for NI-CO. They will be the primary source of information and advice to the Chief Executive and Board of Invest NI, to facilitate the discharge of their responsibilities in respect of NI-CO.

3.7.2 Invest NI has right of access to carry out any examination of the internal control systems as required to enable the Invest NI's Chief Executive to discharge their responsibilities in a proper manner. The relationships between NI-CO and Invest NI are governed by the need to ensure that NI-CO's legal, financial, policy and performance framework, including appointments to NI-CO and the structure of its funding and management, are aligned with public service requirements.

## **4. PLANNING, BUDGETING AND CONTROL**

### **4.1 The Corporate Plan**

4.1.1 NI-CO shall submit a draft of its 3-year Corporate Plan for Invest NI's approval. NI-CO shall have agreed with Invest NI the issues to be addressed in the plan and the timetable for its preparation.

4.1.2 The plan shall reflect NI-CO's statutory duties and within those duties, the priorities set from time to time by Ministers.

4.1.3 The Corporate Plan shall set out:

- NI-CO's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of income and expenditure, taking into account any resource assumptions; and
- other matters as agreed between Invest NI and NI-CO.

4.1.4 The main elements of the Plan - including the key performance targets - shall be agreed between Invest NI and NI-CO and should also:

- set out the strategic context, NI-CO's vision, strategic priorities, objectives and outcomes;
- provide a financial overview;
- monitor and evaluate NI-CO's policies (within the likely level of resources available) and ability to achieve its aims and objectives;
- provide the long-term direction and priorities of NI-CO; and
- provide clear understanding of the corporate strategy which NI-CO is to follow and enable that strategy to be implemented within an agreed policy and resources framework which leaves day-to-day responsibility for the management of NI-CO with the Chief Executive and key staff.

## **4.2 The Business Plan**

4.2.1 A detailed Business Plan shall be prepared for each year, reflecting the relevant year in the Corporate Plan and including key targets and milestones for the year immediately ahead. NI-CO should agree with Invest NI any relevant issues it wishes to be addressed in the Plan and submit a draft of the Plan to Invest NI for approval.

## **4.3 Reporting Performance to Invest NI**

4.3.1 NI-CO shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Corporate and Business Plans.

4.3.2 NI-CO shall take the initiative in informing Invest NI of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the Corporate or Business Plans.

4.3.3 NI-CO's performance against key targets shall be reported quarterly to Invest NI and in NI-CO's annual report and accounts.

## **5. NI-CO ANNUAL REPORT AND ACCOUNTS**

### **5.1 NI-CO Annual Report and Accounts**

5.1.1 NI-CO shall produce an annual report and accounts in respect of its activities and performance in each financial year. As a subsidiary of Invest NI whose accounts are consolidated with those of Invest NI, the audited annual accounts must be prepared and submitted to Invest NI on the timescale required to meet the Government's deadline.

5.1.2 As a Company limited by shares, NI-CO will produce its accounts in accordance with International Financial Reporting Standards (IFRS) in order to give a true and fair view. However, where appropriate, NI-CO will be made aware of, and will be required to take cognisance of, key guidance issued by DoF including Dear Accounting Officer letters and Finance Director letters.

5.1.3 The report and accounts shall outline NI-CO's main activities and performance during the previous financial year. Information on performance against key performance targets shall be included in the strategic report, and shall therefore be within the scope of the audit.

5.1.4 The report and accounts shall comply with the [Companies Act 2006](#) and be prepared in accordance with any relevant statutes, guidance and, where appropriate, the specific Accounts Direction issued by Invest NI.

### **5.2 External audit**

5.2.1 NI-CO's accounts will be audited by its external auditors. NI-CO will instruct its auditors to send copies of all 'Reports to Those Charged with Governance' and management responses to Invest NI. NI-CO will instruct its auditors to report to NIAO under group auditor reporting arrangements within the agreed timeframes.

### **5.3 Value for Money (VFM) Examinations**

5.3.1 The Comptroller and Auditor General (C&AG) may carry out examinations into the economy, efficiency and effectiveness with which NI-CO has used its resources in discharging its functions. For the purpose of these examinations, the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003. When drawing up a contract, NI-CO should ensure that it includes a clause which makes the grant or when drawing up contract conditional upon the recipient or contractor providing access to the C&AG in relation to the documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirement extends to them.

## **6. STAFF MANAGEMENT**

### **6.1 General**

6.1.1 NI-CO shall have responsibility for the recruitment, retention and motivation of its staff. To this end, NI-CO shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, political opinion, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and NI-CO's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve NI-CO's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the [Public Interest Disclosure \(NI\) Order 1998](#) are in place; and
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at <https://www.finance-ni.gov.uk>).

## **7 THE ROLE OF NI-CO**

### **7.1 NI-CO Reviews**

7.1.1 NI-CO shall be reviewed periodically, in accordance with the business needs of Invest NI. Reference should be made to Chapter 9 of [Public Bodies: a Guide for Northern Ireland Departments](#).

## **8. FINANCE - GENERAL**

### **8.1 Procurement**

8.1.1 NI-CO's policies for the procurement of goods and services to undertake operational activities shall reflect the public procurement policy adopted by the Northern Ireland Executive in May 2002 (refreshed August 2014);

Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board.

- 8.1.2 Where NI-CO are awarded a contract / funding to undertake project related procurement, this will be carried out in accordance with the relevant contracting body / funder's procurement procedures. In doing so, NI-CO shall ensure that it complies with the procurement rules of any relevant EU, international or other funder.
- 8.1.2 Periodically and wherever practicable, NI-CO's non project-related procurement shall be benchmarked against best practice elsewhere. While specific use of a recognised Centre of Procurement Expertise (CoPE) is not strictly necessary, NI-CO shall have access to advice on any procurement issue from Invest NI's Procurement Manager and, should the need arise, access via Invest NI to CPD services. It will be for NI-CO to ensure compliance with relevant EU, international or other funders' procurement rules. Periodic reviews of NI-CO's procurement activity should be undertaken and the results shared with Invest NI.
- 8.1.3 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best VFM overall.
- 8.1.4 All Direct Award Contracts (Single Tender Action) should be subject to approval by the Chief Executive of Invest NI (as Invest NI's Accounting Officer). Direct Award Contracts for external consultancy require the approval of both Invest NI's Accounting Officer and the DfE Accounting Officer. Those commissioning procurement through a Direct Award Contract must seek advice and assurance from CPD or their legal adviser to inform the Invest NI Accounting Officer as to the correct use of single tender action in each particular case. For clarity, this requirement does not apply to the hiring of consultants to be charged to projects or used in business development activities including proposal / bid preparation.
- 8.1.5 NI-CO shall put arrangements in place to enable Invest NI to be provided with details of, and explanations for, all Direct Award Contracts.
- 8.1.6 Procurement by NI-CO of works, supplies and services shall be based on best VFM, ie the optimum combination of whole life cost and quality (or fitness for purpose) to meet NI-CO's requirements. Where appropriate, a full option appraisal should be carried out before procurement decisions are taken.

## **8.2 Timeliness in Paying Bills**

- 8.2.1 NI-CO shall make best endeavors to collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of [MPMNI](#) and any guidance issued by DoF, DfE or Invest NI. In relation to project-

related activities, NI-CO will agree credit terms with suppliers / experts etc on an individual basis and payments will be made in accordance with those contracts.

### **8.3 Novel, contentious or repercussive proposals**

8.3.1 NI-CO shall obtain the approval of Invest NI before:

- committing to a remuneration package for the NI-CO Chief Executive;
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, this will include any significant change to staff benefits;
- making any significant change in the scale of its operations;
- making any change of policy or practice which has wider financial implications (e.g. repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

### **8.4 Risk Management / Fraud / Bribery**

8.4.1 NI-CO shall ensure that it deals with risk appropriately, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the [Treasury Guidance Management of Risk - a Strategic Overview \(The Orange Book\)](#) and should take account of the NIAO Report [Good practice in Risk Management](#).

8.4.2 NI-CO shall develop, adopt and update policies and practices to safeguard itself against fraud and theft, in line with DoF's publication *Managing the Risk of Fraud Guide, Northern Ireland*.

8.4.3 NI-CO shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract.

8.4.4 All cases of attempted, suspected or proven fraud shall be reported to Invest NI which shall report it to other relevant parties as soon as they are discovered, irrespective of the amount involved.

8.4.5 NI-CO shall have due regard to the provisions of the Bribery Act and take proportionate measures to guard against the provision and the acceptance of bribes.

### **8.5 Capital Expenditure**

8.5.1 Proposals for large-scale individual capital projects or acquisitions will normally be considered within NI-CO's corporate planning process. Any new acquisitions or capital projects in excess of £50,000 shall be subject to the

approval of Invest NI. Applications for approval by Invest NI shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board.

Regular progress reports on projects shall be submitted to Invest NI.

## **8.6 Commercial Insurance**

8.6.1 NI-CO shall ensure that VFM is obtained in its arrangements for commercial insurance.

## **9 STAFF COSTS AND RELATED MATTERS**

### **9.1 Staff Costs**

9.1.1 Subject to its delegated limits of authority, NI-CO shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

### **9.2 Pay and Conditions of Service**

9.2.1 NI-CO will prepare a staff handbook and a contract of employment, which will detail terms and conditions of service.

9.2.2 NI-CO shall maintain a scheme based on EU rates for the travel, subsistence and other expenses of Board Members, company employees and secondees. Any changes to the scheme will be subject to approval by Invest NI.

9.2.3 NI-CO shall comply with the EU directive [The Fixed-term Employees Regulations \(Prevention of Less Favourable Treatment\) Regulations 2002](#).

9.2.4 Any changes to the NI-CO's staff incentive, as detailed in their Staff Manual, will be subject to approval by Invest NI.

### **9.3 Pensions**

9.3.1 Membership of the NI-CO Group Pension Plan will be offered at the completion of three months employment. NI-CO will contribute 7.5% of pensionable salary which may be increased to Public Sector equivalent contributions subject to company performance (see Team Manual for details). The NI-CO pension scheme is a Group Personal Pension scheme. If an employee does not wish to contribute to the NI-CO scheme, equivalent contributions can be paid to an alternative stakeholder pension scheme.

## **10 BORROWING, LENDING AND FINANCIAL INVESTMENTS**

### **10.1 Borrowing**

10.1.1 NI-CO shall ensure that all borrowings are obtained on a commercial basis and ensure that borrowing facilities are reviewed at least every two years. All borrowings or facilities provided by a bank shall be approved by the Board.

10.1.2 NI-CO shall not enter into any unconventional financing arrangement without the approval of Invest NI.

### **10.2 Grant or Loan Schemes**

10.2.1 All proposals to make a grant or loan including terms and conditions to a third party, whether one-off or under a scheme, must be approved in advance by Invest NI.

### **10.3 Guarantees, Indemnities; Contingent Liabilities; Letters of Comfort**

10.3.1 NI-CO shall not, without the prior written consent of Invest NI, enter into any lease arrangement, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of [MPMNI](#)) *whether or not* in a legally binding form.

### **10.4 Financial Investments**

10.4.1 NI-CO shall not make any investments in traded financial instruments without the prior written approval of Invest NI. Equity shares in ventures which further the objectives of NI-CO shall also be subject to Invest NI approval unless covered by a specific delegation.

### **10.5 Subsidiary Companies and Joint Ventures**

10.5.1 NI-CO shall not set up subsidiary companies or non project-related joint ventures without prior approval from Invest NI. In judging such proposals Invest NI will assess their overall strategic aims and objectives. NI-CO may set up joint ventures or become a member of a consortium where this is specifically related to the delivery of an individual project. Any such actions should be acceptable to and notified to Invest NI in advance.

## **11 GIFTS, WRITE OFFS, LOSSES AND OTHER SPECIAL PAYMENTS**

### **11.1 Gifts and Bequests Received**

11.1.1 Before proceeding NI-CO shall assess any associated costs or any conflict of interest which may arise. NI-CO shall keep records of any such gifts, bequests and donations including their estimated value and whether they are disposed of or retained.

## **11.2 Gifts Made, Write Offs, Losses and Other Special Payments**

11.2.1 Proposals for making gifts, other special payments or write-offs, outside the delegated limits set out in Appendix D1, must be approved in advance by Invest NI.

11.2.2 Losses shall not be written-off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

11.2.3 Gifts made by management to staff are subject to the requirements of DAO (DFP) 05/03, Expenditure on Non Pay Rewards.

## **12 MANAGEMENT AND DISPOSAL OF FIXED ASSETS**

### **12.1 Register and Disposal of Assets**

12.1.1 NI-CO shall maintain an accurate and up-to-date fixed asset register.

12.1.2 NI-CO shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender unless otherwise agreed by Invest NI and in accordance with the principles in [MPMNI](#).

## **13 BUDGETING, FINANCIAL REPORTING AND REGISTER OF INTERESTS**

### **13.1 Setting the Annual Business Plan and Budget**

13.1.1 NI-CO shall prepare an annual business plan which will include the following financial details:

- Projected Profit and Loss Account / Budget; and
- Projected Cash Flow Statement;

13.1.2 The annual business plan shall be approved by NI-CO's Board of Directors and by Invest NI.

13.1.3 Once NI-CO's Business Plan has been approved, and subject to any restrictions imposed by statute, by Ministers, or in this document, NI-CO shall have authority to carry out its activities without further reference to Invest NI, on the following conditions:

- NI-CO shall comply with the conditions set out above regarding novel, contentious or repercussive proposals;
- NI-CO shall comply with the delegations set out in Appendix D1;
- inclusion of any planned and approved activities in the business plan shall not remove the need to seek formal approval from Invest NI where any proposed expenditure is outside the delegated limits;
- NI-CO shall provide Invest NI with such information about its operations, performance of individual projects or other information as Invest NI may reasonably require.

## **13.2 Providing Monitoring Information to Invest NI**

13.2.1 NI-CO will have in place adequate financial systems for the authorising and recording of all financial transactions. It will keep accurate books and records, which will be audited annually. NI-CO shall provide Invest NI with a financial report at the end of each quarter, which will include the following:

- Profit and loss account and cashflows for the quarter, with explanation for major variances; and
- such other financial information as Invest NI may require, and information to respond to Assembly Questions and Ministers' (or other) queries.

13.2.2 Invest NI will require NI-CO to provide Invest NI with the necessary financial information in a format suitable for statutory accounts consolidation purposes.

13.2.3 NI-CO shall maintain a register of interest of its Board members and senior management team. The register shall be updated at least twice a year and be available for public inspection if requested.

## **14 BANKING AND CASH MANAGEMENT**

### **14.1 Banking Arrangements**

14.1.1 NI-CO's Chief Executive is responsible for ensuring that NI-CO's banking arrangements are in accordance with the requirements of the requirements of Annex 5.7 of [MPMNI](#). In particular, he or she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.

14.1.2 NI-CO's Chief Executive shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years with a comprehensive review;

- sufficient information about banking arrangements is supplied to Invest NI's Accounting Officer to enable the latter to satisfy their own responsibilities;
- NI-CO's banking arrangements shall be kept separate and distinct from those of any other person, or organisation;
- adequate records are maintained of all financial transactions and adequate facilities are available for the secure storage of cash.

## **14.2 Payment / Credit Cards**

14.2.1 NI-CO, in consultation with Invest NI, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. NI-CO shall comply with the provisions of DAO (DFP) 24/02 – Issue and Use of Payment Cards (including Credit Cards).

## **14.3 Hospitality**

14.3.1 NI-CO, in consultation with Invest NI, shall ensure that a comprehensive set of guidelines on the provision and acceptance of hospitality is in place. NI-CO shall comply with the provisions of DAO (DFP) 10/06 (revised) – Acceptance and Provision of Gifts and Hospitality.

## **14.4 Use of Consultants**

14.4.1 NI-CO shall adhere to the guidance issued by DoF, as well as any guidance produced by Invest NI in relation to the Use of Consultants. (See the delegated limits set out in Appendix 1). This does not apply to project staff and / or long term technical experts used in business development activities and proposal / bid preparation.

14.4.2 NI-CO will provide Invest NI with quarterly statements on the status of all consultancies completed and / or started in each financial year.

14.4.2 Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.

## **14.5 Taxation**

14.5.1 NI-CO shall comply with all the relevant UK taxation (and other regulations) regarding Value Added Tax (VAT), corporation tax and personal tax affairs.

14.5.2 When conducting business outside the UK, NI-CO shall comply with foreign taxation and other relevant regulations where appropriate.

## 15 COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

### 15.1 Relevant Documents

15.1.1 NI-CO shall comply with the following general guidance documents;

- this document
- [Managing Public Money Northern Ireland](#)
- *Public Sector Internal Audit Standards*, issued by DoF;
- [Managing the Risk of Fraud Guide Northern Ireland](#), issued by DoF;
- Relevant DoF *DAO* and *FD* letters;
- Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DoF;
- [Regularity, Propriety and Value for Money](#) issued by Treasury;
- relevant instructions and guidance from central departments (DoF / TEO) including Procurement Board and CPD Guidance;
- specific instructions and guidance issued by Invest NI; and
- recommendations made by the PAC, or other Assembly authority, accepted by government and relevant to NI-CO.

## Appendix D1

### Delegations to NI-CO

#### Extent of financial delegations

1. All delegations and limits (excluding VAT) are subject to the provisions of the Invest NI / NI-CO Relationship Framework Document
2. The following delegations will apply:

	<u>Consultants **</u>	<u>Company operating costs*</u>
The approval of Invest NI, DfE and DoF is required in all cases above these amounts	£75,000	£50,000

\* revenue costs largely, but may include capital expenditure eg on IT, office equipment, and leasing. Limit applies per individual transaction

\*\* excludes use of consultants charged to projects and used in business development activities including proposal / bid preparation.

#### Purchasing and economic appraisal

3. The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or recurrent expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration.
4. NI-CO shall observe the procurement control limits set out in Procurement Guidance Note 04/12 – Procurement Control Limits and the basis for Contract Awards. The level of internal approval required is set out in NI-CO's Financial Procedures Manual.

#### Write-off of losses

5. The NI-CO Chief Executive may write-off losses of up to £5,000 for any single event. Losses do not include the non-recovery of costs from funding agencies for disputed project items. The delegated authority to write-off losses in the categories specified below is subject to an aggregate of £20,000 in any financial year:
  - a. any claim for compensation for damage to the personal property of members of NI-CO or its employees;
  - b. claims abandoned;
  - c. cash losses;
    - i. losses by fraud, theft, vandalism or negligence
    - ii. physical losses of cash eg, by fire
    - iii. losses of equivalents to cash, eg stamps
    - iv. unvouched or incompletely vouched payments
  - d. store losses;
    - i. stores losses due to proven fraud, proven or suspected theft, arson or sabotage and losses by culpable negligence, including

- reparable damage to buildings, stores etc caused maliciously or by culpable negligence but not losses which are the subject of an identifiable legal claim against some person or organisation;
- ii. stores losses due to other causes, eg
    1. losses from “incidents of the service”, including fire (other than arson), effect of weather and accident beyond the control of any responsible person.
    2. losses due to deterioration in store, arising from a defect in administration eg over-provisioning, retention in stock of items with a known shelf life in quantities greater than could be turned out within that life, failure to turn over stocks in due sequence etc;
    3. losses due to natural causes (evaporation, shrinkage) and breaking down from bulk, if the storage is not within accepted levels of tolerance; and
    4. losses due to damage to vehicles;
  - e. constructive losses and fruitless payments.
6. In all other cases, Invest NI’s prior approval to write-off should be sought. Should there be any doubt about the correct classification of any item, reference should be made to Invest NI. All applications to Invest NI for approval of write-offs should be made with the minimum of delay.
7. The NI-CO Chief Executive must not, without the prior approval of Invest NI write off any losses in the following categories:-
- a. overpayment of pay, pensions or allowances other than up to £5K in very specific instances
  - b. overpayments of grant or subsidies;
  - c. losses due to failure to make adequate charges for the use of public property or services; and
  - d. losses which exceed the delegated limits.

**ANNEX D2**

**NI-CO MEMORANDUM AND ARTICLES OF ASSOCIATION**

**MEMORANDUM AND ARTICLES**

**of**

**ASSOCIATION**

**of**

**NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD**

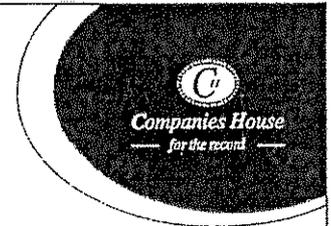
**COMPANY LIMITED BY SHARES**



***THE COMPANY SHOP***  
**79 CHICHESTER STREET**  
***BELFAST BT1 4JE***  
**TEL: 028 9055 9955 FAX: 028 9055 0078**

# NM01

## Notice of change of name by resolution



A fee is payable with this form.  
Please see 'How to pay' on the last page.

**What this form is for**  
You may use this form to give notice  
of an unconditional change of name  
by the company members.

**What this form is NOT for**  
You cannot use this form to give  
notice of a conditional change of  
name.

For further information, please  
refer to our guidance at  
[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

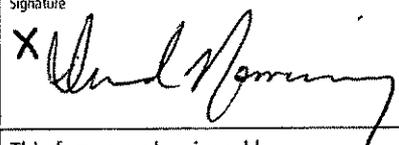
### 1 Company details

Company number	N   1   0   2   6   2   1   1	→ Filling in this form Please complete in typescript or in bold black capitals.  All fields are mandatory unless specified or indicated by *
Existing company name in full	NORTHERN IRELAND PUBLIC SECTOR ENTERPRISES LIMITED	

### 2 Proposed name

The above company resolved to change the company name to:		① Sensitive words If the proposed name contains sensitive or restricted words or expressions you must provide form NM06 'Request to seek comments of government department or other specified body on change of name' and the appropriate supporting information before the name can be changed.
Proposed name ①	NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD	
Please note that the Registrar cannot change the company name until a copy of the resolution has been received.		

### 3 Signature

I am signing this form on behalf of the company.		② Societas Europaea If the form is being filed on behalf of a Societas Europaea (SE) please delete 'director' and insert details of which organ of the SE the person signing has membership.  ③ Person authorised Under either section 270 or 274 of the Companies Act 2006.
Signature	Signature 	
This form may be signed by: Director ②, Secretary, Person authorised ③, Liquidator, Administrator, Administrative receiver, Receiver, Receiver manager, Charity commission receiver and manager, CIC manager.		

COMPANIES ACT 2006

WRITTEN SPECIAL RESOLUTION ON CHANGE OF NAME

Company number: NI26211

Existing company name: NORTHERN IRELAND PUBLIC SECTOR ENTERPRISES  
LIMITED

The following special written resolution to change the name of the company  
was agreed and passed by the member.

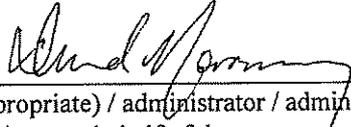
On the 22<sup>nd</sup> day of September 2009

That the company name be changed to:

New name:

NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD

---

Signed: 

\*Director /secretary / CIC Manager (if appropriate) / administrator / administrative receiver / receiver manager /  
receiver, on behalf of the company.

(\*delete as appropriate)

**COMPANIES (NORTHERN IRELAND) ORDERS 1986 TO 1990  
AND COMPANIES ACT 2006**

-----  
**CERTIFICATION**  
-----

I hereby certify that this document is a true copy of the Memorandum and Articles of Association of the Company altered by Special Resolution on 22/09/09

Signed: 

**MEMORANDUM**

-and-

**ARTICLES OF ASSOCIATION**

**NI26211**

**NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD**  
formerly known as  
**NORTHERN IRELAND PUBLIC SECTOR ENTERPRISES  
LIMITED**

**The Company Shop**  
79 Chichester Street  
Belfast  
BT1 4JE  
Tel 02890 559955  
Fax 02890 550078

---

COMPANY LIMITED BY SHARES

---

MEMORANDUM OF ASSOCIATION

of

NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD

---

1. The Company's name is NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD
2. The Company's registered office is to be situated in [Northern Ireland].
3. The Company's objects are:
  - (1) To establish and carry on an undertaking for the co-ordinated and systematic marketing and delivery of on a world-wide basis of services skills expertise and know how of any kind by whomsoever provided but in particular where derived from or connected with the

activities of government departments and other public bodies or organisations in Northern Ireland and in furtherance of these purposes:-

- (a) to enter into such contracts and other arrangements including agency arrangements and contracts as the Company shall see fit
  - (b) to identify sources of and make arrangements to facilitate the provision of finance for the benefit of purchasers and providers
  - (c) to publicise and promote whether in Northern Ireland or elsewhere the activities of the Company in such manner as the Company shall see fit.
- (2) To carry on the business of a holding company and to co-ordinate, finance and manage all or any part of the businesses and operations of any and all companies controlled directly or indirectly by the Company or in which the Company is interested, whether as a shareholder or otherwise and whether directly or indirectly.
- (3) To enter into, carry on and participate in financial transactions and operations of all kinds and to undertake, carry on and execute all kinds of financial, commercial, trading, trust, agency and other operations, supply of goods or services of the Company or otherwise and to make and enter into any pricing of financial arrangements.

- (4) To carry on any or all of the businesses of consultants, advisers and suppliers of management, personnel and training services, whether generally or in respect of one or more of the types of business or activity which the Company or any of its subsidiaries has power to carry on, and to provide training and educational courses, instruction and materials, of every description, for employees of the Company or for any other persons.
- (5) To carry on any or all of the businesses of bankers, financiers, commodity traders, factors, debt collectors, dealers in securities and currencies and all rights and interest therein or in respect thereof, underwriters, insurers, brokers of all kind, persons carrying on investment business of any kind.
- (6) To establish, acquire, produce, transmit, publish, print and reproduce in any form whatsoever, (including without prejudice to the generality of the foregoing visual or audible form and forms capable of being used by, in, or in connection with computers), and to buy, sell and supply and otherwise deal in brochures, manuals, magazines, journals, periodicals, newspapers, books, pictures, photographs, stationery and other documents, sound and visual recordings, tapes, films, and programmes for radio, television, cinema or any other means of communication.
- (7) To advertise, market and sell any and all products and services of the Company and of any other person and to carry on any or all of

the businesses of advertisers and advertising or public relations agents or advisers or of a marketing and selling organisation.

- (8) To acquire by any means, hold, deal in or with, and dispose of howsoever any real or personal property, assets, rights or corporeal or incorporeal hereditaments whatsoever and wherever situate, whether or not for the purposes of, or in connection with, any of the Company's activities, and without prejudice to the generality of the foregoing, to purchase, take on lease or in exchange, hire, take concessions or grants of or otherwise acquire and hold or dispose of any real or personal property, assets or rights or any estate or interest in such property, assets or rights, or in the proceeds of sale thereof, including without limitation any lands, buildings, installations, structures, easements, rights, privileges and concessions and to use, exploit, develop, and safeguard the same.
- (9) To insure any property, asset, matter or interest against any potential liability or loss of the Company or of any other person and the life or health of any person which may seem to the Board of Directors of the Company to be in the interests of the Company.
- (10) (i) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees persons working for or on behalf of the company or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or

any of the predecessors of the Company or of such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and (ii) to such extent as may be permitted by law or otherwise to indemnify or to exempt any such person against or from any such liability. For the purposes of this Clause "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies (Northern Ireland) Orders 1986 to 1990.

- (11) To make, develop, purchase or otherwise acquire (whether alone or otherwise howsoever) any patents, patent rights, inventions, processes, designs (whether registered or not), copyrights, photography rights, trade marks or service marks (whether registered or not), commercial names and designations, know-how, formulae, licences, grants, concessions and the like (and interest in any of them) or any exclusive or non-exclusive or limited right

to use of any secret or other information as to any of them and to apply for and take out protection or additional protection therefor and (whether alone or otherwise howsoever) to hold, use, exercise, develop, transfer or grant licences in respect of, or otherwise turn to account or deal with, the property, rights, title or interest in any of them.

(12) To carry on any other business or activity of any nature whatsoever which may seem to the Directors to be capable of being conveniently or advantageously carried on in connection or conjunction with any business of the Company hereinbefore or hereinafter authorised or to be expedient with a view directly or indirectly to enhancing the value of or to rendering profitable or more profitable any of the Company's assets or utilising its skills, know-how or expertise.

(13) To act in a fiduciary capacity of any sort including (but without prejudice to the generality of the foregoing) to undertake the duties of a trustee of trust deeds or other instruments constituting debentures, debenture stock, bonds and other securities, or of wills and settlements, and of an executor or administrator of estates, or to act as and undertake the duties of a nominee, a custodian trustee, a trustee of a unit trust, a trustee for charitable or other institutions, a trustee for pension, benevolent or other funds, and as a manager or director of business or companies whether limited or unlimited, and generally to undertake all and any duties normally undertaken by a trust corporation and either with or without remuneration.

(14) to apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government, state or municipality, or any other department or authority, or enter into arrangements with any such body or any other person, for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem to the Board of Directors of the Company to be expedient, and to oppose any Act, charter, privilege, concession, licence or authorisation as aforesaid or any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the company.

(15) To enter into such financial, commercial or other transactions as may seem to the Board of Directors of the Company to be desirable for the purposes of the Company's affairs.

(16) To enter into any arrangement with any governments or authorities (national, municipal, local international, or otherwise), or any corporations, companies, or persons that may seem conducive to the Company's objects or any of them, and to obtain from any such government, authority, corporation, company or person any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.

- (17) To enter into consortia or other collaborative arrangements which may seem to the Board of Directors of the Company to advance the interests of the Company in pursuance of international or other projects.
- (18) To acquire and hold interests of any kind whatsoever in other companies, whether or not having the same or similar objects as the Company, and to enter into any arrangements with any such other companies which may seem to the Board of Directors of the Company to advance the interests of the Company.
- (19) To establish, or promote any company, whether or not having objects similar to those of the Company, and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire, hold, dispose of and deal with and guarantee the payment of interest, dividends and capital on all or any of the shares, debentures, debenture stock or other securities or obligations of any company or association or investments of any nature whatsoever or any options or rights in respect thereof or interests therein, and to pay or provide for brokerage, commission and underwriting in respect of any such issue upon such terms as the Board of Directors of the Company may decide.
- (20) To borrow to raise money and to receive deposits, and to lend or deposit money, give credit or financial accommodation or, whether gratuitously or otherwise, guarantees or indemnities and to secure or discharge any debt or other obligation and whether (in each

case) in respect of its own obligations or those of some other person, and to charge or give any other security over its undertaking, property, rights or assets (present or future) or any part thereof or its uncalled capital in any circumstances and upon such terms and conditions as the Board of Directors of the Company may think fit.

- (21) To draw, make, accept, endorse, discount, negotiate, execute, issue, buy, sell and deal in or with promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (22) To act as agents, brokers or trustees and to enter into any arrangement for partnership, joint working, joint venture in business of for the sharing of profits or for amalgamation with any other person or otherwise which may seem to the Board of Directors of the Company to advance the interests of the Company and to vest any property, assets, rights or liabilities of the Company in any person or company on behalf of the Company and with or without any declaration of trust in favour of the Company.
- (23) To establish and maintain or contribute to or make any arrangements for providing pensions, superannuation funds, donations, allowances, share acquisition and profit sharing schemes, gratuities, emoluments, loans and other matters or benefits to or for the benefit of any individuals who are or were at any time in the employment or service of the Company or of any company which is

its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company or any predecessors of the Company or of any other such company, or who are or were at any time directors or officers of the Company or of any such other company, and the spouses, families and dependents of any such individuals or to or for the benefit of such other persons as may from time to time be permitted by law to establish, support, subsidise or subscribe to any institutions, associations, clubs, schemes, funds or trusts which may be considered by the Board of Directors of the Company likely to benefit any such persons or to further the interests of the Company or of any such other company; and to make payments for or towards the insurance of any such persons.

- (24) To establish and maintain, and to contribute to, any scheme for encouraging or facilitating the holding of shares, or debentures in the Company by or for the benefit of its employees or former employees, or those of its subsidiary or holding company or subsidiary of its holding company, or by or for the benefit of such other persons as may for the time being be permitted by law, or any scheme for sharing profits with its employees or those of its subsidiary and/or associated companies, and (so far as for the time being permitted by law) to lend money to employees of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company with a view to enabling them to acquire shares in the Company or its holding company.

- (25) To distribute among members of the Company in specie or otherwise, by way of dividend or bonus or by way of reduction of capital, all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised and consent required by law.
- (26) To accept securities of any person or any property or interest therein of whatsoever nature in payment or part payment for any services rendered or for any sale or supply made to, or debt owing from any such person.
- (27) To subscribe for or contribute (in cash or in kind) to, or otherwise support and to promote or sponsor, any national charitable, benevolent, general or useful object or any object which may in the opinion of the Board of Directors of the Company be likely directly or indirectly to further the interests of the Company, its employees or its members.
- (28) To purchase or otherwise acquire and undertake all or any part of the business, property, assets, rights and liabilities of any person who is carrying on, or proposing to carry on any business which the Company is authorised or empowered to carry on or who is possessed of any business, property, assets, rights or liability suitable for the purposes of the Company.

- (29) To pay and discharge all or any expenses, costs and disbursements, and to pay commissions to and to remunerate any person for services rendered or to be rendered, in connection with the formation, promotion, registration of the Company and the underwriting or placing or issue at any time of any securities of the Company or of any other person.
- (30) To guarantee, support or give indemnities or provide security with or without consideration whether by personal covenant or by mortgage or charge upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by all or any such methods, for the performance of any contracts or obligations, and the payment of capital or principal (together with any premium) and dividends or interest on any shares, debentures or other securities or obligations, of any person, firm or company including (without limiting the generality of the foregoing) any company which is for the time being a holding company of the Company or another subsidiary of any such holding company or is associated with the Company in business.
- (31) To issue any securities for any purpose whether by way of security or indemnity or in satisfaction of any liability undertaken or agreed to be undertaken by the Company or otherwise.
- (32) To procure the Company to be registered or recognised in any part of the world.

- (33) To sell, lease, grant rights over or in respect of or otherwise howsoever dispose of or deal with, the whole or any part of the undertaking, property, assets and rights of the Company or of any interest therein for such consideration as the Board of Directors of the Company may think fit and to distribute any property or assets in specie or otherwise among the members of the Company.
- (34) To distribute any of the property or assets of the Company amongst its creditors and members in specie or kind.
- (35) To cease carrying on any business or activity of the Company or any part of any such business or activity, and to procure the winding-up or dissolution of the Company.
- (36) To do all or any of the above things in any part of the world and either as principal, agent, trustee, contractor or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, subsidiary companies, sub-contractors or otherwise.
- (37) To do all such other things as may be deemed, or as the Board of Directors of the Company considers, to further the interests of the Company or be incidental or conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED that in this Memorandum:-

- (a) unless the context otherwise requires, words in the singular include the plural and vice versa;
- (b) unless the context otherwise requires, a reference to a person includes a reference to a company, and a reference to a person or company (other than references to the Company) includes a reference to a firm, partnership, corporation, government or other authority (municipal, local or otherwise), undertaking, organisation, association, statutory, public or other body and any other legal entity, whether resident, domiciled or situated (in any such case) in the United Kingdom or elsewhere;
- (c) references to "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible;
- (d) the words "subsidiary" and "holding company" have the same meaning as in Article 4 of the Companies (Northern Ireland) Order 1986;
- (e) any reference to the carrying on by the Company of any business or businesses of any description or descriptions shall include the carrying on of such business or businesses in any or all of its or their respective branches; and
- (f) the objects specified in each of the foregoing paragraphs of this clause shall be separate and distinct objects of the Company and accordingly shall not be in any way limited or restricted (except so far as otherwise expressly stated in any paragraph) by reference

to or inference from the terms of any other paragraph or the order in which the paragraphs occur or the name of the Company, and none of the paragraphs shall be deemed merely subsidiary or incidental to any other paragraph.

4. The liability of the members is limited.
5. The share capital of the Company is £{100}, divided into {100} Ordinary Shares of [£1] each.

WE, the subscribers to this memorandum of association, wish to be formed into a company pursuant to this memorandum and we agree to take the number of shares shown opposite our respective names.

Names and addresses of subscribers	Number of shares taken by each subscriber
X <i>John F. [unclear]</i> 14 ST. CHARLES PARK BOSTON, MA 02114 SEASIDE (571) 543	1
X <i>W. David Deneen</i> Department of Economic Development Murray Avenue Belfast BT4 2TP	1
X <i>Alkins</i> 151 [unclear] Rd. Belfast BT6 6B	1
Total Shares Taken	3

Dated *20<sup>th</sup> December* 1991

Witnesses to the above signatures:-

*John Wallace*  
*Netherleigh*  
*Mossey Avenue*  
 - *Carl Servant*

THE COMPANIES (NORTHERN IRELAND) ORDER 1986

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

NORTHERN IRELAND CO-OPERATION OVERSEAS (NI-CO) LTD

INTERPRETATION

1. In these regulations -

"the Order" means the Companies (Northern Ireland) Order 1986 including any statutory modification or re-enactment thereof for the time being in force;

"the articles" means the articles of the company;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"executed" includes any mode of execution;

"office" means the registered office of the company;

"the holder" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"the seal" means the common seal of the company;

"secretary" means the secretary of the company or any other person appointed to perform the duties of the secretary of the company, including a joint, assistant or deputy secretary;

"the United Kingdom" means Great Britain and Northern Ireland.

"the Department" means the Department of Economic Development

Unless the context otherwise requires, words or expressions contained in these regulations bear the same meaning as in the Order but excluding any statutory modification thereof not in force when these regulations become binding on the company.

#### SHARE CAPITAL

2. Subject to the provisions of the Order and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the company may by ordinary resolution determine.
3. Subject to the provisions of the Order shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the company or the holder on such terms and in such manner as may be provided by the articles.
4. The company may exercise the powers of paying commissions conferred by the Order. Subject to the provisions of the Order, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
5. Except as required by law, no person shall be recognised by the company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

## SHARE CERTIFICATES

6. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
  
7. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

## LIEN

8. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or

not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The company's lien on a share shall extend to any amount payable in respect of it.

9. The company may sell in such manner as the directors determine any shares on which the company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
10. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
11. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## CALLS ON SHARES AND FORFEITURE

12. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.
13. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
14. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
15. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Order) but the directors may waive payment of the interest wholly or in part.

16. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
17. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
18. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
19. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
20. Subject to the provisions of the Order, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the

forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

21. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the company for cancellation the certificate for the shares forfeited but shall remain liable to the company for all moneys which at the date of forfeiture were presently payable by him to the company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Order) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

22. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his

title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

#### TRANSFER OF SHARES

23. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
24. The directors may refuse to register the transfer of a share which is not fully paid to a person of whom they do not approve and they may refuse to register the transfer of a share on which the company has a lien. They may also refuse to register a transfer unless -
- (a) it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
  - (b) it is in respect of only one class of shares; and
  - (c) it is in favour of not more than four transferees.

25. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.
26. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.
27. No fee shall be charged for the registration of any instrument or transfer or other document relating to or affecting the title to any share.
28. The company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

#### TRANSMISSION OF SHARES

29. If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

30. A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

31. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the company or at any separate meeting of the holders of any class of shares in the company.

#### ALTERATION OF SHARE CAPITAL

32. The company may by ordinary resolution -

- (a) increase its share capital by new shares of such amount as the resolution prescribes;

- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (c) subject to the provisions of the Order, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
  - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
33. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Order, the company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

34. Subject to the provisions of the Order, the company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

#### PURCHASE OF OWN SHARES

35. Subject to the provisions of the Order, the company may purchase its own shares (including any redeemable shares) and, if it is a private company, make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares.

#### GENERAL MEETINGS

36. All general meetings other than annual general meetings shall be called extraordinary general meetings.
37. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Order, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the company may call a general meeting.

NOTICE OF GENERAL MEETINGS

38. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed -

(a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent, in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

39. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

40. No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

41. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such day, time and place as the directors may determine.

42. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

43. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the

meeting, the members present and entitled to vote shall choose one of their number to be chairman.

44. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the company.

45. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

46. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Order, a poll may be demanded -

(a) by the chairman; or

(b) by at least two members having the right to vote at the meeting; or

(c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

47. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

48. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

49. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be

deemed to be the resolution of the meeting at which the poll was demanded.

50. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

51. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

52. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

53. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it, if it had been proposed at a general meeting at which he was present, shall be as effectual as if it

had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

#### VOTES OF MEMBERS

54. Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.
55. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
56. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his controller, receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such controller, receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be

deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

57. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
58. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
59. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.
60. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve) -

NORTHERN IRELAND PUBLIC SECTOR ENTERPRISES LIMITED

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a  
member/members of the above-named company, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him.

of \_\_\_\_\_, as my/our proxy to vote in my/our name[s] and on  
my/our behalf at the annual/extraordinary general meeting of the company  
to be held on \_\_\_\_\_ 19 \_\_\_\_\_, and at any adjournment thereof.

Signed on \_\_\_\_\_ 19 \_\_\_\_\_.

61. Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve) -

NORTHERN IRELAND PUBLIC SECTOR ENTERPRISES LIMITED

I/We \_\_\_\_\_ of \_\_\_\_\_ being a  
member/members of the above-named company, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him.  
\_\_\_\_\_ of \_\_\_\_\_, as my/our proxy to vote in my/our name[s] and on  
my/our behalf at the annual/extraordinary general meeting of the company  
to be held on \_\_\_\_\_ 19 \_\_\_\_\_, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No 1 \*for \*against

Resolution No 2 \*for \*against.

\*Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_.

62. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may -

- (a) be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director:

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

63. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in

the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

#### NUMBER OF DIRECTORS

64. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two.

#### ALTERNATE DIRECTORS

65. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
66. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.

67. An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
68. Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.
69. Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

#### POWERS OF DIRECTORS

70. Subject to the provisions of the Order, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the

articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

71. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

#### DELEGATION OF DIRECTORS' POWERS

72. The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

#### APPOINTMENT OF DIRECTORS

73. The directors shall be appointed by the Department by notice in writing and shall subject to Article 74 hold office for such period and upon such terms and conditions as the Department may specify in such notice

DISQUALIFICATION AND REMOVAL OF DIRECTORS

74. The office of a director shall be vacated if -

- (a) he ceases to be a director by virtue of any provision of the Order or he becomes prohibited by law from being a director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either -
  - (i) he is detained for treatment within the meaning of Article 12(5) of the Mental Health (Northern Ireland) Order 1986, or
  - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a controller, receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the company; or
- (e) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

#### REMUNERATION OF DIRECTORS

75. The directors shall be entitled to such remuneration as the company with the approval of the Department may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

#### DIRECTORS' EXPENSES

76. The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the company or otherwise in connection with the discharge of their duties.

#### DIRECTORS' APPOINTMENTS AND INTERESTS

77. Subject to the provisions of the Order the directors may appoint one or more of their number to the office of managing director or to any other executive office under the company and may enter into an agreement or arrangement with any director for his employment by the company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he

ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the company. A managing director and a director holding any other executive office shall not be subject to retirement by rotation.

78. Subject to the provisions of the Order, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office -

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;

(b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body incorporated promoted by the company or in which the company is otherwise interested; and

(c) shall not, by reason of his office, be accountable to the company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

79. For the purposes of regulation 78 -

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

#### DIRECTORS' GRATUITIES AND PENSIONS

80. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the company or with any body corporate which is or has been a subsidiary of the company or a predecessor in business of the company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

81. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
82. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two. A person who holds office only as an alternative director shall, if his appointor is not present, be counted in the quorum.
83. The Department shall by notice in writing appoint one of the directors to be the chairman of the board of directors for such period and upon such terms and conditions as may be specified in the notice. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

84. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

85. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

86. Save as otherwise provided by the articles, a director shall not vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the company unless his interest or duty arises only because the case falls within one or more of the following paragraphs -

(a) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an

obligation incurred by him for the benefit of, the company or any of its subsidiaries;

(b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the company or any of its subsidiaries for subscription, purchase or exchange;

(d) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes.

For the purposes of this regulation, an interest of a person who is, for any purpose of the Order (excluding any statutory modification thereof not in force when this regulation becomes binding on the company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his

appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

87. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

88. The company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the articles prohibiting a director from voting at a meeting of directors or of a committee of directors.

89. Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the company or any body corporate in which the company is interested the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

90. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

#### SECRETARY

91. Subject to the provisions of the Order, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

#### MINUTES

92. The directors shall cause minutes to be made in books kept for the purpose -

(a) of all appointments of officers made by the directors; and

(b) of all proceedings at meetings of the company, of the holders of any class of shares in the company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

#### THE SEAL

93. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

## DIVIDENDS

94. Subject to the provisions of the Order, the company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
95. Subject to the provisions of the Order, the directors may pay interim dividends if it appears to them that they are justified by the profits of the company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
96. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the

shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

97. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
98. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

99. No dividend or other moneys payable in respect of a share shall bear interest against the company unless otherwise provided by the rights attached to the share.

100. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the company.

#### ACCOUNTS

101. No member shall (as such) have any right of inspecting any accounting records or other book or document of the company except as conferred by statute or authorised by the directors or by ordinary resolution of the company.

#### CAPITALISATION OF PROFITS

102. The directors may with the authority of an ordinary resolution of the company -

(a) subject as hereinafter provided, resolve to capitalise any undivided profits of the company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the company's share premium account or capital redemption reserve;

- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

## NOTICES

103. Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.
104. The company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.
105. A member present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
106. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

107. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.
108. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or the assignees or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

#### WINDING UP

109. If the company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the company and any other sanction required by the Order, divide among the members in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction

determines, but no member shall be compelled to accept any assets upon which there is a liability.

#### INDEMNITY

110. Subject to the provisions of the Order, but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

NAMES AND ADDRESSES OF SUBSCRIBERS

x - 1944 F. VELLIS (Signature)  
14 STAFFORD ST. SOUTH  
BIRMINGHAM B15  
BELFAST 15  
BT 5 5H3

x W- David Duncan.  
Department of Economic Development.  
Massey Avenue  
Belfast.  
BT 4 2JP

x - ~~Office~~  
51 George Rd.  
Belfast BT 6 6B

Dated the 20<sup>th</sup> day of December 1991

Witness to the above signatures.

Jan Wallace  
Netherleigh  
Massey Avenue  
CIVIL SERVANT