



Antrim Borough... a place for all

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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## **Explanatory Foreword**

### **Introduction**

The Council's financial performance for the year ended 31 March 2014 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) and the Department of the Environment Accounts Direction, Circular LG 11/14 dated 17th April 2014. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council. Comparative figures have been re-stated to take account of changes in accounting requirements as a result of the introduction of the Code.

This Statement of Accounts explains Antrim Borough Council's finances during the financial year 2013/14 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Explanatory Foreword is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements

### **Group Accounts**

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Antrim Borough Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

### **The Movement in Reserves Statement**

This Statement, as set out on page 21, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net Increase /Decrease before Transfers to Statutory and Other Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

### **The Comprehensive Income and Expenditure Statement**

This statement, as set out on page 22, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## The Balance Sheet

The Balance Sheet, as set out on page 23, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

## Financial Report

A summary of the income and expenditure (excluding Pension Adjustments) reported by the Council compared to the budget for the year is shown below:

	Estimated	Actual	Variance
	£	£	£
Expenditure	20,711,767	22,058,362	(1,346,595)
Income from Services	(3,745,930)	(5,433,834)	1,687,904
<b>Net cost</b>	<b>16,965,837</b>	<b>16,624,528</b>	<b>341,309</b>
<b>Financed By:</b>			
General Grant	(1,148,936)	(1,156,455)	(7,519)
District Rates	(18,065,537)	(18,129,402)	(63,865)
Financing	2,248,636	2,381,541	132,905
<b>(Surplus) / Deficit</b>	<b>-</b>	<b>(279,788)</b>	<b>(279,788)</b>

For the year ended 31 March 2014 the Council increased its General Fund Reserve by £280k to £3.96 million. The Council's budget of £19.2 million was supplemented by £64k for prior year finalisation payment of district rates. The total net expenditure reported in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement includes allocations of £1 million to the Capital Fund and £1.7 million to fund capital expenditure.

Expenditure on capital projects during the year amounted to £1.7million. The most significant schemes completed in 2013/14 were the Civic Centre Overflow car park at a total project cost of £62k, Phases II and III reinstatement works at Antrim Castle Gardens (£700k) and street cleansing vehicles totalling £472k. Capital work in progress at the year-end included final works at Antrim Castle Gardens Refurbishment (£31k), Allen Park and Crumlin Recreation Development Schemes (£586k), Belmont Cemetery Extension (£28k) and Wallace Park Play Area (£47k).

The accounts have been prepared under International Financial Reporting Standards (IFRS). It should be noted that the Council's accounts include the liabilities of the Northern Ireland Local Government Officer's Pension Fund attributable to the Council – this is explained further in Note 1a.

There was no major change in statutory function in year nor is there any planned for 2014/15. Work is ongoing in preparing for local government reorganisation.

No rate increase was applied to the District Rate for 2014/15 in the expectation of efficiency savings and minimal application of reserves being utilised to maintain high quality service delivery across all Council functions. Capital provision was made for various operational and business improvement initiatives as well as significant new schemes for the Borough.

Council's borrowing at the year-end was £18.9 million offset by loan repayment reserves of £3.3 million. No new loans were required in year. Government loan facilities continue in place for ongoing capital schemes if required.

There were no material events after the reporting date.

## **Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts**

### **The Council's Responsibilities**

Under Section 1 of Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its Chief Financial Officer. Arrangements made by a council for the proper administration of its financial affairs shall be carried out under the supervision of its Financial Officer.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by Resources Committee on 19th June 2014.

### **The Chief Financial Officer's Responsibilities**

Under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department of the Environment.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom as amended and augmented from time to time.
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis, and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date, and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

## **ANNUAL GOVERNANCE STATEMENT 2013-14**

### **1. Introduction**

With effect from 29th February 2008, the Department of the Environment introduced the requirement on Council's to publish a Governance Statement with its annual statement of account. This statement is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government,' and outlines how the Council is complying with the Framework. This statement also meets the requirements of Regulation 2A of the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 in relation to the publication of a statement on internal control.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Antrim Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### **2. The Governance Environment**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council has also a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there exists a robust framework of governance designed to instil a sound system of internal control and support the Council in the achievements of its objectives. A Code of Governance has been developed based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework'. This Code of Governance is supported by Policies, Procedures and Systems that determine and control how the Council manages its affairs. Compliance with this Code of Governance is reviewed on an annual basis and the review forms the basis of the Annual Governance Statement.

The Councils governance framework is underpinned by compliance with governing legislative and regulatory requirements, commitment from the Senior Management Team, the corporate plan, financial procedures, oversight functions including an Audit Committee, regular and timely management information, administrative procedures, whistle blowing procedures, management supervision, delegation and accountability and a commitment to staff development and performance management.

During 2013/14, the Council achieved the Governance Excellence Accreditation in recognition of the high levels of corporate governance in place and is the only Council in Northern Ireland to achieve this award. During 2014/15, the Council will be working towards achieving the Governance Excellence Gold Standard Accreditation.

### **3. Establishing and Monitoring the Achievement of the Council Objectives**

The vision for Antrim is “a place for all, where residents want to live and work, businesses want to locate and grow, and visitors want to come back time and time again”. This vision is underpinned by the values of innovation, respect, integrity and responsibility that govern how the Council acts and delivers services. The vision and values are supported by Council's Strategic Themes of “Growing Our Economy,” “Healthy, Fulfilled People,” “Sustaining Our Environment” and “Delivering Value and Excellence,” which expand upon what the vision means for Antrim and sets out what the Council wants to achieve.

Consultation with Members, staff, the local community and partner organisations helped the Council to develop the four Strategic Themes and associated Action Plan detailed within the Corporate Plan 2011-2016.

The Corporate Plan has been developed within the scope of broader public policy concerning the environment, health, education, housing, economic growth, sustainable development and a shared future. The plan, against which performance standards are set and measured, is a public statement of the Council's commitment to improve the quality of life for residents and ratepayers. The Corporate Plan 2011-2016 was reviewed during the 2013-14 year to appraise achievements and establish priorities for the 2014-15 period.

### **4. Performance Evaluation**

Supporting delivery of the Corporate Plan are Directorate and Department plans which link the four main themes to corporate and operational objectives which cascade down to individual level. The Council has developed a Corporate Performance Management Model that assesses achievement of the Corporate Vision, Values and Behaviours. Through this model the business plans are reviewed quarterly and monitored during the year by the Senior Management Team, Directors within their Directorates, Assistant Directors and Managers within Departments and service areas. Individual appraisals ensure personal performance targets support the delivery of operational and corporate objectives. These targets are reviewed at least annually.

During 2013/14, the Council achieved the “Investors in People” accreditation and were one of two organisations in Northern Ireland that achieved the “Investors in People Wellbeing” accreditation. The Council also won the CIPD award for Wellbeing.

The Council's Customer Service Team maintained the Gold Star Customer Service Excellence accreditation that demonstrates that Council's services are efficient, effective, excellent, equitable and empowering. Excellent service provision was again demonstrated when the Human Resources Team were shortlisted for the “Best Local Authority Service Team” award at the 2013 Northern Ireland Local Government Association awards. The Council was also a finalist in the National Chartered Institute of Personnel and Development 2013 award for Diversity.

During 2014/15, the Council plans to continue to demonstrate the excellent capabilities of staff through the achievement of “Investors in People” Gold accreditation.

### **5. Roles and Responsibilities**

The Council operates under the authority of the Local Government (Northern Ireland) Act 1972 and the Royal Charter. It is comprised of 19 elected representatives and is headed by the Mayor and Deputy Mayor who are elected annually at the AGM in June.



## 5.1 Council Committees

The Council manages the delivery of objectives through a number of Committees which are tasked with focusing on specific business areas.

- **Environment and Borough Services Committee** – This committee oversees the areas of building control, environmental management, operational services, regulatory services and property management.
- **Resources Committee** – This committee oversees the areas of legislative compliance, data and records management, human resources, finance and ICT.
- **Audit Committee** – The Audit Committee has been in operation since 2006. It comprises of elected Members and supports the Chief Executive Officer by offering objective advice on issues concerning the risk, control and governance of the organisation and the associated assurances. In 2013/14, the reporting arrangements for the Audit Committee were changed so that the Committee now reports to Full Council.

The Council is also in the process of appointing an Independent Audit Committee Member.

- **Development & Leisure Committee** – This committee is responsible for driving the Council's leisure, urban and rural regeneration, arts, culture and tourism programmes and initiatives.
- **Community Planning and Public Services Committee** – This committee focuses on the areas of planning, health, roads, water, housing, education and general public service delivery issues. This committee also focuses on community planning within the Borough, working with key stakeholders to ensure a good fit between Council policy and its strategic performance and the quality of its public service delivery.

## 5.2 Council Sub Committees

The Council has established a number of sub committees to independently consider specific issues as delegated by the parent committee. For example, Resources Sub Committee; Health Sub Committee.

## 5.3 Chief Executive

Operational responsibility for the activities of the Council is under the supervision of the Chief Executive who will implement policy, advise and report on the carrying out of statutory functions, provide information to the organisation to assist it to develop policies and programs, report to stakeholders and maintain the assets and resources of the Council.

## 5.4 Senior Management

An established Corporate Management Team exists, consisting of the Chief Executive and two Directors. The role of the team is to ensure the vision of the Council is translated into clear objectives to be delivered through the Assistant Directors in the context of robust governance arrangements.

Ultimate responsibility and accountability for the conduct of the Council, in all of its aspects, rests with the Members as the body corporate.

## 6. Compliance with Established Policies, Procedures, Laws and Regulations

The Council has developed within the local government legislative framework policies and procedures to ensure that, as far as possible, its officers and Members understand the local

government environment, their responsibilities and expected standards of conduct. Policies and procedures developed include the Freedom of Information Policy, Whistle Blowing Policy and an Employee Code of Conduct. These policies are complemented by an ongoing programme of training which seeks to maintain and develop Members and staff knowledge and skills.

New employees and Members receive induction awareness training on key policies and procedures and staff receive an Employee Handbook that incorporates the Council's policies and procedures. All policies and procedures are also available to staff via the Council's intranet network.

## **6.1 Internal Audit**

The Council maintains an Internal Audit function which operates in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

In accordance with the Accounts and Audit Regulations 2006, an internal review of the effectiveness of the system of internal audit has been reported to the Audit Committee.

The Public Sector Internal Audit Standards (Standard 1312: External Reviews) requires the Council to conduct an external assessment of internal audit at least once every five years. The Council plans to complete this assessment by 31 March 2015.

The internal audit function plans and prioritises its work using a risk based approach. The annual audit plan is discussed with the Chief Executive and formally approved by the Audit Committee.

Internal Audit makes recommendations for improving internal control and part of its work includes monitoring agreed action plans. This includes ensuring compliance with established policies and procedures, particularly financial and contract procedures.

Reports, including an assessment of the adequacy of control and action plans to address weaknesses are submitted to the Audit Committee, the Chief Executive and management.

## **6.2 Risk Management**

Fundamental to the system of internal control is the requirement to maintain effective risk management arrangements. The Council's current risk management process has been in place since 2006 and is underpinned by an approved risk management procedural framework. The Council's Risk Management Framework is currently being updated to introduce further streamlining of the Risk Management Process. The Framework is also being reviewed as part of the Local Government Reform convergence programme.

The Council maintains Corporate, Directorate and sectional risk registers. These are supported with agreed management response plans and Director Assurance statements. Risk registers are subject to formal review every 6 months and procedures provide for the escalation of any emerging risks which are identified outside of the formal review period.

## **6.3 Fraud and Anti-Bribery**

To further enhance the Governance framework the Council has also recently developed an Anti-bribery Policy, provided anti-bribery training to staff and completed sectional, departmental and corporate anti-bribery risk assessments and action plans. The Council updated the Fraud Policy during the 2012/13 period incorporating a Fraud Response Plan and Anti-Bribery Risk Assessments.

## **7. Economic, Effective and Efficient Use of Resources**

The Council is committed to ensuring the economic, effective and efficient use of resources. This is subject to independent review by both the Internal and External Auditor.

Procurement is an essential component for ensuring cost effective and efficient services. The Council appointed a Procurement Manager in 2007 to take the lead on implementing a comprehensive procurement strategy, which is crucial to ensuring that good value services are provided throughout the Council whilst maintaining a philosophy of continuous improvement.

## 7.1 Financial Management

The Council's Financial Management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as demonstrated within the Council's Code of Governance, with the exception of Principle 5 "The CFO in a local authority must be professionally qualified and suitably experienced" as local regulations do not require the CFO to be professionally qualified. However, as demonstrated within the Council's Code of Governance the CFO is supported by suitably qualified and experienced staff within the Corporate Services Directorate to ensure that decisions made by him are based on sound technical knowledge and understanding.

A balanced budget will be approved before the start of each year. Budget frameworks also incorporate capital project forecasting and reserve requirements.

The budget explicitly relates to the allocation of financial resources towards the achievement of Councils objectives and priorities. During the year, financial management information is reported to Members, the Senior Management Team, Assistant Director Team and all budget holders on a monthly basis.

It was recognised that if Council is to continue to operate effectively in the modern environment it should consider measures in addition to financial outturn as a means of evaluating performance. Consideration was given to indicators which reflect the operating performance of services and employees and the level of interaction with the Council's customers.

The indicators highlight what the Council has achieved but also what the Council is likely to achieve given current performance. The indicators selected, describe and monitor Councils progress in implementing and achieving objectives for example the Waste Strategy and the Energy Strategy.

The Indicators are categorised under four main headings:

- Financial indicators including budget reports, estimated penny product against actual penny product, energy cost per square metre, property repairs and maintenance cost per square metre and grounds costs per square metre;
- Business process indicators including miles swept, household waste treatment, leisure centre usage, debtor days and creditor days;
- Customer relationship focus indicator being requests for service; and
- Learning & Growth indicators including employee absenteeism and value of built environment construction within the Borough.

The Council determines its' own programme for capital investment in fixed assets that are central to the delivery of quality local public services. The Council is required by Regulation under Part 1 of the Local Government Finance Act (Northern Ireland) 2011 to have regard to the CIPFA 'Prudential Code' as a professional code of practice which supports Council when taking these decisions. The objectives of the Prudential Code are to ensure, within a clear

framework, that the capital investment plans of the Council are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Council has set indicators as required by the Code and taking the following factors into account:

- Service objectives;
- Stewardship of assets;
- Value for money;
- Prudence and sustainability;
- Affordability; and
- Practicality.

The Council has established procedures to monitor and report both performance against all forward-looking prudential indicators and the treasury management indicators required by the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes. These monitoring processes are designed to highlight any significant deviations from expectations.

The Strategic Director of Corporate & Regulatory Services is responsible for the preparation of the Council's Statement of Accounts which in terms of the Code of Practice on Local Authority Accounting in the United Kingdom (SORP), is required to present a true & fair view of the financial position of the Council at the accounting date and its income, expenditure, cash flows and financial position at the end of the financial year.

## **8. Corporate Social Responsibility:**

Antrim Borough Council contributes to shaping the overall future of the area and its citizens and securing their economic, social and environmental well-being. Corporate Social Responsibility (CSR) therefore lies at the very heart of everything we do.

CSR embraces four key aspects of our business, namely governance, the environment, health and safety and the community. A brief overview of our performance across these areas is provided below.

### **8.1 Corporate Governance:**

As is outlined in section 2, this Council is committed to being a responsible leader and ensuring that the highest standards of governance is maintained by virtue of the management arrangements put in place as detailed above.

### **8.2 Environment**

The Council actively seeks to promote environmental responsibility through, compliance with all governing and best practice environmental regulations, promotion of environmentally driven initiatives, sustainable procurement, efficiency of use in our energy and resource consumption and embedding a culture of environmental responsibility among employees and those with whom we do business.

The Council has achieved ISO 14001 accreditation for its Environmental Management System for all sites and services. There is an Environmental Policy for the Council with respect to the Environmental Management System to demonstrate the Council's commitment to continuous

improvement and prevention of pollution by reducing the environmental impacts that arise from its business activities and delivery of its services. The Council's Environmental Management System includes the setting and annual review of specific environmental objectives and targets and a commitment to comply with and where possible exceeding the requirements of the applicable legislation, regulations and best practice.

Energy use has an important impact on the economic, environmental and social aspects of the Council, and of the Borough as a whole. As part of the Council's role in economic development, community and civic leadership and its commitment to helping Antrim to have a sustainable and healthy environment, the Council has developed an overall Sustainability Strategy. A Property Energy Strategy 2012/17 has been developed that dovetails with the Sustainability Strategy, particularly in terms of the carbon footprint.

The aims of the Property Energy Strategy 2012/17 are:

- To promote the efficient use of energy in Council facilities and activities
- To maintain comfort levels that promotes productivity.
- To maximise economic savings through efficient energy usage
- To reduce negative effects on the environment
- To promote the use of renewable energy
- To encourage and facilitate our suppliers to use energy more efficiently.
- To promote energy efficiency and reduction in communities, schools and homes.

The Council is engaged in a number of environmental initiatives including a Local Biodiversity Action Plan which involves raising awareness of biodiversity among local schools and community groups and a planned programme working with small-medium enterprises to assist them in attaining the BS8555 environmental standard.

This has been supported by an ongoing campaign to increase recycling, which has contributed to a year on year increase within the Borough. The average recycling rate for households in the Antrim area for 2013/14 was 52% and the municipal recycling rate was 56%.

During 2013/14 the Council has been preparing for New European legislation which is to be introduced on 1 January 2015 (revised Waste Framework Directive). This legislation will potentially require the Council to collect glass, metal, paper and plastic separately (not comingled) for domestic and commercial customers. This may have very significant financial and operational implications for the Council. There is also a significant risk of legal challenge for non-compliance with associated costs, negative PR and officer time. The Council is currently preparing an options appraisal before taking further action.

### **8.3 Addressing Climate Change**

Antrim Borough Council recognises that climate change is a major challenge facing humanity and is committed to leading the Borough in tackling this issue through the provision of advice and the development of practical solutions and programmes. The Council is committed to fulfilling its obligations under the Northern Ireland Landfill Allowance Scheme, regularly monitoring Sulphur Dioxide (SO<sub>2</sub>) and Nitrogen Dioxide (NO<sub>2</sub>) levels throughout the Borough. This is complimented by an educational programme aimed at encouraging households and businesses to reduce their carbon footprint.

#### **8.4 Health and Safety**

Health and safety is a daily priority for the Council and our goal is zero accidents. We aim to achieve this through compliance with all governing and best practice health and safety regulations and guidance, the provision of a work environment free from health and safety risks and the embedding of a health and safety aware culture among employees and those with whom we do business.

We actively monitor our health and safety provisions through an Inspection and Audit Schedule and where accidents occur, these are investigated and corrective action taken to avoid reoccurrence. The Council has an electronic Risk Management System to record, monitor and manage Health & Safety risks and actions.

The Council has a Health and Wellbeing Programme which aims to promote the physical and mental wellbeing of staff through the provision of health orientated activities and work life balance initiatives.

#### **8.5 Social Community**

Our objectives as a Council are deeply embedded in the desire to meet the needs of the Borough and the communities, which comprise it.

In addition to key functions such as licensing, noise control, town and emergency planning, the Council has proactively implemented and driven a number of other initiatives, which have been tailored to meet the changing social demands facing communities within the Borough, examples of schemes include the Community Lifeskills Programme, Mental Health Awareness, Fit Families Scheme, Fuel Poverty Scheme and the Active Communities Programme.

From the 2nd of April 2012, District Councils have responsibility for enforcement of the powers in the Welfare of Animals (NI) Act 2011, in respect of non-farmed animals. The Council has adopted a collaborative regional approach to the new legislation with other local councils and has appointed five Animal Welfare Officers to enforce animal welfare in respect of non-farmed animals, only across Northern Ireland. The Officers will have statutory enforcement powers and can take a range of actions to improve the welfare of non-farmed animals including, providing advice, issuing an improvement notice, taking animal in to their possession, and initiating prosecution action.

The Clean Neighbourhoods and Environment Act (Northern Ireland) 2011 came into operation on 1 April 2012 and contains new laws which cover many of the problems which can detract from the quality of the day-to-day lives of all of the people of Northern Ireland. Problems dealt with by the Act include issues as diverse as light pollution, noisy burglar alarms, noise from licensed premises, dog fouling, littering, graffiti and fly-posting. The Council uses these additional powers to improve local environmental quality within the Borough to make it a better place to live, work and invest.

#### **9. Review of Effectiveness**

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Council who have responsibility for the development and maintenance of the governance environment, the internal auditor's annual report, and also by comments made by the external auditors.

## 9.1 The Council

The Council is composed of 19 Members who meet together as the "Council". All Members have an opportunity to review this Statement, confirm that it accurately describes the Council's control environment and highlight any areas of significant weakness.

## 9.2 Audit Committee

In line with good practice, the Council established an Audit Committee in 2006 to provide effective assurance about the adequacy of the Council's control environment. The Audit Committee reports to full Council and currently comprises of representatives from each of the main political parties.

The Audit Committee oversees the production of the Governance Statement and recommends its adoption.

## 9.3 Management

Directors and managers provide assurance that:

- Laws and Regulations are complied with;
- Financial statements and other published information are materially accurate and reliable;
- The Corporate Risk Management approach has been complied with and significant risks are effectively managed;
- Regular monitoring reports of significant operational risks are produced for Directorate Management Teams;
- Performance Plans have been produced and identify key deliverables and supporting performance indicators;
- Performance appraisals are completed and individual targets link with section and department performance plans;
- Operational policies and procedures including decision making, approval processes, authorisations, budgeting, verifications, reconciliations, financial monitoring, segregation of duties and security of assets are documented, subject to review and communicated to staff.
- There are no material breaches of the Council's policies and processes.

Each Director has provided reasonable assurance as to the effectiveness of the above arrangements in their areas of management responsibility.

## 9.4 Internal Audit

The Council takes assurance about the effectiveness of the control environment from the work of the Internal Auditor, who provides independent and objective assurance across the whole range of the Council's activities.

Internal Audit has developed an assurance scoring framework to reflect the effectiveness of the Council's internal control environment. The table below details the level of assurance available.

Assurance Level	Description
<b>Substantial</b>	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.
<b>Satisfactory</b>	Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives.  Some improvements are required to enhance the adequacy and/or effectiveness of governance, risk management and control.
<b>Limited</b>	There is an inadequate and/or ineffective system of governance, risk management and control in place. Therefore there is significant risk that the system will fail to meet its objectives.  Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.
<b>Unacceptable</b>	The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance

During 2013/14, the Internal Audit service only operated for part of the year. However, based on work undertaken, the Internal Auditor provided a 'Satisfactory' assurance opinion on the overall system of internal control.

## 9.5 External Audit

External Audit is an essential element in the process of accountability for public money and makes an important contribution to the corporate governance of the Council. The Local Government Auditor employed at the Northern Ireland Audit Office is currently the Councils external auditor by virtue of the Local Government (NI) Order 2005.

The external auditor will take into account the Council's internal control environment when forming his opinion on the financial statements. Information obtained by the external auditor during the course of the audit of the accounts is used to examine the Governance Statement.

## 9.6 Absenteeism

For the period April 2013 – March 2014, the average days lost per employee was 11.35 days. The Council has a number of measures in place to manage absenteeism. These include:

- Proactive management of employee's health & well-being through the Health & Well-Being Strategy 2011-2015. Examples of programmes include:



- Staff Training
  - Occupational Health Doctor / Nurse
  - Staff Care scheme
  - Healthy Lifestyle Scheme
  - Quick-Fit Sessions
- The Council's Managing Attendance Policy focuses on the absence triggers and managing employees through both informal and formal processes.

Additionally, work is underway to align the policy and practices for managing attendance between both Antrim and Newtownabbey Borough Councils.

## **10. Conclusion and Evaluation**

As Mayor and Chief Executive, we have been advised on the implications of the results of the overall review of the effectiveness of the Councils system of internal control.

We have evaluated the effectiveness of the system of internal control by reference to the sources of assurance described in this Statement.

Our overall assessment is that the Statement is a balanced reflection of the control environment and that an adequate framework exists within Antrim Borough Council to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

Council is fully committed to continuous improvement and will continue to enhance the corporate governance framework.

## **11. Significant Internal Control Issues**

Any control weaknesses identified by internal audit reviews have been addressed or are in the process of being addressed and have been included in the 2014-15 Internal Audit plan for follow up review. The Council continues to use the National Fraud Initiative matches to identify improvements to internal controls. In addition to the measures outlined above, the Corporate Governance framework is constantly evolving in accordance with the recommendations of Internal Audit.

We propose over the coming year to take steps to further enhance our governance arrangements including the achievement of the Governance Excellence Gold Standard Accreditation. We are satisfied that these steps will address the need for continuous improvement and we will monitor their implementation and operation as part of our next annual review.

## **12. Local Government Reform**

From 1 April 2015, under the Reform of Local Government (RLG), the number of Councils in Northern Ireland will reduce from the 26 existing to 11 new Councils, established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008. From that date the Northern Ireland Executive has agreed to transfer some functions currently carried out by NI Government Departments and give some

new responsibilities to the 11 new Councils. The new councils will be stronger, more efficient and will deliver more effective services.

The new councils came into existence on 26th May 2014, operating in shadow form until they take over full responsibility for local government on 1st April 2015 when the 26 existing councils cease to exist. The final accounts for Antrim Borough Council will therefore be for the 2014/15 financial year. The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils.

The Local Government Act (Northern Ireland) 2014 introduced the legislative frame work for Northern Ireland's 11 new councils and has made transitional provisions to provide for the transfer of staff, assets and liabilities from the current 26 councils to the 11 new councils, and from departments transferring functions to the new councils.



Signed  
Chief Executive  
28 October 2014



Signed  
Audit Committee Chairman  
28 October 2014

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2014 on pages 21 to 85 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 25 to 43.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.



.....  
Chief Financial Officer

28 October 2014

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Planning and Public Services Committee on 26 June 2014. There have been no material amendments as per the Accounts Authorised for Issue Certificate.



.....  
Chairman

28 October 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTRIM BOROUGH COUNCIL**

I have audited the financial statements of Antrim Borough Council for the year ended 31 March 2014 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Antrim Borough Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities.

### **Respective responsibilities of the Financial Officer and the independent auditor**

As explained more fully in the Statement of Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Antrim Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Antrim Borough Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14, of the financial position of Antrim Borough Council as at 31 March 2014 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

### **Opinion on other matters**

In my opinion the information given in the Explanatory Foreword for the financial year ended 31 March 2014 is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- The Annual Governance Statement:
  - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 ;
  - does not comply with proper practices specified by the Department of the Environment;
  - is misleading or inconsistent with other information I am aware of from my audit; or
- adequate accounting records have not been kept; or
- the statement of accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

#### **Certificate**

I certify that I have completed the audit of accounts of Antrim Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



*Louise Mason*  
*Local Government Auditor*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*

29 October 2014

**Antrim Borough Council  
Financial Statements for the year ended 31 March 2014**

**Movement in Reserves Statement**

**For the current and comparative year**

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for local tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
<b>At 1 April 2012</b>	3,863,362	1,892,900	3,028,007	401,491	9,185,760	22,738,408	31,924,168
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on the provision of services	1,955,064	0	0	0	1,955,064	0	1,955,064
Other Comprehensive Income and Expenditure	0	0	0	0	0	(2,623,577)	(2,623,577)
<b>Total Comprehensive Income and Expenditure</b>	<b>1,955,064</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,955,064</b>	<b>(2,623,577)</b>	<b>(668,513)</b>
Adjustments between accounting basis & funding basis under regulations	875,828	0	0	4,342	880,170	(880,170)	0
<b>Net Increase/Decrease before Transfers to Statutory and Other Reserves</b>	<b>2,830,892</b>	<b>0</b>	<b>0</b>	<b>4,342</b>	<b>2,835,234</b>	<b>(3,503,747)</b>	<b>(668,513)</b>
Transfers to/from Statutory and Other Reserves	(3,014,260)	2,892,023	122,237	4,412	4,412	0	4,412
<b>Increase/Decrease in Year</b>	<b>(183,368)</b>	<b>2,892,023</b>	<b>122,237</b>	<b>8,754</b>	<b>2,839,646</b>	<b>(3,503,747)</b>	<b>(664,101)</b>
<b>At 31 March 2013</b>	<b>3,679,994</b>	<b>4,784,923</b>	<b>3,150,244</b>	<b>410,245</b>	<b>12,025,406</b>	<b>19,234,661</b>	<b>31,260,067</b>
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on provision of services	1,388,341	0	0	0	1,388,341	0	1,388,341
Other Comprehensive Income and Expenditure	0	0	0	0	0	6,225,922	6,225,922
<b>Total Comprehensive Income and Expenditure</b>	<b>1,388,341</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,388,341</b>	<b>6,225,922</b>	<b>7,614,263</b>
Adjustments between accounting basis & funding basis under regulations	(41,848)	0	0	27,008	(14,840)	14,840	0
<b>Net Increase/Decrease before Transfers to Statutory and Other Reserves</b>	<b>1,346,493</b>	<b>0</b>	<b>0</b>	<b>27,008</b>	<b>1,373,501</b>	<b>6,240,762</b>	<b>7,614,263</b>
Transfers to/from Statutory and Other Reserves	(1,066,705)	931,677	135,028	0	0	0	0
<b>Increase/Decrease in Year</b>	<b>279,788</b>	<b>931,677</b>	<b>135,028</b>	<b>27,008</b>	<b>1,373,501</b>	<b>6,240,762</b>	<b>7,614,263</b>
<b>At 31 March 2014</b>	<b>3,959,782</b>	<b>5,716,600</b>	<b>3,285,272</b>	<b>437,253</b>	<b>13,398,907</b>	<b>25,475,423</b>	<b>38,874,330</b>

## The Comprehensive Income and Expenditure Statement for the year ended 31 March 2014

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	2013/14			2012/13 (Restated)		
		Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
		£	£	£	£	£	£
<b>Services</b>							
Leisure and Recreational Services		8,831,016	2,349,863	6,481,153	8,498,500	2,366,565	6,131,935
Environmental Services		8,521,902	1,012,756	7,509,146	8,401,067	1,050,208	7,350,859
DRM and Corporate Management		1,825,884	190,048	1,635,836	1,677,892	113,246	1,564,646
Other Services		2,879,560	1,881,167	998,393	2,300,027	1,136,138	1,163,889
<b>Cost of Services on Continuing Operations</b>	<b>4-6</b>	<b>22,058,362</b>	<b>5,433,834</b>	<b>16,624,528</b>	<b>20,877,486</b>	<b>4,666,157</b>	<b>16,211,329</b>
Other Operating Expenditure	7	0	12,845	(12,845)	0	1,501	(1,501)
Financing and Investment Income and Expenditure	8	1,462,588	119,076	1,343,522	1,445,329	157,960	1,287,369
Surplus or Deficit on Discontinued Operations		0	0	0	0	0	0
<b>Net Operating Expenditure</b>		<b>23,520,960</b>	<b>5,565,755</b>	<b>17,955,205</b>	<b>22,322,815</b>	<b>4,825,618</b>	<b>17,497,197</b>
<b>Taxation and Non-Specific Grant Income</b>	<b>9</b>	<b>0</b>	<b>19,343,546</b>	<b>(19,343,546)</b>	<b>0</b>	<b>19,452,261</b>	<b>(19,452,261)</b>
<b>Surplus/(Deficit) on the Provision of Services</b>		<b>23,520,960</b>	<b>24,909,301</b>	<b>1,388,341</b>	<b>22,322,815</b>	<b>24,277,879</b>	<b>1,955,064</b>
Surplus/(Deficit) on revaluation of non-current assets	10a/10b/10d			3,140,922			(1,882,577)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	25a/25b			0			0
Remeasurements of the Net Defined Benefit Liability (Asset)	21			3,085,000			(941,000)
<b>Other Comprehensive Income and Expenditure</b>				<b>6,225,922</b>			<b>(2,823,577)</b>
<b>Other Movements</b>							<b>4,412</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>7,614,263</b>			<b>(664,101)</b>

- A revised version of IAS19 came into effect for accounting periods commencing on or after 1 January 2013. The impact of this has necessitated a restatement of some elements of the prior year analysis within Cost of Service Expenditure, Financing costs, and Remeasurements of the Net Defined Benefit Liability.

Balance Sheet as at 31 March 2014

	Notes	2013/14 £	2012/13 £
Property Plant & Equipment (PP&E)	10a/10b	53,292,346	50,033,824
Heritage Assets	10d	0	0
Investment Properties	10a/10b	0	0
Intangible Assets	10a/10b	0	0
Assets Held for Sale	10e	0	0
Long Term Investments	15a	634	634
Investment in Associates and Joint Ventures		0	0
Long Term Debtors	14a	853	1,372
<b>LONG TERM ASSETS</b>		<b>53,293,833</b>	<b>50,035,830</b>
Short Term Investments	15b	3,557,615	4,586,662
Inventories	13	247,833	271,555
Short Term Debtors	14b	1,965,322	2,190,752
Cash and Cash Equivalents	24b	8,116,627	5,723,114
Assets Held for Sale	10e	0	0
<b>CURRENT ASSETS</b>		<b>13,887,397</b>	<b>12,772,083</b>
Bank Overdraft		0	0
Short Term Borrowing	16a	838,924	829,028
Short Term Creditors	17a	1,726,138	1,828,419
Provisions	18	505,000	702,000
Liabilities in Disposal Groups		0	0
<b>CURRENT LIABILITIES</b>		<b>3,070,062</b>	<b>3,359,447</b>
Long Term Creditors	17b	0	0
Provisions	18	328,450	254,145
Long Term Borrowing	16b	18,079,388	18,671,254
Other Long Term Liabilities	5,21	6,329,000	8,763,000
Donated Assets Account	23	0	0
Capital Grants Receipts in Advance	22	500,000	500,000
<b>LONG TERM LIABILITIES</b>		<b>25,236,838</b>	<b>28,188,399</b>
<b>NET ASSETS</b>		<b>38,874,330</b>	<b>31,260,067</b>
<b>USABLE RESERVES</b>	25a/25b	<b>13,398,907</b>	<b>12,025,406</b>
Capital Receipts Reserve	25a/25b	437,253	410,245
Capital Grants Unapplied Account	25a/25b	0	0
Capital Fund	25a/25b	5,456,263	4,399,553
Renewal and Repairs Fund	25a/25b	260,337	385,370
Other Balances and Reserves	25a/25b	3,285,272	3,150,244
General Fund	25a/25b	3,959,782	3,679,994
<b>UNUSABLE RESERVES</b>	25a/25b	<b>25,475,423</b>	<b>19,234,661</b>
Capital Adjustment Account	25a/25b	23,001,866	22,336,026
Financial Instruments Adjustment Account	25a/25b	0	0
Revaluation Reserve	25a/25b	8,802,557	5,661,635
Available for Sale Financial Instruments Reserve	25a/25b	0	0
Pensions Reserve	25a/25b	(6,329,000)	(8,763,000)
Capital Receipts Deferred Account	25a/25b	0	0
Accumulated Absences Account	25a/25b	0	0
Landfill Regulations Reserve	25a/25b	0	0
Provisions Discount Rate Reserve	25a/25b	0	0
Rates Claw-Back Reserve	25a/25b	0	0
<b>NET WORTH</b>		<b>38,874,330</b>	<b>31,260,067</b>



## Cash Flow Statement at 31 March 2014

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council. The Council reports cash flows from operating activities using the indirect method, whereby net Surplus or Deficit on the Provision of Services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

	Notes	2013/14 £	2012/13 £
<b>Net (surplus) or deficit on the provision of services</b>		1,388,341	1,955,064
Adjustment to surplus or deficit on the provision of services for noncash movements		2,307,715	2,120,131
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		944,350	(1,827,212)
		<hr/>	<hr/>
<b>Net cash flows from Operating activities</b>	24a), 24c)	4,640,406	2,247,983
<b>Net Cash flows from Investing Activities</b>	24d)	(1,670,041)	(830,763)
<b>Net Cash flows from Financing Activities</b>	24e)	(576,852)	(569,563)
<b>Net increase or decrease in cash and cash equivalents</b>		2,393,513	847,657
Cash and cash equivalents at the beginning of the reporting period		5,723,114	4,875,457
<b>Cash and cash equivalents at the end of the reporting period</b>		<hr/> <b>8,116,627</b>	<hr/> <b>5,723,114</b>

## Notes to the Financial Statements

### 1a Accounting Policies

#### General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 also requires disclosure in respect of:

#### Summary of Significant Accounting Policies

##### i) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. Bank overdrafts are shown within current liabilities on the balance sheet unless they are of temporary nature.

## iii) Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## iv) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## v) Employee Benefits

**Short-term employee benefits** payable during employment, such as wages and salaries, paid annual leave and paid sick leave, allowances and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. This figure does not include an allowance for flexitime as it was not deemed significant.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged to the relevant Service Expenditure heading within the Comprehensive Income and Expenditure Statement on an accruals basis when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove

the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post Employment Benefits

Employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### The Northern Ireland Local Government Officers' Pension Fund

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Northern Ireland Local Government Officers' Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices at a rate of 4.3% (2012/13 4.5%), using the single average gilt yield.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Property – market value
- Unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- **gains or losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
- **contributions paid to the Northern Ireland Local Government Officers' pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

### **vi) Events after the Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues her certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **vii) Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **viii) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **ix) Financial Instruments**

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

#### **Financial Liabilities**

Amortised Cost

#### **Financial Assets**

Loans and Receivables

Available for Sale

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where a repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

### Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to

the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).



Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

**x) Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at an average exchange rate. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March 2013. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**xi) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**xii) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is

capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

### **xiii) Inventories & Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long Term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

### **xiv) Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued

annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### xv) Landfill Allowance Schemes

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

#### xvi) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Council as Lessee

##### *Finance Lease:*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

### The Council as Lessor

#### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset

(debtor). At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **xvii) Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Additional policy detail required where a Council is carrying a disposal group as an Asset Held for Sale.

If assets no longer meet the criteria to be classified as Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### **xviii) Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

These two cost categories are defined in *SeRCOP* and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

#### **xix) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

##### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

##### Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:

- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years;
- plant and equipment (excluding IT equipment) are depreciated on historic cost using a standard life of 10 years for plant and 5 years for equipment. IT equipment is depreciated using a standard life of 4 years;
- vehicles are depreciated on historic cost on a reducing balance basis at a rate of 25%;
- intangible assets are amortised over the estimated lives of the assets; and
- a full year's depreciation is charged in the year of disposal and none in the year of acquisition.

### Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### Revaluations

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.



Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage. At the end of this reporting period the authority does not carry any Heritage Assets.

#### **xx) Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### **xxi) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

#### **xxii) Charges to Revenue for Non-Current Assets**

Charges to revenue for non-current assets e.g. services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **xxiii) Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

#### **xxiv) Value Added Tax**

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.

### **1b Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

The adoption of IFRS 13 Fair Value Measurement was deferred from the 2013/14 Code. Work has been carried out with HM Treasury to analyse how the Standard can be applied and a joint consultation is presented as part of CIPFA's Invitation to comment (ITC) on the 2014/15 Code of Practice.

The proposal is for application of the standard to property, plant and equipment to follow one of three routes. The route taken where IFRS 13 is not able to capture the constraints faced by local authorities in securing highest and best use for an asset requires adaptation of the Standard. Another of the routes would require the application of the highest and best use principle to property such as office accommodation for administrative purposes which might require remeasurement. The Exposure Draft to the 2014/15 Code and the ITC included a proposal for a three year concession where a "directors' valuation" may be made and formal revaluation deferred.

Revised IFRS 10 Consolidated Financial Statements introduces a new principle of control where control exists if an entity possesses power over an investee, has exposure to variable returns from its involvement and has the ability to use its power to affect the level of returns. The new control criteria have been included in the proposed amendments to the Code.

IFRS 11 Joint Arrangements now defines only two types of arrangements that must be accounted for consistently with the rights and obligations that parties have in an arrangement ie: joint operations which require that an entity accounts for its share of the rights to assets and obligations for liabilities of the underlying arrangement, or joint ventures which require that an entity only has rights to the net assets of the arrangement.

IFRS 12 Disclosure of Interests in Other Entities now requires disclosure of information that enables users to evaluate the risks associated with an entity's interests in other entities and their effect on its finances.

### **1c Critical Judgements in Applying Accounting Policies**

In applying accounting policies set out from 1a above the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **1d Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### *i) Property, Plant and Equipment*

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

It is estimated that the annual depreciation charge for buildings would increase by £49k for every year that useful lives had to be reduced.

ii) *Pensions Liability*

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a increase in the projected service cost of £485k.

However, the assumptions interact in complex ways. During 2013/14, the Council's actuaries advised that the net pensions liability had decreased by £2.4 million as a result of the application of updated assumptions.

iii) *Arrears*

At 31 March 2014, the Council had a balance of sundry debtors totalling £336k. A review of significant balances suggested that an allowance for specific doubtful debts of £102k and a general provision of £18k was appropriate. However, in the current economic climate it is not certain that such an allowance is sufficient.

If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £120k to be set aside as an allowance.

## 2a Segmental Reporting Analysis - Current Year

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the CIPFA Service Reporting Code of Practice. The segmental reporting notes within the financial statements are based on the summary first page of the General Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

The General Fund – Service Income and Expenditure Analysis as presented to the Department of Environment is as follows:

(Comparative disclosures are reported in Note 2b)

Services	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£	£	£
Culture and Heritage	866,349	66,137	800,212
Recreation and Sport	6,152,177	1,829,718	4,322,459
Tourism	549,614	107,747	441,867
Community Services	1,262,876	346,261	916,615
<b>Leisure and Recreational Services</b>	<b>8,831,016</b>	<b>2,349,863</b>	<b>6,481,153</b>
Cemetery, Cremation and Mortuary	260,994	136,001	124,993
Environmental Health	1,095,271	147,408	947,863
Flood Defence and Land Drainage	0	0	0
Public Conveniences	108,667	24	108,643
Licensing	0	0	0
Other Cleaning	811,085	21,000	790,085
Waste Collection	2,604,777	253,142	2,351,635
Waste Disposal	2,090,487	164,776	1,925,711
Building Control	527,647	279,273	248,374
Other Community Assets	559,931	11,132	548,799
Minor Works	463,043	0	463,043
<b>Environmental Services</b>	<b>8,521,902</b>	<b>1,012,756</b>	<b>7,509,146</b>
Democratic Representation and Management	634,049	25,248	608,801
Corporate Management	1,191,835	164,800	1,027,035
<b>DRM and Corporate Management</b>	<b>1,825,884</b>	<b>190,048</b>	<b>1,635,836</b>
Economic Development	1,813,834	1,492,684	321,150
Trading Services	540,222	71,610	468,612
Non Distributed Costs	30,505	0	30,505
Central Services to the Public	494,999	316,873	178,126
<b>Other Services</b>	<b>2,879,560</b>	<b>1,881,167</b>	<b>998,393</b>
<b>CONTINUING OPERATIONS</b>	<b>22,058,362</b>	<b>5,433,834</b>	<b>16,624,528</b>

## Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement – Current Year

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement:

	£	£
<b>Net Cost of Services in Service Analysis</b>		<b>16,624,528</b>
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
		0
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		<b>16,624,528</b>
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	(12,845)	
Financing and Investment Income and Expenditure	1,343,522	
Surplus or Deficit on Discontinued Operations	0	
		1,330,677
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure Statement</b>		<b>17,955,205</b>

## 2b Segmental Reporting Analysis – Comparative Year

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the CIPFA Service Reporting Code of Practice. The segmental reporting notes within the financial statements are based on the summary first page of the General Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

The General Fund – Service Income and Expenditure Analysis as presented to the Department of Environment is as follows:

Services	2012/13 (Restated)		
	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£	£	£
Culture and Heritage	983,168	47,053	936,115
Recreation and Sport	5,542,227	1,803,936	3,738,291
Tourism	560,346	119,839	440,507
Community Services	1,412,759	395,737	1,017,022
<b>Leisure and Recreational Services</b>	<b>8,498,500</b>	<b>2,366,565</b>	<b>6,131,935</b>
Cemetery, Cremation and Mortuary	245,789	106,444	139,345
Environmental Health	1,096,141	153,006	943,135
Flood Defence and Land Drainage	0	0	0
Public Conveniences	85,180	22	85,158
Licensing	0	0	0
Other Cleaning	817,753	5,975	811,778
Waste Collection	2,829,007	257,930	2,571,077
Waste Disposal	2,030,300	252,976	1,777,324
Building Control	495,444	269,970	225,474
Other Community Assets	403,069	3,885	399,184
Minor Works	398,384	0	398,384
<b>Environmental Services</b>	<b>8,401,067</b>	<b>1,050,208</b>	<b>7,350,859</b>
Democratic Representation and Management	559,346	(314)	559,660
Corporate Management	1,118,546	113,560	1,004,986
<b>DRM and Corporate Management</b>	<b>1,677,892</b>	<b>113,246</b>	<b>1,564,646</b>
Economic Development	1,020,494	778,097	242,397
Trading Services	711,736	17,267	694,469
Non Distributed Costs	29,846	0	29,846
Central Services to the Public	537,951	340,774	197,177
<b>Other Services</b>	<b>2,300,027</b>	<b>1,136,138</b>	<b>1,163,889</b>
<b>CONTINUING OPERATIONS</b>	<b>20,877,486</b>	<b>4,666,157</b>	<b>16,211,329</b>

- A revised version of IAS19 came into effect for accounting periods commencing on or after 1 January 2013. The impact of this has necessitated a restatement of the prior year analysis within the Gross Expenditure figures for each service.

## Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement – Comparative Year

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement:

	£	£ (Restated)
<b>Net Cost of Services in Service Analysis</b>		<b>16,211,329</b>
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
		0
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		<b>16,211,329</b>
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	(1,501)	
Financing and Investment Income and Expenditure	1,287,369	
Surplus or Deficit on Discontinued Operations	0	
		1,285,868
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure Statement</b>		<b>17,497,197</b>



### 3a Adjustments between Accounting Basis and Funding Basis under Regulations

	Notes	2013/14 £	2013/14 £	2012/13 £ (Restated)	2012/13 £ (Restated)
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>					
Impairments (losses & reversals) of non-current assets	10a/b & 10d/e	0		0	
Derecognition (other than disposal) of non-current assets	10a/b & 10d/e	(667)		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10a/b & 10d/e	(119,229)		870,015	
Depreciation charged in the year on non-current assets	10a/10b,23	1,742,870	1,622,974	1,471,593	2,341,608
Net Revenue expenditure funded from capital under statute			0		0
Carrying amount of non current assets sold	10a/b & 10d/e	14,163		2,841	
Proceeds from the sale of PP&E, investment property and intangible assets	23,25	(27,008)	(12,845)	(4,342)	(1,501)
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	25		0		0
Net charges made for retirement benefits in accordance with IAS 19	21		1,944,000		1,557,000
Direct revenue financing of Capital Expenditure	11,25		(1,697,048)		(1,013,883)
Capital Grants and Donated Assets Receivable and Applied in year	9b		(57,689)		(300,399)
Capital Grants Receivable and Unapplied in year	9c		0		0
Rates Claw-Back Reserve	25a/25b		0		
Adjustments in relation to Short-term compensated absences	17				
Adjustments in relation to Lessor Arrangements			0		0
Landfill Regulations Reserve Adjustment	25a/25b		0		0
Provisions Discount Rate Reserve Adjustment	25a/25b		0		0
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of Capital Investment	25a/25b		(548,240)		(542,997)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(1,293,000)		(1,164,000)
			(41,848)		875,828

**3b Net Transfers (to)/from Statutory and Other Earmarked Reserves:**

		2013/14 £	2013/14 £	2012/13 £	2012/13 £
<b>Capital Fund</b>					
Interest		(56,710)		(33,653)	
Other	<b>25a/25b</b>	(1,000,000)	(1,056,710)	(2,850,000)	(2,883,653)
<b>Renewal and Repairs Fund</b>					
Interest		(4,967)		(8,370)	
Other	<b>25a/25b</b>	130,000	125,033	0	(8,370)
<b>Other Funds and earmarked reserves</b>					
Interest		(29,952)		(42,316)	
Other	<b>25a/25b</b>	(105,076)	(135,028)	(79,921)	(122,237)
			<b>(1,066,705)</b>		<b>(3,014,260)</b>

**4 Cost of Services on Continuing Operations**

**4a** Section 37 of the Local Government Finance Act (Northern Ireland) 2011 enables District Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments, and the product of a rate of 0.00082p in the pound on the rateable value of domestic hereditaments for the benefit of all the inhabitants in their district, or part of their district, on activities not specifically authorised by other powers. This would allow for £39,662 in 2013/14 (£39,235 in 2012/13). The actual expenditure during 2013/14 amounted to £NIL (£NIL in 2012/13).

**4b External Audit Fees**

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2013/14	2012/13
	£	£
External Audit Fees	19,800	19,721
Grant Claim Certification Fees	0	0
Other Fees	0	1,119
	<b>19,800</b>	<b>20,840</b>

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2012/13 £NIL).

**Cost of Services on Continuing Operations (Continued)**

**5 Operating and Finance Leases**

**5a Finance Leases (Council as lessor)**

No finance leases with Council acting as lessor were in place during the reporting period.

**5b Operating Leases (Council as lessor)**

The Council, in accordance with its statutory and discretionary responsibilities, leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for small local businesses
- any other appropriate purpose.

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £41,847 (previous year: £10,263). No contingent rents were recognised.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 25 years. Future minimum lease income is set out below:

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	31,190	-	25,577	-
Later than 1 year and no later than 5 years	15,187	-	29,394	-
Later than 5 years	-	-	-	-
	46,377	-	54,971	-

The assets leased by the Council to third parties are included in the following categories of Property, Plant and Equipment with carrying values of:

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	891,273	-	973,743	-
Accumulated depreciation and impairments at 1 April	(67,960)	-	(45,844)	-
Depreciation charge for the year	(24,209)	-	(22,115)	-
Impairments	13,364	-	(77,652)	-
	<b>812,468</b>	<b>0</b>	<b>828,132</b>	<b>0</b>

**Council as Lessee:**

**5c Finance Leases (Council as lessee)**

No assets were held under finance lease agreement in 2013/14 (2012/13 nil).

**5d Operating Leases (Council as lessee)**

The council has short term rental operating leases of £12,750 per annum for some of its facilities. One lease expired on 30 September 2011 and was not renewed.

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2013/14		2012/13	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	12,750	-	12,750	-
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	(1,250)	-	(1,250)	-
	<b>11,500</b>	<b>0</b>	<b>11,500</b>	<b>0</b>

No contingent rent payments were made or received.

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	12,750	-	12,750	-
Later than 1 year and no later than 5 years	51,000	-	51,000	-
Later than 5 years	61,250	-	78,500	-
	125,000	0	142,250	0

## 6 Employee Costs and Members' Allowances

### 6a Staff Costs

	2013/14	2012/13 (Restated)
	£	£
Salaries and wages	7,517,289	7,275,217
Employers National Insurance	508,882	500,257
Employers pension costs	1,254,619	1,129,721
<b>Total</b>	<b>9,280,790</b>	<b>8,905,195</b>

In addition, agency costs during the year amounted to £186,814 (2012/13 £162,300).

The Council's current contribution rate to the NILGOSC scheme is 20% (2012/13 19%).

### 6b Average Number of Employees - where FTE represents fulltime equivalent employees

	2013/14	2012/13
	FTE	FTE
Environmental services	161	156
Leisure services	112	122
Other	46	43
<b>Total Number</b>	<b>319</b>	<b>321</b>
	Actual Numbers	Actual Numbers
Full-time numbers employed	271	255
Part-time numbers employed	88	76
<b>Total Number</b>	<b>359</b>	<b>331</b>

### 6c Senior Employees' Remuneration

	2013/14	2012/13
£50,001 to £60,001	0	0
£60,001 to £70,000	0	1
£70,001 to £80,000	2	1
£80,001 to £90,000	0	1
£90,000 to £100,000	1	0
<b>Total Number</b>	<b>3</b>	<b>3</b>

### 6d Members' Allowances

During the year Members' allowances (paid under Sections 31 - 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £295,102 (2012/13 £272,334) and are as follows:

	2013/14	2012/13
	£	£
Salaries	0	0
Basic allowance	177,725	174,548
Mayor's & Deputy Mayor's Allowance	10,573	10,087
Special Responsibility Allowances	24,250	23,854
Dependents' carers allowance	0	0
Statutory Transition Committee Allowances	14,791	0
Employer costs	41,249	37,416
Mileage	11,099	11,453
Conferences and Courses	4,342	4,267
Travel & Subsistence Costs	1,912	633
Miscellaneous Costs	9,161	10,076
<b>Total</b>	<b>295,102</b>	<b>272,334</b>

Severance payments to Councillors totalling £26,000 were made under the Local Government (Severance Payments to Councillors) Regulations (NI) 2013. These were fully funded by the Northern Ireland Executive.

### 6e Exit Packages

No exit packages were taken up by employees during 2013/14 (nil 2012/13).

**7 Other Operating Expenditure**

**7a Surplus/Deficit on Non-Current Assets (Excluding Investment Properties)**

	2013/14	2012/13
	£	£
Proceeds from sale	(27,008)	(4,342)
Carrying amount of non-current assets sold (excl Investment Properties)	14,163	2,841
	(12,845)	(1,501)

**7b Other Operating Income/Expenditure**

There were no other trading operations.

**8 Financing and Investment Income and Expenditure**

**8a Interest Payable and Similar Charges**

	2013/14	2012/13
	£	£
Lease/hire purchase interest	0	0
Bank interest	0	0
Loan Interest	1,097,598	1,125,329
Other interest (please specify)	0	0
	1,097,598	1,125,329

**8b Interest and Investment Income**

	2013/14	2012/13
	£	£
Bank interest	(27,310)	(26,466)
Other Interest	(137)	(47,155)
<i>Investment income on Fund Balances</i>		
Capital Fund	(56,710)	(33,653)
Repairs & Renewals Fund	(4,967)	(8,370)
Other Funds	(14,478)	(14,058)
Loan Repayment Reserve	(15,474)	(28,258)
Other investment income	0	0
	(119,076)	(157,960)

**8c Pensions interest cost and expected return on pensions**

	2013/14	2012/13
	£	£
Net interest on the net defined benefit liability (asset)	365,000	320,000
	<b>365,000</b>	<b>320,000</b>

**8d Income, Expenditure and Changes in Fair Value of Investment**

No investment properties are held by Council.

**Summary of Financing and Investment Income and Expenditure:**

	2013/14	2012/13
	£	£
Interest Payable and Similar Charges	1,097,598	1,125,329
Interest and Investment Income	(119,076)	(157,960)
Pensions interest cost and expected return on pensions assets	365,000	320,000
Surplus/(Deficit) on trading operations	0	0
Changes in Fair Value of Investment Properties	0	0
Other investment income	0	0
<b>Total Financing and Investment Income and Expenditure</b>	<b>1,343,522</b>	<b>1,287,369</b>

	2013/14			2012/13		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,097,598	0	1,097,598	1,125,329	0	1,125,329
Interest and Investment Income	0	119,076	(119,076)	0	157,960	(157,960)
Pensions interest cost	365,000	0	365,000	320,000	0	320,000
Surplus/(Deficit) on trading operations	0	0	0	0	0	0
Changes in Fair Value of Investment Properties	0	0	0	0	0	0
Other investment income	0	0	0	0	0	0
	<b>1,462,598</b>	<b>119,076</b>	<b>1,343,522</b>	<b>1,445,329</b>	<b>157,960</b>	<b>1,287,369</b>



## 9 Taxation and Non-Specific Grant Income

### 9a Revenue Grants

	2013/14	2012/13
	£	£
General	1,156,455	1,148,936
Other	0	0
	<b>1,156,455</b>	<b>1,148,936</b>

### 9b Capital Grants and Donated Assets-Applied

	2013/14	2012/13
	£	£
Government & Other Grants-Conditions met and applied in year	57,689	300,399
Government & Other Grants-Transfer from receipts in advance	0	0
Donated Assets-Conditions met	0	0
Donated Assets-Transfer from donated assets creditor	0	0
	<b>57,689</b>	<b>300,399</b>

### 9c Capital Grants-Unapplied

There were no grants received that were not applied in year.

### 9d District Rates

	2013/14	2012/13
	£	£
Current year	18,129,402	18,002,926
Finalisation - previous year	0	0
Transitional Relief	0	0
Finalisation - other years	0	0
	<b>18,129,402</b>	<b>18,002,926</b>

## Summary of Taxation and Non-Specific Grant Income

	2013/14	2012/13
	£	£
District Rates Income	18,129,402	18,002,926
Revenue Grants	1,156,455	1,148,936
Capital Grants and Contributions	57,689	300,399
<b>Total Taxation and Non-Specific Grant Income</b>	<b>19,343,546</b>	<b>19,452,261</b>

10a Fixed Assets Note – Current Year

	Land		Buildings		Infrastructure Assets		Property, Plant & Equipment (PP&E)		Total PP&E		Intangible Assets		TOTAL	
	£	£	£	£	£	£	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Investment Properties	£	£
Cost or Valuation At 1 April 2013	5,671,494	42,392,499	0	0	0	0	0	4,820,161	0	389,745	3,866,858	0	0	57,140,757
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	5,671,494	42,392,499	0	0	0	0	0	4,820,161	0	389,745	3,866,858	0	0	57,140,757
Additions (Note 11)	0	0	0	0	0	0	675,995	0	0	1,078,742	0	0	0	1,754,737
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	0	3,431,204	0	0	0	0	0	0	0	0	0	0	0	3,431,204
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	128,029	0	0	0	0	0	0	0	0	0	0	0	128,029
Derecognition - Disposals	0	0	0	0	0	0	0	(838,436)	0	0	0	0	0	(838,436)
Derecognition - Other	0	0	0	0	0	0	0	874	0	(207)	0	0	0	667
Reclassifications & Transfers	0	762,663	0	0	0	0	4,975	0	0	(757,638)	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment Landfill Deferred Charge (Note 16)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	5,671,494	46,714,295	0	0	0	0	4,663,509	0	700,642	3,866,858	0	0	0	61,616,958
Depreciation and Impairment	0	3,494,723	0	0	0	0	3,612,210	0	0	0	0	0	0	7,106,933
At 1 April 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	3,494,723	0	0	0	0	3,612,210	0	0	0	0	0	0	7,106,933
Depreciation Charge	0	1,489,881	0	0	0	0	252,989	0	0	0	0	0	0	1,742,870
Depreciation written out on Revaluation Reserve	0	290,282	0	0	0	0	0	0	0	0	0	0	0	290,282
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	8,800	0	0	0	0	0	0	0	0	0	0	0	8,800
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	0	5,283,686	0	0	0	0	3,040,926	0	0	0	0	0	0	8,324,612
Net Book Value	5,671,494	41,430,709	0	0	0	0	1,622,643	0	700,642	3,866,858	0	0	0	53,292,346
At 31 March 2014	5,671,494	38,987,776	0	0	0	0	1,207,951	0	389,745	3,866,858	0	0	0	50,033,824
At 31 March 2013														

Valuations The last full valuation of freehold and leasehold properties was carried out as at 31 March 2010 by an independent valuer from Land and Property Services. Please refer to note 1A(xxii) for further information on revaluation and depreciation policies. Asset indices as compiled by Land and Property Services have been applied in year.

10b Fixed Assets Note – Comparative Year

	Property, Plant & Equipment (PP&E)										TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties		Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation At 1 April 2012	6,303,266	40,182,569	0	0	4,530,722	0	3,144,518	4,264,885	58,436,060	0	0	58,436,060
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	6,303,266	40,182,569	0	0	4,530,722	0	3,144,518	4,264,885	58,436,060	0	0	58,436,060
Additions (Note 11)	0	0	0	0	0	0	1,306,282	0	1,306,282	0	0	1,306,282
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	(464,486)	(1,092,705)	0	0	0	0	0	(125,386)	(1,682,577)	0	0	(1,682,577)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(167,286)	(345,301)	0	0	0	0	0	(272,641)	(785,228)	0	0	(785,228)
Derecognition - Disposals	0	0	0	0	0	0	(133,780)	0	(133,780)	0	0	(133,780)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	3,637,936	0	0	0	0	(3,637,936)	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge (Note 16)	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	5,671,494	42,392,499	0	0	4,530,722	0	679,184	3,866,858	57,140,757	0	0	57,140,757
Depreciation and Impairment At 1 April 2012	0	2,214,915	0	0	3,456,577	0	0	0	5,681,492	0	0	5,681,492
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	2,214,915	0	0	3,456,577	0	0	0	5,681,492	0	0	5,681,492
Depreciation Charge	0	1,195,021	0	0	276,572	0	0	0	1,471,593	0	0	1,471,593
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	84,787	0	0	0	0	0	0	84,787	0	0	84,787
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	(130,939)	0	0	0	(130,939)	0	0	(130,939)
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	3,494,723	0	0	3,612,210	0	0	0	7,106,933	0	0	7,106,933
Net Book Value At 31 March 2013	5,671,494	38,897,776	0	0	818,512	0	679,184	3,866,858	50,033,824	0	0	50,033,824
At 31 March 2012	6,303,266	37,977,654	0	0	1,064,145	0	3,144,518	4,254,885	52,754,568	0	0	52,754,568

Capital Commitments: There were material ongoing Capital Commitments at the 2011 year end of £0.6million.

### 10c Fixed Assets-Leased Assets at 31 March 2014

There were no leased assets held by Council during 2013/14 (2012/13 nil).

### 10d Assets Held For Sale

There were no assets held for sale by Council during 2013/14 (2012/13 nil).

### 10e Heritage Assets

Council does not hold Heritage Assets of any significant value.

### 10e Investment Property

Council does not hold any investment properties.

## 11 Capital Expenditure and Capital Financing

The total Capital Expenditure incurred in the year (and comparative year) is shown below - including the value of assets acquired under finance leases and PFI/PPP contracts together with the resources that have been used to finance it. Where Capital Expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the CFR, a measure of the Capital Expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2013/14	2012/13
	£	£
<b>Opening Capital Financing Requirement</b>	<b>22,036,163</b>	<b>22,587,160</b>
<i>Capital Investment</i>		
Property, Plant and Equipment	1,754,737	1,306,282
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	0	0
<i>Sources of Finance</i>		
Capital Receipts	0	0
Government Grants and Other Contributions	(57,689)	(300,399)
Transfers from Earmarked Reserves	0	0
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(1,697,048)	(1,013,883)
Minimum Revenue Provision	(548,240)	(542,997)
<b>Closing Capital Financing Requirement</b>	<b>21,487,923</b>	<b>22,036,163</b>

Explanation of Movements in Year		
Increase in underlying need to borrow	(548,240)	(550,997)
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(548,240)</b>	<b>(550,997)</b>

## 12 Future Capital commitments

The Council has an ongoing programme of capital works and the estimated cost of the schemes is as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	4,036,000	97,000	3,939,000
Other Commitments	505,000	26,000	479,000
<b>Total</b>	<b>4,541,000</b>	<b>123,000</b>	<b>4,418,000</b>

## 13 Inventories

	2013/14 £	2012/13 £
Central Stores	183,207	186,184
Other	64,626	85,371
<b>Total</b>	<b>247,833</b>	<b>271,555</b>

## 14 Debtors

	2013/14 £	2012/13 £
<b>14(a) Long Term Debtors</b>		
*Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	853	1,372
Grants	0	0
Loans and advances	0	0
Finance lease debtors-Note 5c)	0	0
Trade debtors	0	0
NIHE Loans	0	0
Other	0	0
Impairment of loans and receivables	0	0
<b>Total Long-Term Debtors</b>	<b>853</b>	<b>1,372</b>

14(b) Short Term Debtors	2013/14	2012/13
	£	£
Government Departments	779,836	1,299,115
Other Councils	158,260	78,926
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	4,428	3,597
Grants	0	0
Value Added Tax	727,493	342,466
Prepayments	0	0
Finance lease debtors-Note 5c)	0	0
Other	80,164	142,175
Trade receivables	335,705	450,868
Impairment loss - Trade receivables	(120,564)	(126,395)
<b>Total Short-Term Debtors</b>	<b>1,965,322</b>	<b>2,190,752</b>
<b>Total Debtors</b>	<b>1,966,175</b>	<b>2,192,124</b>

The decrease in debtors relates mainly to monies due from central government in respect of various grant claims and rates finalisation. This is offset by an increase in Vat debt at year end.

#### 15 a Long Term Investments

	2013/14	2012/13
	£	£
Investments - general	0	0
Investments - repairs and renewals	0	0
Investments - capital fund	0	0
Investments - other	634	634
<b>Total Long-term Investments</b>	<b>634</b>	<b>634</b>

#### Analysed Over

	2013/14	2012/13
	£	£
Money market deposits	0	0
Other deposits	634	634
<b>Total Long-term Investments</b>	<b>634</b>	<b>634</b>

#### 15b Short Term Investments

	2013/14	2012/13
	£	£
Investments - general	0	0
Investments - repairs and renewals	0	0
Investments - capital fund	0	0
Investments - other	3,557,615	4,586,662
<b>Total Short-term Investments</b>	<b>3,557,615</b>	<b>4,586,662</b>

## Analysed Over

	2013/14	2012/13
	£	£
Money Market Funds	0	0
Other deposits	3,557,615	4,583,662
<b>Total Short-term Investments</b>	<b>3,557,615</b>	<b>4,583,662</b>

<b>Total Long Term and Short-term Investments</b>	<b>3,558,249</b>	<b>4,584,296</b>
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Monies are held both in call accounts and on deposit to provide cash backing to Council's Capital Receipts Reserve, Capital Fund, Loan Repayment Reserves and Repairs and Renewals Fund. Cash and Cash Equivalents includes a Sinking Fund Bank Account (£1,963,659) maintained to equal the Sinking Fund Reserve of £2,145,828 – further monies of £182,170 were transferred to this account in June 2014.

## 16 Borrowings

### 16 a Short Term Borrowing

	2013/14	2012/13
	£	£
Loans re-payable within one year	838,924	829,028
Finance Lease Principal	0	0
<b>Total Short Term Borrowing</b>	<b>838,924</b>	<b>829,028</b>

\* Loans repayable within one year includes loan interest of £247,072 (12/13 £252,176).

### 16 b Long Term Borrowing

	2013/14	2012/13
	£	£
Between 1 and 2 years	607,657	591,853
Between 2 and 5 years	2,025,708	1,930,734
Between 5 and 10 years	6,380,082	6,439,705
In more than 10 years	9,065,941	9,708,962
Government Loans Fund	<b>18,079,388</b>	<b>18,671,254</b>

<b>Total Borrowing</b>	<b>18,918,312</b>	<b>19,500,282</b>
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Interest rates on Government Loans range between 4.4% and 11.125% and total borrowings amounted to £18,671,240 as at 31 March 2014. This borrowing includes £788,703 of monies in respect of NIHE debt for which a loan repayment reserve has been established. This reserve is currently £1,138,810.

Borrowings maturing between 5 and 10 years include LOBO borrowings of £3million (12/13 £3million) and in more than 10 years LOBO borrowings of £2million (12/13 £2million).

These borrowings represent funds at rates that the lender has the option to vary; if the variation is not accepted by the borrower the loan becomes repayable immediately.

On LOBO's totalling £3,000,000 the effective rate of interest varies according to the date of redemption, ranging from 6.95% for redemption after 2 years to 8.95% for redemption at any time between years 11 and 40. On LOBO's totalling £2,000,000 the interest rate is 4.32% and repayment is due in 2045.

A Sinking Fund has been established to repay the above borrowings on the basis that the loans will run to maturity. At 31 March 2014 the accumulated balance on the Sinking Fund was £2,145,828 (12/13 £1,949,180).

## 17 Creditors

### 17 a Short Term Creditors

	2013/14	2012/13
	£	£
Government Departments	19,800	19,800
Other Councils	27,219	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Rates clawback	0	247,651
Remuneration due to employees	0	0
Accumulated Absences	114,156	106,698
Receipts in advance	124,756	166,630
Trade creditors	1,440,207	1,287,640
Other	0	0
<b>Total Short Term Creditors</b>	<b>1,726,138</b>	<b>1,828,419</b>

### 17 b Long Term Creditors

	2013/14	2012/13
	£	£
<b>Other creditors falling due after more than one year</b>		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Rates clawback	0	0
Other	0	0
<b>Total Long Term Creditors</b>	<b>0</b>	<b>0</b>

<b>Total Creditors</b>	<b>1,726,138</b>	<b>1,828,419</b>
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## Payment of Invoices

District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by the Northern Ireland Executive. The information is presented below. Councils are also requested to continually review their payment performance.

During the year the Council paid 11,180 invoices totalling £17.6 million (12/13 10,193 invoices £25.6million).

The Council paid 7,858 invoices (70%) within the 10 day prompt payment target and 10,129 (90%) within 30 days.

1,051 invoices (9%) were paid outside of the 30 day target.

## 18 Provisions

### Current year

	At 1 April 2013	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2014
	£	£	£	£	£	£
Single status	0	0	0	0	0	0
Election expenses	0	0	0	0	0	0
Landfill closure	254,145	0	7,415	0	81,720	328,450
Reorganisation	0	0	0	0	0	0
Claims management	702,000	0	0	(197,000)	0	505,000
Other	0	0	0	0	0	0
	<b>956,145</b>	<b>0</b>	<b>7,415</b>	<b>(197,000)</b>	<b>81,720</b>	<b>833,450</b>

Current Provisions	702,000	0	0	(197,000)	0	505,000
Long Term Provisions	254,145	0	7,415	0	81,720	328,450
	<b>956,145</b>	<b>0</b>	<b>7,415</b>	<b>(197,000)</b>	<b>81,720</b>	<b>833,450</b>

### Comparative Year

	At 1 April 2012	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2013
	£	£	£	£	£	£
Single status	0	0	0	0	0	0
Election expenses	0	0	0	0	0	0
Landfill closure	203,062	51,083	0	0	0	254,145
Reorganisation	0	0	0	0	0	0
Claims management	600,000	102,000	0	0	0	702,000
Other	0	0	0	0	0	0
	<b>803,062</b>	<b>153,083</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>956,145</b>

Current Provisions	600,000	102,000	0	0	0	702,000
Long Term Provisions	203,062	51,083	0	0	0	254,145
	<b>803,062</b>	<b>153,083</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>956,145</b>

- Provision has been made to cover legal expenses and specialist advices in relation to ongoing cases.
- A provision had been made for the aftercare costs of Council owned landfill sites. The Northern Ireland Environment Agency is expected to review the adequacy of Council's financial provision for landfill capping and aftercare costs in 2014/15 in line with its paper "Financial Provision for Waste Management Activities in NI". As a consequence the current landfill closure provision reflected in the financial statements may change.

## 19 Contingencies

### Contingent Liabilities

Council continues to incur aftercare costs of leachate removal and water sampling associated with its former landfill site at Craigmore Landfill Site. Provision has been made for the external costs but Council cannot determine with any certainty the level of costs in the future.

The arc21 Joint Committee has, with the approval of their Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project and Antrim Borough Council has agreed its share of the contingent liability. Payments made, if any, in accordance with this undertaking will be funded by the Participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

## 20 Financial Instruments

The Council has no material exposure to any of the risk types identified below in its dealings with Financial Instruments.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by trade debtors and, as such, there is no further additional estimated exposure to default and inability to collect.

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than three months	£146,285
More than three months	£189,420
	<b>£335,705</b>

There is no historical experience of default in relation to deposits with banks and other financial institutions. Therefore there is no estimated exposure to risk of default.

## Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 16 to 18. All trade and other payables are due for payment within one year.

## Market Risk

### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments.

### Foreign exchange risk

The Council maintains a bank account denominated in Euros for the purpose of paying suppliers resident in the Eurozone. Payments in the year totaled €11,315 (11/12 €13,389). Consequently Council has no material exposure to loss arising from movements in exchange rates.

## Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel and market loans that differ from the prevailing market rates. The fair value of these loans is £21,689,579 analysed as follows:

	£
Government Loans	16,555,661
Market Loans	5,133,918
<b>Total</b>	<b>21,689,579</b>

The Council has made no loans to voluntary organisations and other external bodies at less than market rates (soft loans). There is therefore no fair value consideration necessary.

## 21 Retirement Benefits

### 21a Participation in the Northern Ireland Local Government Officers' Pension Fund.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

## 21b Transactions relating to retirement benefits- Comprehensive Income and Expenditure Statement Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year.

	Note	2013/14	2012/13 Restated	2012/13 As Published
		£	£	£
<b>Net cost of services:</b>				
Current service cost		1,579,000	1,237,000	1,199,000
Past service cost/(gain)		0	0	0
Gains and losses on settlements or curtailments		0	0	0
<b>Net operating expenditure:</b>				
Net interest on net defined benefit Liability (asset)		365,000	320,000	143,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>1,944,000</b>	<b>1,557,000</b>	<b>1,342,000</b>
<b>Movement in Reserves Statement:</b>				
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(1,944,000)	(1,557,000)	(1,342,000)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>				
Employers' contributions payable to scheme		1,293,000	1,164,000	1,164,000
<b>Net charge to the Comprehensive Income and Expenditure Statement</b>		<b>(651,000)</b>	<b>(393,000)</b>	<b>(178,000)</b>

\* Past Service Cost is recognised in the Comprehensive Income and Expenditure Statement within Non-Distributed Costs.

The service cost figures include an allowance for administration expenses of £19K.

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, a remeasurement gain of the Net Defined Benefit Liability (Asset) of £3.085m (£0.941m loss in 2012/13) was included in other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement.

A revised IAS 19 came into force for accounting periods beginning on or after 1 January 2013. As a result some prior year elements have been restated. There has been no impact on the Balance Sheet.

## Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2013/14	2012/13
		£M's	£M's
Liability gains/(losses) due to change in assumptions		(0.008)	0.037
Liability experience gains/(losses) arising in the year		0.002	0.011
Actuarial gains/(losses) due to demographic assumptions		(0.049)	0.000
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>(0.055)</b>	<b>0.048</b>

## 21c Assets and Liabilities in Relation to Retirements Benefits

### Reconciliation of present value of the scheme liabilities

	Note	2013/14	2012/13 Restated	2012/13 As Published
		£	£	£
<b>Balance as at 1 April</b>		37,074,000	30,934,000	30,934,000
Current service cost		1,579,000	1,237,000	1,199,000
Interest cost		1,658,000	1,464,000	1,502,000
Contributions by members		397,000	383,000	383,000
<b>Remeasurement (gains) and losses:</b>				
- Actuarial gains/losses arising on liabilities from experience		804,000	(19,000)	(19,000)
- Actuarial gains/losses arising from demographic changes		(1,407,000)	0	0
- Actuarial gains/losses arising from changes in financial assumptions		(984,000)	3,950,000	3,950,000
- Other (if applicable)				
Past service costs/(gains)		0	0	0
Losses/(gains) on curtailments		0	0	0
Liabilities extinguished on settlements		0	0	0
Estimated unfunded benefits paid		(30,000)	(29,000)	(29,000)
Estimated benefits paid		(821,000)	(846,000)	(846,000)
<b>Balance as at 31 March</b>		<b>38,270,000</b>	<b>37,074,000</b>	<b>37,074,000</b>

### Reconciliation of present value of the scheme assets:

	Note	2013/14	2012/13 Restated	2012/13 As Published
		£	£	£
<b>Balance as at 1 April</b>		28,311,000	23,505,000	23,505,000
Interest income		1,293,000	1,144,000	1,359,000
Contributions by members		397,000	383,000	383,000
Contributions by employer		1,263,000	1,135,000	1,135,000
Contributions in respect of unfunded benefits		30,000	29,000	29,000
Remeasurement gain/(loss)		1,498,000	2,990,000	2,775,000
Assets distributed on settlements		0	0	0
Unfunded benefits paid		(30,000)	(29,000)	(29,000)
Benefits paid		(821,000)	(846,000)	(846,000)
<b>Balance as at 31 March</b>		<b>31,941,000</b>	<b>28,311,000</b>	<b>28,311,000</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £2.791m (2012/13 gain of £4.134m).

	31/03/2014	31/03/2013
	£	£
Equity investments	23,700,000	21,403,000
Property	3,577,000	2,180,000
Government Bonds	1,885,000	3,086,000
Corporate Bonds	1,948,000	141,000
Cash	831,000	1,331,000
Other	0	170,000
	<b>31,941,000</b>	<b>28,311,000</b>

**The Council's share of the Net Pension Liability (included in the Balance Sheet):**

	31/03/2014	31/03/2013
	£	£
Fair Value of Employer Assets	31,941,000	28,311,000
Present value of funded defined benefit obligation	(37,801,000)	(36,543,000)
Pension asset/(liability) of Funded Scheme	(5,860,000)	(8,232,000)
Present Value of unfunded defined benefit obligation	(469,000)	(531,000)
Other movement in the liability (asset) (if applicable)	0	0
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(6,329,000)</b>	<b>(8,763,000)</b>
<i>Amount in the Balance sheet:</i>		
Liabilities	(6,329,000)	(8,763,000)
Assets	0	0
<b>Net Asset/(Liability)</b>	<b>(6,329,000)</b>	<b>(8,763,000)</b>

## 21d Scheme History

### Analysis of scheme assets and liabilities:

	31/03/2014	31/03/2013
	£	£
Fair Value of Assets in pension scheme	31,941,000	28,311,000
Present Value of Defined Benefit Obligation	(38,270,000)	(37,074,000)
Surplus/(deficit) in the Scheme	(6,329,000)	(8,763,000)

### Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/2014	2012/13 Restated	2012/13 As Published
	£	£	£
Actuarial gains/(losses)	1,587,000	(3,931,000)	(1,156,000)
Expected Return on Plan Assets	1,498,000	2,990,000	0
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	0	0	0
Remeasurements recognised in Other Comprehensive Income and Expenditure	3,085,000	(941,000)	(1,156,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £8.76million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

### Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2015

	31/03/2015
	£
Projected current cost	1,567,000
Net interest on the net defined benefit liability (asset)	224,000
Past service cost	0
Gains and losses on settlements or curtailments	0
	1,791,000

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Council in the year to 31 March 2015 is £1.263million.

## 21e Basis for Estimating assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2013.

	2013/14	2012/13
<b>Long-term expected rate of return on assets in the scheme:</b>		
Equity investments	7.60%	7.80%
Property	6.90%	7.30%
Government Bonds	3.40%	2.80%
Corporate Bonds	4.00%	3.80%
Cash	0.90%	0.90%
Other	7.60%	7.80%
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>		
Men	22.1 years	23.2 years
Women	24.6 years	26.1 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.3 years	25.2 years
Women	26.9 years	28.1 years
<b>Financial Assumptions :</b>		
Discount rate	4.30%	4.50%
RPI Inflation	3.40%	3.70%
CPI Inflation	2.40%	2.80%
Rate of Increase to pensions in Payment	2.40%	2.80%
Rate of Increase to Deferred Pensions	2.40%	2.80%
Rate of General increase in Salaries	3.90%	5.20%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	50%
Service post April 2009	75%	75%



**21f Major categories of plan assets as percentage of total plan assets**

The Northern Ireland Local Government Officers Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2014	31/03/2013
	%	%
Equity investments	74.2	75.6
Property	11.2	7.7
Government Bonds	5.9	10.9
Corporate Bonds	6.1	0.5
Cash	2.6	4.7
Other	0.0	0.6
	<b>100.0</b>	<b>100.0</b>

## 21g Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used. The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2014 is set out below. In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

### Funded Pension Scheme Benefits

<b>Discount Rate Assumption</b>		
	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to discount rate		
Present value of the total obligation (£M's)	37.057	38.561
% change in the present value of the total obligation	-2.0%	2.0%
Projected service cost (£M's)	1.521	1.615
Approximate % change in projected service cost	-2.9%	3.1%
<b>Rate of General Increase in Salaries</b>		
	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to salary increase rate		
Present value of the total obligation (£M's)	38.051	37.554
% change in the present value of the total obligation	0.7%	-0.7%
Projected service cost (£M's)	1.581	1.553
Approximate % change in projected service cost	0.9%	-0.9%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to pension increase rate		
Present value of the total obligation (£M's)	38.306	37.308
% change in the present value of the total obligation	1.3%	-1.3%
Projected service cost (£M's)	1.595	1.539
Approximate % change in projected service cost	1.8%	-1.8%
<b>Post Retirement Mortality Assumption</b>		
	<b>-1 Year</b>	<b>+1 Year</b>
Adjustment to the mortality age rating assumption *		
Present value of the total obligation (£M's)	38.677	36.923
% change in the present value of the total obligation	2%	-2%
Projected service cost (£M's)	1.615	1.519
Approximate % change in projected service cost	3.1%	-3.1%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above for an individual that is 1 year older than them.

## 22 Capital Grants Received in Advance

	Note	2013/14	2012/13
		£	£
Opening balance		500,000	500,000
<b>Add:</b> new capital grants received in advance (condition of use not met)		0	0
<b>Less:</b> amounts released to the Comprehensive Income and Expenditure Statement		0	0
		<b>500,000</b>	<b>500,000</b>

### Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year-end are as follows:

	Note	2013/14	2012/13
		£	£
<b>Capital Grants Receipts in Advance</b>			
Recreation Development Grant		500,000	500,000
		<b>500,000</b>	<b>500,000</b>

## 23 Donated assets

There are no donated assets recognised.

## 24 Other Cash Flow Disclosures

### 24a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

	Notes	2013/14 £	2012/13 (Restated) £
<b>Adjustment to surplus or deficit on the provision of services for noncash movements</b>			
Depreciation	10	1,742,870 <sup>a</sup>	1,471,593 <sup>a</sup>
Impairment & downward revaluations (& non-sale)	25	(119,896)	870,015
Amortisation (included with depreciation above)		0	0
(Increase)/Decrease in Stock	13	23,722	(11,741)
(Increase)/Decrease in Debtors	14	231,780	(634,705)
Increase/(decrease) in impairment provision for bad debts		(5,831)	(82)
Increase/(Decrease) in Creditors	15	(224,989)	24,798
Increase/(Decrease) in Interest Creditors		(5,104)	0
Payments to NILGOSC	21	651,000	393,000
Carrying amount of non-current assets sold	10	14,163	2,841
AIC/WIP written off to Net Cost of Services		0	0
Contributions to Other Reserves/Provisions		0 <sup>a</sup>	4,412 <sup>a</sup>
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		0	0
Amounts posted to CIES from Donated Assets Account	23	0	0
		<b>2,307,715</b>	<b>2,120,131</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>			
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	(1,522,471)
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		1,029,047	0
Proceeds from the sale of PP&E, investment property and intangible assets		(27,008)	(4,342)
Capital grants included in "Taxation & non-specific grant income"	9b	(57,689)	(300,399)
		<b>944,350</b>	<b>(1,827,212)</b>

## 24b Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	31/03/2014 £	31/03/2013 £
Cash and Bank balances	2,642,273	2,824,969
Short Term Investments (considered to be Cash Equivalents)	1,500,604	0
Short Term Deposits (considered to be Cash Equivalents)	3,973,750	2,898,145
Bank Overdraft	0	0
	<b>8,116,627</b>	<b>5,723,114</b>

## 24c Cash Flow Statement-Operating Activities

	2013/14 £	2012/13 £
<i>The cash flows from operating activities include:</i>		
Interest received	119,076	157,960
Interest paid	1,097,598	1,125,329

## 24d Cash Flows from Investing Activities

	2013/14 £	2012/13 £
Purchase of PP&E, investment property and intangible assets	1,754,738	1,346,063
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	(27,008)	(4,342)
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	(57,689)	(510,958)
Other Receipts from Investing Activities	0	0
<b>Net Cash flows from Investing Activities</b>	<b>1,670,041</b>	<b>830,763</b>

## 24e Cash Flows from Financing Activities

Cash Receipts from Short and Long Term Borrowing	0	0
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	0	0
Repayment of Short and Long Term Borrowing	(576,852)	(569,563)
Other payments for Financing Activities	0	0
<b>Net Cash flows from Financing Activities</b>	<b>(576,852)</b>	<b>(569,563)</b>

25a Analysis of Movement on Reserves – Current Year

	USABLE RESERVES				UNUSABLE RESERVES				TOTAL AUTHORITY RESERVES			
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Fund & Repairs Fund	Other Balances and Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Revaluation Reserve		Pensions Reserve	Deferred Capital Receipts Account	TOTAL UNUSABLE RESERVES
At 1 April 2013	£ 0	£ 0	£ 0	£ 0	£ 0	£ 12,025,406	£ 22,336,026	£ 5,661,635	£ (8,763,000)	£ 0	£ 19,234,681	£ 31,260,067
Movements during the year:												
Applied Capital Grants												
Unapplied Capital Grants received in year		0			(57,689)	(57,689)	57,689				57,689	0
Unapplied Capital Grants transferred to		0			0	0	0				0	0
Direct Revenue Financing		0			(1,697,048)	(1,697,048)	1,697,048				1,697,048	0
Depreciation & Impairment adjustment					1,622,974	1,622,974	(1,622,974)				(1,622,974)	0
Statutory Provision for financing Capital Investment					(548,240)	(548,240)	548,240				548,240	0
Net Revenue expenditure transferred from capital under statute					0	0	0				0	0
Surplus/(Deficit) on the Provision of Services					1,388,341	1,388,341					1,388,341	0
Transfers between Statutory and Other Reserves and the General Fund												
Net movements on Pension Reserve			1,056,710	135,028	(1,066,705)	0					0	0
Disposal of Fixed Assets/Capital Sales					651,000	651,000		(651,000)			(651,000)	0
Capital Receipts used to finance capital expenditure	27,008				(12,845)	14,163	(14,163)				(14,163)	0
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	0				0	0	0				0	0
Revaluation & Impairment Other Movements	0				0	0	0	3,140,922	3,065,000	0	6,225,922	6,225,922
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure			0	0	0	0	0				0	0
Total movements on reserves during the year (Change in Net Worth)	27,008	0	1,056,710	135,028	279,788	1,373,501	665,840	3,140,922	2,434,000	0	6,240,762	7,614,263
At 31 March 2014	437,253	0	5,456,263	3,265,272	3,959,782	13,398,907	23,001,866	8,802,557	(8,329,000)	0	25,475,423	38,874,330

25b Analysis of Movement on Reserves – Comparative Year

	USABLE RESERVES				UNUSABLE RESERVES				TOTAL AUTHORITY RESERVES				
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Renewal Fund & Repairs Fund	Other Balances and Reserves (e.g. Election)	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Revaluation Reserve		Pensions Reserve	Deferred Capital Receipts Account	TOTAL UNUSABLE RESERVES	
At 1 April 2012	£ 401,491	£ 0	£ 1,515,900	£ 377,000	£ 3,028,007	£ 3,863,362	£ 9,185,760	£ 22,681,264	£ 7,486,144	£ (7,429,000)	£ 0	£ 22,738,408	£ 31,924,168
Movements during the year:													
Applied Capital Grants						(300,399)	(300,399)	300,399				300,399	0
Unapplied Capital Grants received in Unapplied Capital Grants transferred to CAA		0				0	0	0				0	0
Direct Revenue Financing						(1,013,883)	(1,013,883)	1,013,883				1,013,883	0
Depreciation & Impairment adjustment Statutory Provision for financing						2,341,608	2,341,608	(2,341,608)				(2,341,608)	0
Capital Investment						(542,997)	(542,997)	542,997				542,997	0
Net Revenue expenditure funded from capital under statute						0	0	0				0	0
Surplus/(Deficit) on the Provision of Services Transfers between Statutory and Other Reserves and the General Fund						1,955,064	1,955,064					1,955,064	0
Net movements on Pension Reserve						393,000	393,000			(393,000)		(393,000)	0
Disposal of Fixed Assets/Capital Sales						(1,501)	(1,501)	(2,841)				(2,841)	0
Capital Receipts used to finance capital expenditure						4,342	4,342					4,342	0
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements						0	0	0				0	0
Revaluation & Impairment Other Movements						4,412	4,412	141,932	(1,682,577)	(941,000)	0	(2,623,577)	(2,623,577)
Repair Fund & CAA to finance capital expenditure						0	0	0				0	4,412
Total movements on reserves during the year (Change in Net Worth)	£ 8,754	£ 0	£ 2,883,653	£ 8,370	£ 122,237	£ (180,368)	£ 2,839,646	£ (345,238)	£ (1,824,509)	£ (1,334,000)	£ 0	£ (3,503,747)	£ (664,101)
At 31 March 2013	£ 410,245	£ 0	£ 4,399,553	£ 385,370	£ 3,150,244	£ 3,679,994	£ 12,025,408	£ 22,336,026	£ 5,661,635	£ (8,763,000)	£ 0	£ 19,234,661	£ 31,280,067



## 26 Useable Reserves

### 26a Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement or used for other purposes permitted by statute.

### 26b Capital Grants Unapplied Account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

### 26c Capital Fund

This fund was established under section 9 of the Local Government Finance Act (NI) 2011 to assist in meeting the future capital financing requirements of the projects below:

	£
Refuse Vehicles	1,569,527
Allen Park Recreation Development Scheme	2,880,291
Loughshore Gateway Centre	1,006,445
<b>Total</b>	<b>5,456,263</b>

### 26d Renewal and Repairs

This fund was established under section 9 of the Local Government Finance Act (NI) 2011. Provision has been made for the projects below:

	£
General	260,337
<b>Total</b>	<b>260,337</b>

## **26e General Fund**

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **26f Sinking Fund**

A Sinking Fund has been established to repay loans where the principal outstanding is repayable on maturity.

## **26g Loan Repayment Reserve**

A Loan Repayment Reserve has been established to off-set Government Loans Fund repayments on third party loans.

## **27 Unusable Reserves for the year ended 31 March 2014**

### **27a Capital Adjustment**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

The purpose of this account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the General Fund for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

### **27b Financial Instruments Adjustment Account**

The Council has no transactions that would require use of this account.

### **27c Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services in the) are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

### **27d Pension Reserve**

Refer to Note 21.

### **27e Deferred Capital Receipts Account**

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year.

## 28 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows:

Councillors have direct control over the Council's financial and operating policies. In the 2013/14 financial year the Council commissioned £1,499,101 of works and services from Arc21 in which Councillors had an interest. Council also invoiced this organisation £170,532 during the 2013/14 financial year. The Council entered into these contracts in full compliance with its financial regulations.

The Council paid grants of £17,408 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

The Council provides administration and supplier payment support to a number of related organisations. During 2013/14, the Council reported income of £10,020 from these organisations. £33,579 in relation to support and supplier payments was outstanding at 31 March 2014.

During 2013/14 the Council had expenditure of £211,112 to other Councils, of which £12,545 was outstanding at 31 March 2014. These amounts mainly related to services provided. In addition Council provided services to other Councils to the value of £66,634 of which £1,180 was outstanding at 31 March 2014.

During the year Council acted as an agent in the delivery of Environmental Improvement Schemes, totalling £704,945, in conjunction with the Department of Social Development, the Department of Regional Development and GROW South Antrim Joint Council Committee.

GROW South Antrim Joint Committee is the delivery mechanism for the Northern Ireland Rural Development Programme (NIRDP) 2007-2013. It comprises the Council Areas of Antrim, Carrickfergus and Newtownabbey. The Northern Ireland Rural Development Programme is funded by the European Agricultural Fund for Rural Development and the Department of Agriculture and Rural Development (DARD). Antrim Borough Council acts as the Administrative Council with responsibility for all financial and administrative matters.

Antrim Borough Council administers the payments and income for the Joint Committee but these transactions are not reflected in the Council's accounts. Instead they are reflected in GROW South Antrim Joint Committee's statement of accounts for the year ended 31st March 2013. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by the NI Audit Office.

A number of Councillors represent Antrim Borough Council on the Antrim and Newtownabbey District Council Statutory Transition Committee (STC) (Note 6d). Newtownabbey Borough Council

is the administering authority for the STC. Separate financial statements are prepared for the STC and are subject to statutory audit by the NI Audit Office.

A number of Councillors represent Antrim Borough Council on the Carrickfergus, Antrim and Newtownabbey Peace III Partnership Joint Council Committee. Newtownabbey Borough Council is the administering authority for the partnership. Separate financial statements are prepared for the joint committee and are subject to statutory audit by the NI Audit Office.

## 29 Prior Period Adjustment

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

### IAS19 Change to Accounting Standards

There have been several significant changes in relation to the international accounting standard IAS19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013. There is no impact on the Balance Sheet. The main changes to the financial statements are as follows.

### Comprehensive Income and Expenditure Statement (CIES)

	2012/13 Net Expenditure	IAS 19 Pensions Restatement	RESTATED 2012/13 Net Expenditure
	£	£	£
Financing and Investment Income and Expenditure	16,173,329	38,000	16,211,329
(Surplus) or Deficit on Provision of Services	2,170,064	(215,000)	1,955,064
Financing and Investment Income and Expenditure	1,110,369	177,000	1,287,369
Other Comprehensive Income and Expenditure	2,838,577	-	2,838,577
Actuarial (Gains)/losses on pension scheme assets/liabilities	1,156,000	(215,000)	941,000
<b>Total Comprehensive Income and Expenditure</b>	<b>664,101</b>	<b>-</b>	<b>664,101</b>

### Movement in Reserves Statement (MiRS)

	General Fund Summary
	£
<b>Balance at 31 March 2013</b>	<b>3,863,362</b>
Surplus or (Deficit) on provision of services - IAS19 Pensions Restatement	(215,000)
Adjustments between accounting basis & funding basis under regulation - IAS19 Pensions Restatement	215,000
<b>Restated Balance at 31 March 2013 carried forward</b>	<b>3,863,362</b>

Cash Flow Statement

	2012/13	IAS 19 Pensions Restatement	Restated 2012/13
	£	£	£
Net surplus or (deficit) on the provision of services	2,170,064	(215,000)	1,955,064
Adjustment to surplus or deficit on the provision of services for noncash movements	1,905,131	215,000	2,120,131
Net Cash flows from operating activities	2,247,983	-	2,247,983
Net increase or (decrease) in cash and cash equivalents	847,657	-	847,657
Cash and cash equivalents at the beginning of the reporting period	4,875,457	-	4,875,457
Cash and cash equivalents at the end of the reporting period	5,723,114	-	5,723,114

### Accounts Authorised For Issue

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains amendments which are not material from the Accounts approved on 26th June 2014 is at today's date hereby authorised for issue.

### IAS 10 sets out :

The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and

In the event of adjustments the disclosures that should be made.

Signed:

  
\_\_\_\_\_  
Chief Financial Officer

Date:

28<sup>th</sup> Oct. 2014  
\_\_\_\_\_