

CRAIGAVON BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2015



CRAIGAVON

Borough Council

**Craigavon Borough Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

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Explanatory Foreword

Introduction

The Council's financial performance for the year ended 31 March 2015 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 2014/15 (the Code) and the Department of the Environment Accounts Direction, Circular LG 12/15 dated 31 March 2015. 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 Craigavon Borough Council's finances during the financial year 2014/15 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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. Craigavon 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 19, 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 20, 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 21, 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, i.e. 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 are 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

For the year ended 31 March 2015 the Council increased its General Fund reserve by £156k to £5,911k. The Council's budget of £25,023k was supplemented by £600k for current year finalisation payment of district rates. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £29,810k and includes allocations of £2k from the Repairs and Renewals Fund, £1,437k to the Capital Fund and £517k to fund capital expenditure.

Expenditure on capital projects during the year amounted to £3,886k, the most significant spend was £2,124k on the Peoples Park, £439k on Bleary Hub, £419k on Vehicles and equipment and £112k on infrastructure.

Financial Analysis

The Borough Council's financial accounts for the year ended 31st March 2015, are set out on pages 19 to 103 and consist of :

- * The Movement in Reserves Statement.
- * The Comprehensive Income and Expenditure Statement - the Council's main revenue account covering income and expenditure on all services.
- * The Balance Sheet which sets out the financial position of the Council as at 31st March 2015.
- * The Cash Flow Statement - inflows and outflows of cash arising from transactions for both revenue and capital purposes.

These Accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

A summary of the income and expenditure reported by the Council with a comparison to the estimates for the year can be seen in the following table:-

	<u>Actual</u> <u>Cost</u> £	<u>Estimated</u> <u>Net Cost</u> £	<u>Variance</u> £
Gross Operating Expenditure	40,133,467	36,368,239	3,765,228
	<u>40,133,467</u>	<u>36,368,239</u>	<u>3,765,228</u>
Gross Operating Income	(10,323,097)	(7,965,401)	(2,357,696)
Tax and Grant Income	<u>(31,340,325)</u>	<u>(28,402,838)</u>	<u>(2,937,487)</u>
	(41,663,422)	(36,368,239)	(5,295,183)
(Surplus)/deficit on Provision of Services	<u>(1,529,955)</u>	<u>0</u>	<u>(1,529,955)</u>
Balance applied	<u>0</u>	<u>0</u>	<u>0</u>
	(1,529,955)	0	(1,529,955)
Amount to be met from			
Adjustments Note 3	(61,677)	0	(61,677)
Transfers on Reserves	1,435,027	0	1,435,027
(Surplus)/Deficit	<u>(156,605)</u>	<u>0</u>	<u>(156,605)</u>

Material assets acquired or liabilities incurred

The material assets or liabilities acquired or incurred during the year was expenditure relating to Peoples Park Project, Community Centre Project and the purchase of vehicles.

Significant changes in accounting policies

There were no changes in accounting policies.

Capital Expenditure

Expenditure on capital projects during the year amounted to £3,886k including £2,124k on the Peoples Park, £439k on Bleary Hub, £419k on Vehicles and equipment and £112k on infrastructure.

The breakdown of this spend is shown in note 10 (fixed assets schedule) to the financial statements.

A number of disposals and capital insurance claims took place that amounted to capital receipts of £60,372.

The Council can finance capital expenditure by the following means and further detail can be found at note 11 to the financial statements.

Grant Aid

Grants to the value of £2,314,850 were received to fund certain items of capital expenditure.

Capital Receipts

Net proceeds from sale of capital assets and capital insurance claims during the year amounted to £60,372.

Transfer of Funds from Revenue Resources

The Council utilised £516,762 from these funds during the year.

Loans

The Council incorporates the prudential code for capital financing and as such incorporates a minimum revenue provision (MRP) for capital financing. There were no loans advanced during the year.

Provisions

The Council has a number of provisions in the Balance Sheet. They include:

Single Status Provision - This provision is set aside to provide for costs associated job evaluations and Single Status Appeals

Landfill aftercare costs - requirement of an adequate provision for Landfill aftercare costs. Recommended by Northern Ireland Environment Agency (NIEA) regulations
This provision has been discounted and unwinded at rates between -1.5% to 2.2%.

Legal Issues - This provision relates to a provision for outstanding legal issues.

Details of the above provisions are shown in Note 18 to the financial statements.

Impact of the Current Economic Climate

Areas of Uncertainty:

- Interest rates on Future Loans
- Pay increases
- Uncertainty in the building Sector
- Collectability of rates
- LPS accuracy
- Inflation:
 - Heating costs
 - Maintenance agreements
 - General Supplies

Pension Movement

The pension liability increased from £17,326k to £21,700k based on actuaries figures. This increase does not have an impact on the rates. There is no requirement to make a one off payment to fund the deficit, instead the intention is to gradually reduce the provision via the annual employers contribution.

Material and Unusual Items

None to report.

Material Events after the Reporting Date

Refer to heading below on Local Government Reform.

Local Government Reform

From 1st April 2015, Craigavon Borough Council will cease to exist and its functions will be transferred to the new Armagh City Banbridge and Craigavon Borough Council.

Armagh City Banbridge and Craigavon Borough Council combines the previous councils of Armagh City and District Council, Banbridge District Council and Craigavon Borough Council into one new body constituted under the framework established by the Local Government Act (Northern Ireland) 2014.

Under regulation 11 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014, the new council will designate an officer as having responsibility for the winding up of its predecessor councils.

This designated officer will have responsibility for the preparation of final statements of account for predecessor councils in a form directed by the Department under regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

These accounts are prepared on a going concern basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

**Craigavon Borough Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

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

The Council's Responsibilities

Under Section 1 of the 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 and these arrangements shall be carried out under the supervision of its Chief 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 the Audit and Performance Committee on 25 June 2015.

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;
- 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.

**Craigavon Borough Council
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**NORTHERN IRELAND LOCAL GOVERNMENT BODIES'
ANNUAL GOVERNANCE STATEMENT**

Scope of Responsibility

Craigavon Borough 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, efficiency and effectively. Craigavon Borough Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for 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 local government body is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Craigavon Borough Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Craigavon Borough Council 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 Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables Craigavon Borough Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that 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 the local government body'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.

The governance framework has been in place at Craigavon Borough Council for the year ended 31 March 2015. From the 1 April 2015 to the date of approval of the financial statement, the Governance Arrangements are those of the new Council - Armagh City, Banbridge and Craigavon Borough Council.

The Governance Framework

This section of the Annual Governance Statement provides a brief description of the key elements of the governance framework the Council has in place. This framework takes account of the implementation in respect of Local Government Reform (LGR).

The Council's political governance structure consists of the full Council and 5 Standing Committees:

- Policy and Resources Committee
- Development Committee
- Environmental Services (including Building Control)
- Leisure Services
- Audit Committee

In addition to the Committees above there are a number of working groups which include:

- Estimates Working Group
- Reserves Working Group

The Reserves Working Group which was formed during the year had no delegated powers, but its recommendations went direct to Council for consideration and decision. The key roles and responsibilities included:

- To examine surplus Council reserves
- To consider potential projects/expenditure options regarding the utilisation of the surplus reserves
- To take into consideration the expenditure controls as per the DOE regarding thresholds of Revenue and Capital expenditure.

In preparation for LGR, under the Statutory Transition Committee, work was initiated and progressed by the new Shadow Council in respect of driving convergence between Armagh, Banbridge and Craigavon Councils, in order to ensure that the transition was as seamless as possible and that service delivery was maintained. The Statutory Committee was replaced by the newly elected Shadow Council on 19 June 2014.

The Council's Code of Governance is based on the six core principles set out in the CIPFA/SOLACE Framework and how the Council meet their principles is reviewed and updated annually with the key elements detailed below:

FOCUS ON PURPOSE AND OUTCOMES

This is achieved by the following:

- Craigavon Borough Council 2012-15 Corporate Plan
- Development of vision and corporate plan for Armagh City, Banbridge and Craigavon Borough Council (ACBCBC)
- Corporate and departmental planning processes including quarterly reviews and reporting to the relevant Standing Committee
- Communications Strategy
- Social Media Strategy and Policy
- Strategic financial management framework in place
- Performance management system
- Completion of Household and other relevant surveys
- Complaints procedures
- Annual financial report
- Procurement policy, procedures and guidelines
- Treasury Management reporting
- Reporting of service delivery standards

WORKING TOGETHER

This is achieved by the following:

- Standing Orders – March 2013
- Financial Regulations
- Committee structure
- Committee reporting system
- Party Leaders Group
- Mandatory Code of Conduct for Councillors (came into force on 28 May 2014)
- Code of Conduct for Officers
- Scheme of Delegation
- Job Descriptions/Specifications
- Terms and Conditions of employment
- Performance management system
- Departmental Structures showing clear delegation arrangements
- Departmental and Operational Team Meetings

PROMOTING VALUES OF GOOD GOVERNANCE

This is achieved by the following:

- Corporate Plan
- Fraud and Corruption Policy
- Whistleblowing Policy
- Equality Scheme and Action Plan
- Gifts and Hospitality Policy
- Register maintained of Members' pecuniary interests
- Sustainable Development Plan
- Council's 'In Touch' Magazine
- Code of Conduct for Officers
- Mandatory Code of Conduct for Councillors
- Personal Progress Reviews
- Performance Management System
- Declarations of Interests is a standing agenda item at Council and Committee meetings
- Ethical requirements of Professional bodies

TAKING INFORMED AND TRANSPARENT DECISIONS AND MANAGING RISK

This is achieved by the following:

- Standing Orders
- Scheme of Delegation
- Financial Regulations
- Committee structure
- Committee reporting system
- On line minutes (Trove)
- Council meetings are open to the public and members of the media
- Internal Audit Service – effectiveness reviewed annually
- Audit Committee with an externally appointed Lay Representative
- Business Continuity Policy and Plans
- Risk Management Strategy and Plan
- Risk Management training
- Budgetary Control reporting framework
- Elected Members Development Charter accreditation
- Staff induction and training
- Ongoing consultation processes
- Legal advice obtained as necessary
- Emergency Plan
- Annual Governance Statement
- 6 monthly Assurance Statements

DEVELOPING CAPACITY AND CAPABILITY

This is achieved by the following:

- During 2014/15 extensive activity to develop and support staff for LGR
- Equality approved procedures for recruitment and selection
- Personal Progress Reviews
- Induction training
- Annual corporate training plan
- Organisational development and capacity building
- Development of a Workplace Development Strategy which is concerned with the impact of LGR on the workforce and aims to:
 - Build a common understanding of the vision for local government and the essential changes
 - Develop staff capacity to deal with the impact of change
 - Develop staff competence to excel in current and new roles
 - Encourage personal ownership of career and development.
- Stakeholder forums
- Departmental/Operational Plans
- Investors in People - Bronze
- Recruitment and selection procedures

COMMUNITY ENGAGEMENT AND ENSURING ROBUST PUBLIC ACCOUNTABILITY

This is achieved by the following:

- Consultation and engagement work
- Communication of Corporate Plan
- Community Support Plan
- Good Relations Action Plan
- Council 'In Touch' Magazine
- Rural Development Strategy
- Active Communities Programme
- Social Media Strategy and Policy
- Attendance at Council meetings of the media
- Outdoor Recreation Strategy
- Minutes of Council meeting
- Council web site
- Complaints procedures

In March 2010 CIPFA/SOLACE produced an 'Application Note to Delivering Good Governance in Local Government' a Framework. This application note supported the 'role of the Chief Financial Officer in Public Service Organisations' produced by CIPFA in June 2009 which sets out five principles that define the core activities and behaviours that belong to the role of the Chief Financial Officer (CFO). Craigavon Borough Council's financial arrangements conform to these governance arrangements with the exception of Principle 5 "The CFO in a local authority must be professionally qualified and suitably experienced." The Local Government arrangements are such that the CFO is supported by a number of fully qualified and experienced staff within the Corporate Services Directorate who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

WHISTLEBLOWING ARRANGEMENTS

The Council has a Whistleblowing Policy which was reviewed and updated in October 2013 and approved by Council in November 2013. The policy was communicated to all staff. Whistleblowing plays an important role, both as an instrument of good governance and a manifestation of a more open culture. The overall essence of the policy is that staff should be able to bypass the direct management line and go outside the Council if they feel that management is engaged in an improper course.

There were no whistleblowing allegations received during the year.

Review of Effectiveness

The Council has 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 executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report, and also by comments made by the external auditors.

1. Members

The Council's Standing Orders and Financial Regulations provide the framework for its decision making processes and sets out the detailed procedures and codes of conduct by which Members and officers operate to achieve Council objectives. Members meet regularly on a formal basis to set the strategic direction and monitor the service delivery of the Council. The following Committee Structure is in place:

- Development Committee
- Environmental Services Committee (including Building Control)
- Leisure Services Committee
- Policy & Resources Committee including Land & Property Matters
- Audit Committee
- Estimates Working Group

The Party Leaders Group seeks to drive forward a performance improvement agenda. The main purpose of the PLG is to provide an informal sounding board on major strategic and operational issues in advance of submission to Council, thereby facilitating and streamlining the conduct of Council business. This group meets on a monthly basis.

2. Senior Officers

Formal assurance is provided by Directors that policies and procedures are being applied in the initiation, development and delivery of service plans. Where gaps have been identified, action plans have been drafted and responsibility for implementation assigned.

In signing their Stewardship Certificate, Directors opinions were informed by the following:

- Assurance from the relevant Department's management team
- Departmental Business Plans including Key Performance Indicators
- Departmental and Operational Risk Registers
- Operational policies and procedures
- Regular management and monitoring information
- Internal Audit reports
- Administrative procedures (including segregation of duties)

- Management Supervision
- System of delegation and accountability

During 2014/15 Heads of Service completed Assurance Statements with Directors completing Stewardship Certificates for the 6 month periods ending 30 September 2014 and 31 March 2015.

3. Audit Committee

The Council has an Audit Committee which reports to full Council and oversees the work of the AGRS section. This section provides an internal audit service which operates to the Public Sector Internal Audit Standards which came into effect from 1 April 2013. The terms of reference (Audit Committee Charter) which sets out the purpose and roles and responsibilities was revised in January 2012.

There are 5 Members on the Committee and the Mayor and Deputy Mayor ex-officio members. During 2014/15 the Audit Committee met in April, June and October 2014 and in January 2015. Local Government Audit was in attendance at all four meetings during the year and the Chief Executive and Head of Audit attend all meetings. In line with best practice a Lay Representative was appointed in August 2007.

An Audit Committee Annual Report 2014/15 was presented and approved at the June 2015 Performance and Audit Committee meeting of the Armagh City, Banbridge and Craigavon Borough Council (ACBCBC). The annual report included the annual audit committee self assessment and this was completed in time to support the completion of the annual governance statement.

The Audit Committee received formal training in December 2013 and the Terms of Reference have been documented and approved by the Committee. The terms of reference set out a clear statement of purpose that it will provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It will provide an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

4. Internal Audit

The aim of AGRS is to provide an independent assurance and advisory service which will help the Council achieve its objectives and improve the effectiveness of its risk management, control and governance processes. In preparing the overall audit opinion the Head of Audit (HOA) reviewed all audit and risk activity carried out during the year.

The Head of Audit (HOA) provides an annual assurance statement on the Council's internal control environment. The following extract is taken from the AGRS Annual Report for 2014/15:

'As HOA my overall opinion is that there is a **satisfactory** level of internal control within the Council's systems and procedures. This opinion is based upon the work of AGRS during the 2014/15 financial year. The HOA is not able to give an opinion on areas that have not been covered by the service.'

In all areas AGRS recommendations were agreed with senior management, with improvement plans drawn up and priority actions required to be implemented with defined timescales.

The effectiveness of the Council's internal controls is examined in detail through the work of AGRS. The audit plan is based on a needs and risk assessment process that focuses resources on higher risk areas and meets the professional standards required by the Public Sector Internal Audit Standards. Based on evidence from planned audits and any special investigations, the HOA reports to the Audit Committee on any major weaknesses that have been identified in the internal controls examined and highlights where important improvements are considered necessary.

AGRS continue to facilitate the development of risk management and business continuity processes throughout the Council.

Having had an external review of AGRS completed during 2011/12 a self-assessment against a compliance checklist included in the Public Sector Internal Audit Standards was completed during 2014/15 and presented to the June 2015 Audit Committee meeting of the Armagh City, Banbridge and Craigavon Borough Council. The conclusion of the self-assessment was that AGRS was substantially compliant and therefore operating effectively.

The Council's Code of Governance is based on the 6 core principles contained in the CIPFA/SOLACE framework and sets out in tabular form the key systems, processes and documents that provide evidence of compliance and any relevant planned improvement actions, along with the names of the responsible officers to facilitate review and monitoring. AGRS completed the annual review of the Code to determine compliance against the 6 governance principles, and this review assisted in the preparation of the Annual Governance Statement.

During the year 24 audits were completed resulting in 6 obtaining Substantial assurance, 15 Satisfactory and 3 Limited. Details of the Limited assurance audits are detailed below:

Human Resources (Including Payroll) 2012/13 and 2013/14

These audits included the examination of recruitment exercises, absences and a review of casuals and overtime payments. Also included in the scope of the audit was a review of the responses to the 19 recommendations contained in the 2012/13 audit which resulted in a Limited Assurance being given.

It is accepted that responsibility for the allocation of casual hours lies with management however the audit highlighted that there was relatively little monitoring of adherence to the Policy and Procedure on the Allocation of Hours to Casual & Agency Workers. A database system existed but this was only used to allocate 3.3% of the casual hours worked in January and February 2014. The policy assigned responsibility for updating casual availability on the database to HR however further development at the time of audit could potentially result in responsibility being transferred to the employee themselves. Management stated that a new casual policy was being developed for ACBCBC.

The allocation of overtime is the responsibility of management but there were limited procedures in place to monitor adherence to the Overtime Policy. The policy makes reference to an "Overtime Log Book" but gives no guidance as to the format of that book therefore a variety of different methods were used to record overtime worked, but very few of these showed access to overtime as stipulated in the policy.

The issues highlighted in the 2012/13 audit in relation to the monitoring of adherence to the Casual and Overtime policies were still present in the 2013/14 audit in that monitoring systems in place were not adequate to ensure these policies, and the requirements of the Working Time Directive, were being complied with.

Outstanding recommendations in relation to these audits will continue to be tracked via the Recommendations Monitor. It is accepted that some of these will be addressed by new ACBCBC policies.

Health & Safety

The audit focused on Risk Assessments (RA) and Safe Systems of Work (SSOW). The Health and Safety Unit have written a detailed and robust procedural document that guides managers and supervisors through the RA process and ensures that they are fully aware of their responsibilities. Training has also been rolled out to relevant staff. The SSOW process did not have a procedure to guide it and it was recommended that a succinct procedure may assist managers in increasing the number of SSOW completed. SSOW are the detailed instructions given to employees to enable them to work safely. The Health and Safety at Work (Northern Ireland) Order 1978 stipulates that an employer's duty extends to the provision and maintenance of plant and systems of work that are, so far as is reasonably practicable, safe and without risks to health.

Testing revealed that there was a significant amount of SSOW outstanding and that the number completed was significantly less than RA's and it was concluded that the lack of procedural guidance may have been a contributory factor.

It was noted that the operational risk management process had, with the exception of the Development Department fallen into abeyance and that the completion of the reviews would have monitored and reviewed progress in relation to RA's and SSOW.

5. Other explicit review/assurance mechanisms

Northern Ireland Audit Office provides a level of assurance through the provision of their annual audit and issuing of a management letter which includes an Action Plan to address issues identified.

External funding received throughout the year is subject to independent audits from the relevant funders i.e. Europe, Government Departments, SEUPB etc.

Significant Governance Issues

1. 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 Craigavon 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 framework 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.

2. INTERREG IIIA Programme Ireland/Northern Ireland 2000-2006 Project Ref. 026413 Wood Derived Biomass Heating

On 6 May 2011 the Department of Enterprise, Trade and Investment (DETI) wrote to the Council requesting a claw back of £198,747.09 in relation to the European funded Biomass Boiler Scheme. On Wednesday 23 November 2011 DETI served a Writ of Summons against the Council.

The Council legal team is in contact with DETI legal team to bring this matter to a close.

3. Absenteeism

Absence for the 2014/15 financial year was 13.6 days per employee (14.1 days 2013/14). The target absence figure was 4% but as at 31 March 2015 the total absence for the year was 5.98% compared to 6.1% for 2013/14. The main category of absence was Stress, Depression and Mental Health which accounted for 3082 days of which 1137 days (36.89%) were in relation to work related stress.

With effect from April 2014 the Council have implemented a revised Managing Attendance Policy which included legislative changes and reflected best practice. Mandatory Attendance Management training was held during February and March 2014 with the key objective of assisting staff in fulfilling their responsibilities in applying the policy.

The Occupational Health Advisor closely assisted by HR continued to focus on absence with detailed monthly absence reports provided to each Director and the Policy & Resources Committee ensuring that all that was possible to assist the return to work of absent employees was being done.

4. Creative Edge Project

During the year the Council was advised by the Special E.U. Programmes Body (SEUPB) of concerns regarding the delivery of a Creative Edge Project. This project involved the upgrading of shop fronts.

Following a verification check by SEUPB in March 2014 concern was raised about the project and the procurement process, specifically fictitious quotations. The resulting investigation by AGRS concluded that the issue concerning fictitious quotations was somewhat of a moot point and had been superseded by the fact that the work in question had already commenced before the 'procurement process' had started which would equate to a contravention of SEUPB operating rules.

Following the completion of a report on 19 June 2014 a letter was received by AGRS the following day in relation to the project enclosing a cheque for £730 'by way of repayment'. A meeting was held in SEUPB's Headquarters in Belfast on 4 August 2014 with the SEUPB confirming that they were content with the investigation and return of the money.

5. Fraud Risk

During the year work was completed in relation to fraud risk assessment. With evidence that fraud risk, in particular external fraud, is increasing with the public sector, AGRS met with Managers and Heads of Service to assess site/service specific fraud risk assessments. The outcome of this work was to review the Council's fraud risk action plan and associated controls to ensure that fraud risk is mitigated as much as possible.

6. Leisure Services - Missing Lodgements

During 2013/14 an investigation into missing lodgements at a leisure facility was completed. The report raised serious concerns over control of and accountability over income and cash and concluded that the absence of a managerial presence on site between April and December 2012 undoubtedly contributed to the control weaknesses identified. Weaknesses in control resulted in lack of accountability over income and the opportunity to misappropriate income without immediate detection. Missing income for the period 26 August 2012 to 2 September 2012 (£1,931.94) was not discovered until the end of September 2012 and missing income for the period 25 October 2012 to 31 October 2012 (£657.00) was not discovered until December 2012. Both the Northern Ireland Audit Office and PSNI were informed of the missing income. A subsequent review of controls resulted in 7 recommendations for immediate improvement being made.

Signed 

Chief Financial Officer

Date 26 October 2015

Signed 

Chair of the Performance and Audit Committee

Date 26 October 2015

On behalf of the Committee of the Council or the Members of the body meeting as a whole and by the Chief Executive.

**Craigavon Borough Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 19 to 103 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 23 to 42.
- (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 ending 31 March 2015.

Signed 
Chief Financial Officer

Date 26 October 2015

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Performance and Audit Committee on 25 June 2015 and have been subject to the amendments set out on Page 104.

Signed 
Chair of the Performance and Audit Committee

Date 26 October 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARMAGH CITY, BANBRIDGE AND CRAIGAVON BOROUGH COUNCIL

I have audited the financial statements of Craigavon Borough Council for the year ended 31 March 2015 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 Armagh City, Banbridge and Craigavon Borough Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland) 2014, Armagh City, Banbridge and Craigavon Borough Council takes responsibility for the financial statements of Craigavon Borough Council.

Respective responsibilities of the Chief 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 Craigavon Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Craigavon 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 2014-15, of the financial position of Craigavon Borough Council as at 31 March 2015 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 2015 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 2014-15 ;
 - 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 Craigavon 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

2 Date 27 October 2015

**Craigavon Borough Council
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/(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
	£	£	£	£	£	£	£
At 1 April 2013	7,264,119	245,197	0	226,502	7,735,818	37,979,668	45,715,486
Movement in reserves during the year							
Surplus/(deficit) on the provision of services	(9,763,824)	0	0	0	(9,763,824)	0	(9,763,824)
Other Comprehensive Income and Expenditure	0	0	0	0	0	11,066,119	11,066,119
Total Comprehensive Income and Expenditure	(9,763,824)	0	0	0	(9,763,824)	11,066,119	1,302,295
Adjustments between accounting basis & funding basis under regulations	10,413,537	0	0	42,292	10,455,829	(10,455,829)	0
Net increase/(decrease) before transfers to Statutory and Other Reserves	649,713	0	0	42,292	692,005	610,290	1,302,295
Transfers to/from Statutory and Other Reserves	(2,159,131)	2,159,131	0	0	0	0	0
Increase/(decrease) in year	(1,509,418)	2,159,131	0	42,292	692,005	610,290	1,302,295
At 31 March 2014	5,754,701	2,404,328	0	268,794	8,427,823	38,589,958	47,017,781
Movement in reserves during the year							
Surplus/(deficit) on provision of services	1,529,955	0	0	0	1,529,955	0	1,529,955
Other Comprehensive Income and Expenditure	0	0	0	0	0	(532,802)	(532,802)
Total Comprehensive Income and Expenditure	1,529,955	0	0	0	1,529,955	(532,802)	997,153
Adjustments between accounting basis & funding basis under regulations	61,677	0	0	60,372	122,049	(122,049)	0
Net increase/(decrease) before transfers to Statutory and Other Reserves	1,591,632	0	0	60,372	1,652,004	(654,851)	997,153
Transfers to/from Statutory and Other Reserves	(1,435,027)	1,435,027	0	0	0	0	0
Increase/(decrease) in year	156,605	1,435,027	0	60,372	1,652,004	(654,851)	997,153
At 31 March 2015	5,911,306	3,839,355	0	329,166	10,079,827	37,935,107	48,014,934

Craigavon Borough Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

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	Gross Expenditure	2014/15 Gross Income	Net Cost	Gross Expenditure	2013/14 Gross Income	Net Cost
		£	£	£	£	£	£
Services Expenditure							
Leisure and Recreational Services		18,089,388	5,294,199	12,795,189	21,818,348	5,148,152	16,670,196
Environmental Services		13,683,692	2,222,613	11,461,079	17,298,960	2,308,149	14,990,811
DRM and Corporate Management		3,512,182	382,700	3,129,482	2,436,723	66,428	2,370,295
Other Services		3,264,983	1,911,190	1,353,793	4,527,258	1,948,324	2,578,932
Cost of Services on Continuing Operations	4-6	38,550,245	9,810,702	28,739,543	46,081,287	9,471,053	36,610,234
Other Operating Expenditure	7	29,435	0	29,435	0	42,292	(42,292)
Financing and Investment Income and Expenditure	8	1,553,787	512,395	1,041,392	3,184,533	496,360	2,688,153
Surplus/(deficit) on Discontinued Operations		0	0	0	0	0	0
Net Operating Expenditure		40,133,467	10,323,097	29,810,370	49,265,820	10,009,725	39,256,095
Taxation and Non-Specific Grant Income	9	0	31,340,325	(31,340,325)	0	29,492,271	(29,492,271)
Surplus/(deficit) on the Provision of Services		40,133,467	41,663,422	1,529,955	49,265,820	39,501,996	(9,763,824)
Surplus/(deficit) on revaluation of non-current assets	10a/10b/10d			2,682,198			13,960,119
Impairment losses on non-current assets charged to the Revaluation Reserve	10a/10b/10d			0			0
Surplus/(deficit) arising on revaluation of available-for-sale financial assets	25a/25b			0			0
Remeasurements of the Net Defined Benefit Liability (Asset)	20			(3,215,000)			(2,894,000)
Other Comprehensive Income and Expenditure				(532,802)			11,066,119
Total Comprehensive Income and Expenditure				997,153			1,302,295

Craigavon Borough Council
Balance Sheet As At 31 March 2015

The Balance Sheet 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 authority 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 are 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'.

	Notes	2014/15 £	2013/14 £
Property Plant & Equipment (PP&E)	10a/10b	72,987,784	69,528,587
Land & Buildings	10a/10b	66,731,493	66,078,430
Infrastructure Assets	10a/10b	842,074	718,701
Landfill Site	10a/10b	0	0
Vehicles, Plant, Furniture and Equipment	10a/10b	1,640,585	1,885,472
Community Assets	10a/10b	6,994	36,809
PP&E under Construction	10a/10b	2,935,019	809,175
Surplus Assets	10a/10b	831,620	0
Heritage Assets	10d	229,000	229,000
Investment Properties	10a/10b	0	0
Intangible Assets	10a/10b	0	0
Assets Held for Sale	10e	0	0
Long Term Investments	15a	0	0
Investment in Associates and Joint Ventures		0	0
Long Term Debtors	14a	1,810,670	1,905,331
LONG TERM ASSETS		75,027,454	71,662,918
Short Term Investments	15b	0	0
Inventories	13	206,535	222,920
Short Term Debtors	14b	5,190,591	4,119,974
Cash and Cash Equivalents	24b	4,293,812	3,606,155
Assets Held for Sale	10e	85,000	0
CURRENT ASSETS		9,775,938	7,949,049
Bank Overdraft		0	0
Short Term Borrowing	16a	0	0
Short Term Creditors	17a	3,967,506	3,644,293
Provisions	18	1,563,302	1,763,755
Liabilities in Disposal Groups		0	0
CURRENT LIABILITIES		5,530,808	5,408,048
Long Term Creditors	17b	0	0
Provisions	18	3,277,842	3,515,084
Long Term Borrowing	16b	6,279,808	6,345,054
Other Long Term Liabilities	5,20	21,700,000	17,326,000
Donated Assets Account	21	0	0
Capital Grants Receipts in Advance	22	0	0
LONG TERM LIABILITIES		31,257,650	27,186,138
NET ASSETS		48,014,934	47,017,781
USABLE RESERVES			
Capital Receipts Reserve	CRR 25a/25b	10,079,827	8,427,823
Capital Grants Unapplied Account	25a/25b	329,166	268,794
Capital Fund	25a/25b	0	0
Renewal and Repairs Fund	25a/25b	3,689,057	2,252,032
Other Balances and Reserves	25a/25b	150,298	152,296
General Fund	25a/25b	0	0
UNUSABLE RESERVES			
Capital Adjustment Account	CAA 25a/25b	5,911,306	5,754,701
Financial Instruments Adjustment Account	25a/25b	37,935,107	38,589,958
Revaluation Reserve	25a/25b	39,360,879	37,513,614
Available for Sale Financial Instruments Reserve	25a/25b	0	0
Pensions Reserve	25a/25b	20,486,430	18,611,492
Capital Receipts Deferred Account	25a/25b	0	0
Accumulated Absences Account	25a/25b	0	0
Landfill Regulations Reserve	25a/25b	(21,700,000)	(17,326,000)
Provisions Discount Rate Reserve	25a/25b	0	0
NET WORTH		48,014,934	47,017,781

Craigavon Borough Council
Cash Flow Statement at 31 March 2015

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	2014/15 £	2013/14 £
Net (surplus) or deficit on the provision of services		1,529,955	(9,763,824)
Adjustment to surplus or deficit on the provision of services for noncash movements		3,561,911	16,367,762
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(2,375,222)	(973,607)
		<hr/>	<hr/>
Net cash flows from operating activities	24a), 24c)	2,716,644	5,630,331
Net Cash flows from Investing Activities	24d)	(1,963,741)	(3,183,624)
Net Cash flows from Financing Activities	24e)	(65,246)	(1,561,679)
Net increase or decrease in cash and cash equivalents		687,657	885,028
Cash and cash equivalents at the beginning of the reporting period		3,606,155	2,721,127
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		<u>4,293,812</u>	<u>3,606,155</u>

Craigavon Borough Council

Notes to the Financial Statements

1a Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. 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 2014/15 and the Service Reporting Code of Practice 2014/15 (SeRCOP), 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 2014/15 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) Acquisitions

No significant acquisitions to note.

iii) Provision for Single Status, Job Evaluation and Pay and Grading Reviews

The Council has made a provision for the costs associated with Single Status (Note 18)

iv) 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.

v) 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.

vi) 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.

vii) Discontinued Operations

No major discontinued operations to note.

viii) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and 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.

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 on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of: a) when the offer cannot be withdrawn or b) when the related restructuring costs are incurred.

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, using a discount rate of 3.2% (based on the Aon Hewitt GBP Central AA Curve using the duration of the Employer's liabilities).

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:

Within the Cost of Services

Current Service Cost – the increase in the present value of the defined benefit obligation (liabilities) resulting from employee service in the current period.

Past Service Cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

Any Gains or Losses on Settlement – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure

Net Interest on the Net Defined Benefit Liability (Asset) – the change in the net defined benefit liability (asset) that arises from the passage of time,

Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

Any change in the Effect of the Asset Ceiling – (where applicable) excluding amounts included in the Net Interest on the Net Defined Benefit Liability (Asset).

Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer - the increase in scheme assets due to payments into the scheme by the employer.

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.

ix) 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 his 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.

x) 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.

xi) 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.

xii) 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 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 District Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Additional policy detail required where a Council has entered into financial guarantees or has financial liabilities at fair value through profit or loss (such as derivatives).

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 District 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 de-recognition 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 de-recognition 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).

Additional policy detail required where a Council has financial assets at fair value through profit or loss (such as derivatives).

Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the sections on Provisions, Contingent Liabilities and Contingent Assets.

xiii) Foreign Currency Translation

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

xiv) 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.

xv) 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 District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds) the Capital Receipts Reserve.

xvi) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

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.

xvii) 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 District 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.

xviii) 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.

xix) 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

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.

xx) 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.

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.

xxi) 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 2014/15* (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.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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.

xxii) 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 calculated on the following bases:

- vehicles (between 7 and 10 years), plant and equipment (5 years) – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

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.

xxiii) 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.

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

The Council's Heritage Assets are held in the Council's Museum space and the Civic and Conference Centre. The collections of heritage assets which are held in support of the primary objective of the Council's Museum section, i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Authority's collections of heritage assets are accounted for as follows.

Ceramics, Porcelain Work and Figurines

The collection of ceramics, porcelain work and figurines includes ceramic items and important figurines from the history of the local area. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis. The ceramics, porcelain work and figurines are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museum's curators in accordance with the authority's policy on valuations of ceramics, porcelain work and figurines.

Art Collection

The art collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at market value. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Machinery, Equipment and other Artefacts from the Pottery Industry

The Council considers that obtaining valuations for the vast majority of machinery, equipment and other artefacts from the pottery industry that are exhibited within the museum would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. Other than the small number of items that have been acquired recently, i.e. those recently bequeathed to the Council, the Council does not recognise this collection of heritage assets on the Balance Sheet.

Acquisitions are again initially recognised at cost or, if bequeathed or donated at nil consideration, at valuation.

Archaeology

The Council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

The Council's acquisitions principally relate to the collection donated in the early twentieth century. The Authority does not (normally) make any purchases of archaeological items.

Heritage Assets – General

The Heritage asset details are held on a register for insurance purposes. Along with the categories mentioned above the Council holds various items of jewellery, silverware, furniture and miscellaneous items such as a book collection. These are held at various museum sites including the Civic building. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xxii in this summary of significant accounting policies. The trustees of the Council's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see notes xx and xxii in this summary of significant accounting policies).

xxiv) 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.

xxv) 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.

xxvi) 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 off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and 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 [equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance]. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by minimum revenue provision [MRP] 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.

xxvii) 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.

xxviii) 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.

xxvii) The Carbon Reduction Commitment Scheme (CRC)

Not applicable

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

For 2014/15, the following accounting standards have been issued but not yet adopted within the Code of Practice on Local Authority Accounting

IFRS 13 Fair Value Measurement (2011)

The adoption of IFRS 13 Fair Value Measurement was deferred from the 2014/15 Code. Work has been carried out with HM Treasury to establish objectives for measuring property, plant and equipment that are consistent with the objective for the financial statements prescribed in the Code.

This work has confirmed that it is appropriate to focus on valuing the service potential and thus operating capacity used to deliver goods and services. Proposals were taken forward into the consultation for the 2015/16 Code that property, plant and equipment used to support service delivery is measured on the basis of its service potential, i.e. and existing use basis. Where no market is in existence or assets are specialised, a depreciated replacement cost measurement would be needed. These assets will not be formally valued at 'fair value' and thus under the requirements of IFRS 13 will be outside its scope.

The Council is of the view that these changes will have no material impact on the authorities financial position or performance at this stage.

The Council does not have material liabilities measured on a fair value basis and therefore does not anticipate that the provision of IFRS 13 will have any material impact on liabilities.

Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)

In November 2013 the IASB issued its amendments to IAS 19. CIPFA/LASAAC considered the options in the standard for accounting for employee contributions and concluded that if the amount of the contributions is independent of the years of service a council is permitted to recognise such contributions as a reduction to service cost in the period in which the related service is rendered. This is consistent with the approach currently adopted and therefore there will not be any significant change in accounting practice for the Council.

Annual Improvements cycles 2010 - 2012 and 2011 - 2013.

The IASB carries out cyclical work to identify and implement improvements in IFRS's. The 2010 - 2012 cycle was issued in November 2013 and the 2011 - 2013 cycle was issued in December 2013. These amendments have not yet been endorsed by the European Union and this endorsement would be required to be adopted into the Code. There are no significant issues affecting the Council emanating from the annual improvements work.

IFRIC 21 Levies (i.e. levies imposed by governments)

IFRIC 21 provides guidance on accounting for levies in the financial statements of the paying entity. CIPFA/LASAAC considers that the IFRIC would apply to local authorities and the 2015/16 code will be amended to reflect this.

The IFRIC relates to when to recognise a liability to pay a levy that is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The IFRIC sets out that the obligating event that gives rise to the liability to pay a levy is the activity that triggers the payment of the levy, that the liability is recognised progressively if the obligating event occurs over time and that if an obligation is triggered on reaching a minimum threshold the liability is recognised when that threshold is reached.

The Council does not currently have any significant levies and therefore this standard will have no material impact on the financial statements.

1c Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a below 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.
- Some of the Heritage assets held by Council have a nil value due to the nature of the type of donation to the Council. These are held for preservation.

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 2015 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.

The assets have been revalued as at 1 April 2013 as a formal exercise, then adjusted by indexation as provided by Land and Property Services (LPS) in the subsequent years.

ii) Provisions

The Council has made a provision for the settlement of Single status Process, based on the number of job evaluations and appeals received. The cost to the Council is uncertain but an estimate has been calculated for the potential Council liability. The final process began during 2014-15 and is due to be finalised during the 2015-16 financial year.

There is also a provision for Landfill aftercare costs in compliance with Northern Ireland Environmental Agency (NIEA) Regulations.

iii) 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 pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of 0.2%.

iv) Arrears

At 31 March 2015, the Council had a balance of sundry debtors for £496,680. The accounts include an allowance for doubtful debts of £52,612.

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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 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	2014/15		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	571,329	30,077	541,252
Recreation and Sport	12,531,393	3,890,458	8,640,935
Tourism	1,144,775	336,933	807,842
Community Services	3,841,891	1,036,731	2,805,160
Leisure and Recreational Services	18,089,388	5,294,199	12,795,189
Cemetery, Cremation and Mortuary	460,123	110,695	349,428
Environmental Health	1,395,622	210,344	1,185,278
Flood Defence and Land Drainage	0	0	0
Public Conveniences	178,957	7,291	171,666
Licensing	142,308	60,043	82,265
Other Cleaning	1,905,745	61,630	1,844,115
Waste Collection	4,754,441	464,563	4,289,878
Waste Disposal	2,514,825	3,068	2,511,757
Building Control	1,105,225	1,065,627	39,598
Other Community Assets	1,053,773	239,352	814,421
Minor Works	172,673	0	172,673
Environmental Services	13,683,692	2,222,613	11,461,079
Democratic Representation and Management	720,205	58,888	661,317
Corporate Management	2,791,977	323,812	2,468,165
DRM and Corporate Management	3,512,182	382,700	3,129,482
Economic Development	2,320,748	1,196,866	1,123,882
Trading Services	488,590	355,556	133,034
Non Distributed Costs	32,336	0	32,336
Central Services to the Public	423,309	358,768	64,541
Other Services	3,264,983	1,911,190	1,353,793
CONTINUING OPERATIONS	38,550,245	9,810,702	28,739,543

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2a Segmental Reporting Analysis - Current Year

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

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

	£	£
Net Cost of Services in Service Analysis		28,739,543
Items excluded from Service Analysis:		
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	
		<u>0</u>
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		28,739,543
Items included in Net Operating Expenditure excluded from Service Analysis:		
Other Operating Expenditure	29,435	
Financing and Investment Income and Expenditure	1,041,392	
Surplus or Deficit on Discontinued Operations	0	
		<u>1,070,827</u>
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		29,810,370

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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 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	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	605,260	13,425	591,835
Recreation and Sport	15,547,113	3,468,915	12,078,198
Tourism	1,211,869	386,428	825,441
Community Services	4,454,106	1,279,384	3,174,722
Leisure and Recreational Services	21,818,348	5,148,152	16,670,196
Cemetery, Cremation and Mortuary	634,027	129,310	504,717
Environmental Health	1,513,193	200,342	1,312,851
Flood Defence and Land Drainage	0	0	0
Public Conveniences	204,328	7,330	196,998
Licensing	140,912	94,633	46,279
Other Cleaning	1,707,286	49,065	1,658,221
Waste Collection	5,457,179	781,852	4,675,328
Waste Disposal	3,604,043	3,477	3,600,566
Building Control	1,133,758	877,307	256,452
Other Community Assets	2,725,958	164,834	2,561,124
Minor Works	178,276	0	178,276
Environmental Services	17,298,960	2,308,149	14,990,811
Democratic Representation and Management	787,998	15,841	772,157
Corporate Management	1,648,725	50,587	1,598,138
DRM and Corporate Management	2,436,723	66,428	2,370,295
Economic Development	2,570,866	1,554,107	1,016,759
Trading Services	587,800	7,011	580,789
Non Distributed Costs	942,365	0	942,365
Central Services to the Public	426,225	387,206	39,019
Other Services	4,527,256	1,948,324	2,578,932
CONTINUING OPERATIONS	46,081,287	9,471,053	36,610,234

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

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

	£	£
Net Cost of Services in Service Analysis		36,610,234
Items excluded from Service Analysis:		
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	
		<u>0</u>
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		36,610,234
Items included in Net Operating Expenditure excluded from Service Analysis:		
Other Operating Expenditure	(42,292)	
Financing and Investment Income and Expenditure	2,688,153	
Surplus or Deficit on Discontinued Operations	0	
		<u>2,645,861</u>
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		<u>39,256,095</u>

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

3a Adjustments between accounting basis and funding basis under regulations

	Notes	2014/15 £	2014/15 £	2013/14 £	2013/14 £
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:					
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	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10a/b & 10d/e	15,000		9,153,064	
Depreciation charged in the year on non-current assets	10a/10b,23	2,918,838	2,933,838	3,031,596	12,184,660
Net Revenue expenditure funded from capital under statute			0		0
Carrying amount of non current assets sold	10a/b & 10d/e	89,807		0	
Proceeds from the sale and insurance settlements of PP&E, investment property and intangible assets	23,25	(60,372)	29,435	(42,292)	(42,292)
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	20		3,686,000		3,266,000
Direct revenue financing of Capital Expenditure	11,25		(516,752)		(345,000)
Capital Grants and Donated Assets Receivable and Applied in year	9b		(2,314,850)		(1,214,104)
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		3,054		17,888
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
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					
Statutory Provision for the financing of Capital Investment	25a/25b		(1,232,048)		(1,224,615)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20a		(2,527,000)		(2,229,000)
			61,677		10,413,637

3b Net transfers (to)/from statutory and other earmarked reserves:

		2014/15 £	2014/15 £	2013/14 £	2013/14 £
Capital Fund					
Interest		0		0	
Other	25a/25b	(1,437,025)	(1,437,025)	(2,182,888)	(2,182,888)
Renewal and Repairs Fund					
Interest		0		0	
Other	25a/25b	1,998	1,998	23,757	23,757
Other Funds and earmarked reserves					
Interest		0		0	
Other	25a/25b	0	0	0	0
			(1,436,027)		(2,169,131)

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Cost of Services on Continuing Operations

4a Miscellaneous powers to make payments

Under section 37 of the Local Government Finance Act (Northern Ireland) 2011, the council may make payments for any purpose which in its opinion are in the interests of, and will bring direct benefit to:

- a) the Council;
- b) its district or any part of its district;
- c) the inhabitants of its district or any part of its district.

Limits on special payments are calculated by reference to section 40 of the Local Government Finance Act (Northern Ireland) 2011 and for this council the resulting limit was £55,724 for 2014/15 (£54,968 in 2013/14).

The Actual expenditure during 2014/15 amounted to £3,696, (£3,896 in 2013/14).

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.

	2014/15	2013/14
		Restated
	£	£
External Audit Fees	27,000	25,300
Grant Claim Certification Fees	1,500	1,000
Other Fees	4,673	4,000
	33,173	30,300

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2013/14 £NIL).

There is a debtor included in Note 14 to reimburse a proportion of Audit fees from Central Government.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Cost of Services on Continuing Operations (Continued)

5 Operating and Finance Leases

Council as Lessor:

5a Finance Leases (Council as lessor)

The Council has no finance Leases as a lessor.

5b Operating Leases (Council as lessor)

The Council, in accordance with its statutory and discretionary responsibilities, leases out property and equipment 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 purposes

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £12,850 (previous year: £13,100). No contingent rents were recognised.

The lease contracts have lease terms between 1 and 985 years. Future minimum lease income is set out below:

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	7,350	0	13,100	0
Later than 1 year and no later than 5 years	16,867	0	30,750	0
Later than 5 years	2,125	0	4,900	0
	26,342	0	48,750	0

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	6,059,620	0	6,059,620	0
Accumulated depreciation and impairments at 1 April	0	0	0	0
Depreciation charge for the year	0	0	0	0
Impairments	0	0	0	0
	6,059,620	0	6,059,620	0

Council as Lessee:

5c Finance Leases (Council as lessee)

The Council does not have any finance leases as a lessee.

5d Operating Leases (Council as lessee)

The Council has acquired its office copiers and printers by entering into operating leases with typical lives of between 3 and 5 years

The lease of land relates mainly to South Lough Neagh shoreline project that Council is undertaking
The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2014/15		2013/14	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	1,483	28,515	1,293	23,671
Contingent rentals	0	0	0	0
Less: Sublease payments receivable	0	0	0	0
	1,483	28,515	1,293	23,671

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Council.

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	1,483	26,406	1,293	24,314
Later than 1 year and no later than 5 years	5,932	10,111	5,172	25,488
Later than 5 years	5,018	0	4,260	0
	12,433	36,517	10,725	49,802

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6a Staff Costs

	2014/15	2013/14
	£	£
Salaries and wages	14,368,171	13,618,363
Employers National Insurance	965,287	957,142
Employers pension costs	2,457,906	2,141,313
Total	17,791,364	16,716,818

In addition, agency costs during the year amounted to £427,024 (2013/14 £754,518).

The Council's current contribution rate to the NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% (2011: 82%) of the liabilities accrued up to that date.

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

	2014/15	2013/14
	FTE	Restated FTE
Environmental services	184	174
Leisure services	218	211
Other	154	150
Total Number	556	535
	Actual Numbers	Actual Numbers
Full-time numbers employed	472	457
Part-time numbers employed	142	132
Total Number	614	589

*Note 6a) & b) have been adjusted to reflect the employees working For Rural Development Joint Committee are not included within the Council's Accounts.

6c Senior Employees' Remuneration

	2014/15	2013/14
£50,001 to £60,000	0	1
£60,001 to £70,000	3	5
£70,001 to £80,000	0	0
£80,001 to £90,000	2	0
£90,001 to £100,000	0	1
Total Number	5	7

6d Members' Allowances

During the year Members' allowances (paid under Part 3, Sections 31 to 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £365,917 (2013/14 £396,185) and are as follows:

	2014/15	2013/14
	£	£
Salaries	0	0
Basic allowance	198,380	243,522
Mayor's & Deputy Mayor's Allowance	18,000	18,000
Special Responsibility Allowances	20,922	22,122
Dependents' carers allowance	2,483	3,020
Statutory Transition Committee Allowances	3,037	9,000
Employer costs	45,059	56,756
Mileage	14,374	19,026
Conferences and Courses	4,779	6,940
Travel & Subsistence Costs	0	0
Miscellaneous Costs	2,983	1,999
Severance Payments *	55,800	15,800
Total	365,817	396,185

* Severance payments shown above are made under the Local Government (Severance Payments to Councillors) Regulations (NI) 2013 and are fully funded by the Northern Ireland Executive.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

6e Exit Packages

During the year the Council agreed a number of exit packages. Total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£0 to £20,000	0	8	0	0	0	8	0	89,905
£20,001 to £40,000	0	0	0	0	0	0	0	0
£40,001 to £60,000	0	0	0	0	0	0	0	0
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 to £100,000	0	0	0	0	0	0	0	0
£100,001 to £150,000	0	0	0	0	0	0	0	0
Total	0	8	0	0	0	8	0	89,905

There were no exit packages for 2014-15

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

7 Other Operating Expenditure

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

	2014/15	2013/14
	£	£
Proceeds from sale and insurance settlements	(60,372)	(42,292)
Carrying amount of non-current assets sold (excl Investment Properties)	89,807	0
	29,435	(42,292)

7b Other Operating Income/Expenditure

	2014/15	2013/14
	£	£
Income	0	0
Expenditure	0	0
	0	0

Summary

Other Operating Gross Income	0	(42,292)
Other Operating Gross Expenditure	29,435	0

Summary of Other Operating expenditure:

	2014/15	2013/14
	£	£
Surplus/Deficit on Non-Current Assets	29,435	(42,292)
Other Operating Income/Expenditure	0	0
Total Other Operating expenditure	29,435	(42,292)

8 Financing and Investment Income and Expenditure

8a Interest Payable and Similar Charges

	2014/15	2013/14
	£	£
Lease/hire purchase interest	0	0
Bank interest	0	0
Loan Interest	0	0
Other interest (GLF and LOBO'S)	374,197	443,707
	374,197	443,707

8b Interest and Investment Income

	2014/15	2013/14
	£	£
Bank interest	0	0
<i>Investment income on Fund Balances</i>		
Capital Fund	0	0
Repairs & Renewals Fund	0	0
Other Funds	0	0
Other Investment income	(156,839)	(160,918)
	(156,839)	(160,918)

8c Pensions interest costs

	2014/15	2013/14
	£	£
Net interest on the net defined benefit liability (asset)	691,000	565,000
	691,000	565,000

8d (Surplus)/deficit on trading operations

	2014/15	2013/14
	£	£
Income from trading	(355,556)	(335,462)
Expenditure	488,590	432,288
(Surplus)/deficit for the year	133,034	96,826

8e Income, Expenditure and changes in Fair Value of Investment Properties

	2014/15	2013/14
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	0	0
Expenditure	0	0
De-recognition in relation to amounts written off	0	0
<i>Net income from investment properties</i>	0	0
(Surplus)/deficit on sale of Investment Properties:		
Proceeds from sale	0	0
Carrying amount of investment properties sold	0	0
<i>(Surplus)/deficit on sale of Investment Properties</i>	0	0
Changes in Fair Value of Investment Properties	0	1,743,538
	0	1,743,538

Summary

Financing and Investment Gross Income	(512,395)	(496,380)
Financing and Investment Gross Expenditure	1,553,787	3,184,533

Summary of Financing and Investment Income and Expenditure:

	2014/15 £	2013/14 £
Interest Payable and Similar Charges	374,197	443,707
Interest and Investment Income	(156,839)	(160,918)
Pensions interest cost	691,000	565,000
(Surplus)/deficit on trading operations	133,034	96,826
Changes in Fair Value of Investment Properties	0	1,743,538
Other investment income	0	0
Total Financing and Investment Income and Expenditure	1,041,392	2,688,153

	2014/15			2013/14		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	374,197	0	374,197	443,707	0	443,707
Interest and Investment Income	0	156,839	(156,839)	0	160,918	(160,918)
Pensions interest cost	691,000	0	691,000	565,000	0	565,000
(Surplus)/deficit on trading operations	488,590	355,556	133,034	432,288	335,462	96,826
Changes in Fair Value of Investment Properties	0	0	0	1,743,538	0	1,743,538
Other investment income	0	0	0	0	0	0
	1,553,787	512,395	1,041,392	3,184,533	496,380	2,688,153

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

9 Taxation and Non-Specific Grant Income

9a Revenue Grants

	2014/15	2013/14
	£	£
General	3,402,747	3,274,968
	3,402,747	3,274,968

9b Capital Grants and Donated Assets-Applied

	2014/15	2013/14
	£	£
Government & Other Grants-Conditions met and applied in year	2,314,850	1,214,104
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
	2,314,850	1,214,104

9c Capital Grants-Unapplied

	2014/15	2013/14
	£	£
Government & Other Grants-Conditions met and not applied in year	0	0
Other	0	0
	0	0

9d District Rates

	2014/15	2013/14
	£	£
Current year	25,622,729	25,003,199
Finalisation - previous year	0	0
Transitional Relief	0	0
Finalisation - other years	0	0
	25,622,729	25,003,199

Summary of Taxation and Non-Specific Grant Income:

	2014/15	2013/14
	£	£
District Rates Income	25,622,729	25,003,199
Revenue Grants	3,402,747	3,274,968
Capital Grants and Contributions	2,314,850	1,214,104
Total Taxation and Non-Specific Grant Income	31,340,326	29,492,271

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10a Long-Term Assets Note - Current Year

	Land	Buildings			Infrastructure Assets	Property, Plant & Equipment (PP&E)		PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties	Intangible Assets	TOTAL
		£	£	£		Landfill Site	Vehicles, Plant & Equipment						
Cost or Valuation At 1 April 2014	30,414,022	46,957,226	834,605	0	15,383,208	493,599	809,175	0	0	94,891,835	0	0	94,891,835
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance Additions (Note 11)	30,414,022	46,957,226	834,605	0	15,383,208	493,599	809,175	0	0	94,891,835	0	0	94,891,835
Donations	0	0	112,324	0	419,006	4,680	3,349,634	0	0	3,866,644	0	0	3,866,644
Revaluation increases/decreases to Revaluation Reserve	0	3,630,114	0	0	0	0	0	0	0	3,630,114	0	0	3,630,114
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(15,000)	0	0	0	0	0	0	0	0	(15,000)	0	0	(15,000)
Demolition - Disposals	(25,000)	(77,141)	0	0	(30,840)	0	0	0	0	(132,981)	0	0	(132,981)
Demolition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	(831,620)	1,172,825	50,965	0	0	0	(1,223,760)	831,620	0	(85,000)	0	0	(85,000)
Reclassified to Held for Sale	(85,000)	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
Adjustment-Landfill Deferred Charge (Note 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	29,457,402	51,683,025	997,694	0	15,771,374	498,279	2,935,019	831,620	0	102,174,612	0	0	102,174,612
Depreciation and Impairment At 1 April 2014	0	11,292,816	115,904	0	13,497,736	456,790	0	0	0	25,363,246	0	0	25,363,246
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	11,292,816	115,904	0	13,497,736	456,790	0	0	0	25,363,246	0	0	25,363,246
Depreciation Charge	0	2,180,534	39,916	0	663,893	34,495	0	0	0	2,918,838	0	0	2,918,838
Depreciation written out on Revaluation Reserve	0	947,916	0	0	0	0	0	0	0	947,916	0	0	947,916
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	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
Demolition - Disposals	0	(12,334)	0	0	(30,840)	0	0	0	0	(43,174)	0	0	(43,174)
Demolition - Other	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
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	0	14,408,934	155,820	0	14,130,769	491,285	0	0	0	29,186,828	0	0	29,186,828
Net Book Value At 31 March 2015	29,457,402	37,274,091	842,074	0	1,640,685	6,994	2,935,019	831,620	0	72,987,764	0	0	72,987,764
At 31 March 2014	30,414,022	35,664,408	718,701	0	1,885,472	36,809	809,175	0	0	69,528,587	0	0	69,528,587

Intangible Assets
Craigavon Borough Council does not hold any intangible Assets

Investment properties
Craigavon Borough Council does not hold any Investment Properties

Valuations
A formal valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services and then adjusted by indexation as provided by LPS. Please refer to note 1A(xcxi) for further information on revaluation and depreciation policies.

Effects of Changes in Estimates
Please note the revaluations comments above.

Impairments
There are no impairment losses during the year.

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10b Long-Term Assets Note - Comparative Year

	Property, Plant & Equipment (PPE)										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 2013	27,025,089	39,703,754	589,654	0	15,051,236	493,599	993,647	0	83,856,978	2,575,158	0	88,432,136
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	27,025,089	39,703,754	589,654	0	15,051,236	493,599	993,647	0	83,856,978	2,575,158	0	86,432,136
Additions (Note 11)	0	0	197,853	0	582,411	0	3,122,820	0	3,903,084	0	0	3,903,084
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	7,635,528	6,324,593	0	0	0	0	0	0	13,960,119	0	0	13,960,119
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(5,078,213)	(2,331,313)	0	0	0	0	0	0	(7,409,526)	(1,743,538)	0	(9,153,064)
Derecognition - Disposals	0	0	0	0	(250,439)	0	0	0	(250,439)	0	0	(250,439)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	831,620	3,280,193	47,098	0	0	0	(3,307,281)	0	831,620	(831,620)	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 2014	30,414,022	48,957,228	834,605	0	15,383,208	493,599	808,175	0	94,891,835	0	0	94,891,835
Depreciation and Impairment												
At 1 April 2013	0	9,111,584	82,520	0	13,010,875	377,312	0	0	22,582,091	0	0	22,582,091
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	9,111,584	82,520	0	13,010,875	377,312	0	0	22,582,091	0	0	22,582,091
Depreciation Charge	0	2,181,234	33,384	0	737,500	79,478	0	0	3,031,596	0	0	3,031,596
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	0	0	0	0	0	0	0	0	0	0	0
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	(250,439)	0	0	0	(250,439)	0	0	(250,439)
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 2014	0	11,292,818	115,904	0	13,497,736	456,790	0	0	25,363,248	0	0	25,363,248
Net Book Value												
At 31 March 2014	30,414,022	35,664,408	718,701	0	1,885,472	36,609	808,175	0	89,528,587	0	0	89,528,587
At 31 March 2013	27,025,089	30,592,170	507,134	0	2,040,581	116,287	993,647	0	61,274,887	2,575,158	0	63,850,045

Intangible Assets
Craigavon Borough Council does not hold any intangible Assets

Investment properties

The investment property relating to land at Pinebank was reclassified as non operational land.

Valuations

A formal valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services and then adjusted by indexation as provided by L.P.S. Please refer to note 1A(xc) for further information on revaluation and depreciation policies.

Effects of Changes in Estimates

Please note the revaluations comments above

Impairments

During this revaluation exercise there was an impairment on the investment property in the above table. This refers to land at Pinebank and was reclassified as non operational land during the year.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

**10c Long-Term Assets - Leased Assets
At 31 March 2015**

<u>LEASED ASSETS (included within vehicles, plant and equipment)</u>	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2014	0	0	0
Additions	0	0	0
Disposals	0	0	0
At 31 March 2015	0	0	0
Depreciation			
At 1 April 2014	0	0	0
Disposals	0	0	0
Provided for year	0	0	0
At 31 March 2015	0	0	0
Net Book Value			
At 31 March 2015	0	0	0
At 31 March 2014	0	0	0

Comparative Year

<u>LEASED ASSETS (included within vehicles, plant and equipment)</u>	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2013	0	0	0
Additions	0	0	0
Disposals	0	0	0
At 31 March 2014	0	0	0
Depreciation			
At 1 April 2013	0	0	0
Disposals	0	0	0
Provided for year	0	0	0
At 31 March 2014	0	0	0
Net Book Value			
At 31 March 2014	0	0	0
At 31 March 2013	0	0	0

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Heritage Assets

10d

Cost or Valuation	Ceramics	Art	Pottery	General	Total
	£	Collection	Machinery	£	Assets
	£	£	£	£	£
At 1 April 2013	0	0	0	229,000	229,000
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Derecognition - Other	0	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
At 31 March 2014	0	0	0	229,000	229,000
Cost or Valuation					
At 1 April 2014	0	0	0	229,000	229,000
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Derecognition - Other	0	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0
At 31 March 2015	0	0	0	229,000	229,000

Ceramics, Porcelain Work and Figurines

The Council does not hold assets under this classification

Art Collection

The Council does not hold assets under this classification

Machinery, Equipment and other Artefacts from the Pottery Industry

The Council does not hold assets under this classification

General

The Council's museum collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated periodically. The collection includes historical literature and coin collections amongst other items.

Additions of Heritage Assets

Additions comprise:	2014/15	2013/14
	£	£
Purchases at Auction of:	0	0
Acquisitions made of:	0	0
Donations from:	0	0
Total Additions	0	0

Disposals in 2014/15:

There were no disposals of Heritage Assets during the year.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

10e Assets Held for Sale

At 31 March 2015	Assets Held for Sale-Current	Assets Held for Sale-Non-current	TOTAL
	£		£
Cost or Valuation			
At 1 April 2014	0	0	0
Transferred from Non-Current Assets during year	85,000	0	85,000
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	0	0	0
Transferred to Property, Plant & Equipment during year	0	0	0
At 31 March 2015	85,000	0	85,000
Impairment			
At 1 April 2014	0	0	0
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	0	0	0
Transferred to Property, Plant & Equipment during year	0	0	0
At 31 March 2015	0	0	0
Net Book Value			
At 31 March 2015	85,000	0	85,000
At 31 March 2014	0	0	0

The Council intends to dispose of a piece of land at Mourne Road that it no longer uses. The sale is expected to take place within the next 3 months.

Comparative Year

At 31 March 2014	Assets Held for Sale-Current	Assets Held for Sale-Non-current	TOTAL
	£		£
Cost or Valuation			
At 1 April 2013	0	0	0
Transferred from Non-Current Assets during year	0	0	0
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
At 31 March 2014	0	0	0
Impairment			
At 1 April 2013	0	0	0
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
At 31 March 2014	0	0	0
Net Book Value			
At 31 March 2014	0	0	0
At 31 March 2013	0	0	0

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10f Investment Properties

The Council does not hold any investment properties.

The following items of income and expense have been recognised in the Comprehensive Income and Expenditure Statement:

	2014/15	2013/14
	£	£
Rental income from investment property	0	0
Direct operating expenses arising from investment property	0	0
Net gain/(loss)	0	0

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

11 Capital Expenditure and Capital Financing

NOTE: 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.

	2014/15	2013/14
	£	£
Opening Capital Financing Requirement	13,632,483	12,513,118
<i>Capital Investment</i>		
Property, Plant and Equipment	3,885,644	3,903,084
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	(2,314,850)	(1,214,104)
Transfers from Earmarked Reserves	0	0
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(516,752)	(345,000)
Minimum Revenue Provision	(1,232,048)	(1,224,615)
Closing Capital Financing Requirement	13,454,477	13,632,483

Explanation of Movements in Year	2014/15	2013/14
	£	£
(Decrease)/increase in underlying need to borrow	(178,006)	1,119,365
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
(Decrease)/increase in Capital Financing Requirement	(178,006)	1,119,365

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

12 Future Capital Commitments

The Council has no ongoing programme of capital works.

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	0	0	0
Total	0	0	0

13 Inventories

	2014/15	2013/14	2012/13
	£	£	£
Central Stores	138,011	162,974	94,803
Other	68,524	59,946	60,287
Total	206,535	222,920	155,090

The cost of inventories written down and recognised as an expense in 'services' amounted to £8k (2013/14: £1K)

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

14 Debtors

	2014/15	2013/14	2012/13
	£	£	£
14a Long Term Debtors			
Government Departments	0	0	0
Other Councils	0	0	0
Public corporations and trading funds	0	0	0
Bodies external to general government	0	0	0
Employee car loans	625	1,875	4,500
Grants	0	0	0
Loans and advances	0	0	0
Finance lease debtors (Note 5c)	0	0	0
Trade debtors	0	0	0
NIHE Loans	1,810,045	1,903,456	1,993,004
Other	0	0	0
Impairment of loans and receivables	0	0	0
Total Long-Term Debtors	1,810,670	1,905,331	1,997,504
14b Short Term Debtors			
Government Departments	2,767,227	1,616,673	2,227,704
Other Councils	506,835	661,689	352,717
Public corporations and trading funds	0	0	0
Bodies external to general government	0	0	0
Employee car loans	1,250	2,625	2,750
Grants	0	0	0
Value Added Tax	1,445,945	840,939	913,082
Prepayments	125,966	95,063	202,950
Finance lease debtors (Note 5c)	0	0	0
Other	253,042	663,991	457,209
Trade receivables	142,938	247,625	554,855
Impairment loss - Trade receivables	(52,612)	(8,631)	0
Total Short-Term Debtors	5,190,591	4,119,974	4,711,266
Total Debtors	7,001,261	6,025,305	6,708,770

The increase in debtors is primarily due to the increase in the VAT debtor and the increase in Government Departments debtor in relation to the Community Greenway Project.

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

15a Long-Term Investments

	2014/15	2013/14	2012/13
	£	£	£
Investments - general	0	0	0
Investments - repairs and renewals	0	0	0
Investments - capital fund	0	0	0
Investments - other	0	0	0
Total Long-term Investments	0	0	0

Analysed over:

	2014/15	2013/14	2012/13
	£	£	£
Money market deposits	0	0	0
Other deposits	0	0	0
Total Long-term Investments	0	0	0

15b Short-Term Investments

	2014/15	2013/14	2012/13
	£	£	£
Investments - general	0	0	0
Investments - repairs and renewals	0	0	0
Investments - capital fund	0	0	0
Investments - other	0	0	0
Total Short-term Investments	0	0	0

Analysed over:

	2014/15	2013/14	2012/13
	£	£	£
Money market deposits	0	0	0
Other deposits	0	0	0
Total Short-term Investments	0	0	0

Total Long Term and Short-term Investments	0	0	0
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**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

16a Short Term Borrowing

	2014/15	2013/14	2012/13
	£	£	£
Loans re-payable within one year	0	0	1,500,000
Finance Lease Principal	0	0	0
Total Short Term Borrowing	0	0	1,500,000

16b Long Term Borrowing

	2014/15	2013/14	2012/13
	£	£	£
Between 1 and 2 years	0	0	241
Between 2 and 5 years	0	0	0
Between 5 and 10 years	3,741	4,244	0
In more than 10 years	6,276,067	6,340,810	6,406,492
Total Borrowing	6,279,808	6,345,054	6,406,733
Analysed over:			
Loans	5,000,000	5,000,000	5,000,000
Government Loans Fund	1,279,808	1,345,054	1,406,733
Total Borrowing	6,279,808	6,345,054	6,406,733

Total Borrowing	6,279,808	6,345,054	7,906,733
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Interest rates on Government Loans range between 4.7% and 11.125%.

17a Short Term Creditors

	2014/15	2013/14	2012/13
	£	£	£
Government Departments	76,979	97,879	196,398
Other Councils	912,264	658,423	453,352
Public corporations and trading funds	0	0	0
Bodies external to general government	0	0	0
Rates clawback	0	0	0
VAT Creditor	266,515	217,749	344,889
Remuneration due to employees	134,011	0	0
Accumulated Absences	212,202	209,148	191,260
Receipts in advance	157,256	335,490	308,047
Trade creditors	2,208,279	2,125,603	2,011,366
Other	0	0	0
Total Short Term Creditors	3,967,506	3,644,293	3,505,312

17b Long Term Creditors

	2014/15	2013/14	2012/13
	£	£	£
Other creditors falling due after more than one year			
Government Departments	0	0	0
Other Councils	0	0	0
Public corporations and trading funds	0	0	0
Bodies external to general government	0	0	0
Rates clawback	0	0	0
Other	0	0	0
Total Long Term Creditors	0	0	0
Total Creditors	3,967,506	3,644,293	3,505,312

17c Creditor Payment days

District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by central government in response to the current economic position. Councils are asked, as a note to the accounts, to complete the information below. Councils are also requested to continually review their payment performance.

The default target for paying invoices, where no other terms are agreed, is 30 days. (It is assumed that 30 days will be 30 calendar days and 10 days will be 10 working days).

During the year the Council paid 13,600 invoices totalling £24,198,615

The Council paid 9,990 invoices on 30 day terms.

The Council paid 3,514 invoices on 10 day terms.

The Council paid 3,610 invoices outside 30 day term.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

18 Provisions

	At 1 April 2014	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2015
	£	£	£	£	£	£
Single status	1,763,755	0	200,453	0	0	1,563,302
Landfill closure	3,515,084		75,749	0	(561,493)	2,877,842
Legal Issues	0	400,000	0	0	0	400,000
	5,278,839	400,000	276,202	0	(561,493)	4,841,144

Current Provisions	1,763,755	0	200,453	0	0	1,563,302
Long Term Provisions	3,515,084	400,000	75,749	0	(561,493)	3,277,842
	5,278,839	400,000	276,202	0	(561,493)	4,841,144

Comparative 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	821,390	942,365	0	0	0	1,763,755
Landfill closure	2,320,112	1,259,894	64,922	0	0	3,515,084
Legal Issues	0	0	0	0	0	0
	3,141,502	2,202,259	64,922	0	0	5,278,839

Current Provisions	821,390	942,365	0	0	0	1,763,755
Long Term Provisions	2,320,112	1,259,894	64,922	0	0	3,515,084
	3,141,502	2,202,259	64,922	0	0	5,278,839

Provisions - Additional Disclosure

Provisions are funds set aside in order that the council meets its financial obligations.

Single Status Provision - This provision is set aside to provide for costs associated with a review of salaries and wages. This review is at appeal stage and is currently in progress and should be completed during 2015/16 financial year

Landfill Closure - NI Environment Agency - requirement of an adequate provision for Landfill aftercare costs. This was formally revalued in 2014/15 by an external company to ensure that the provision is an adequate estimate for the landfill cost liability over the next 54 years. The provision is discounted and unwinded according to HM Treasury Guidance. The discounts range from -1.5% to 2.2% over the aftercare life.

Legal Issues - The provision is set aside for potential legal costs and repayment claims that are currently ongoing

**Craigavon Borough Council
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19 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	442,190
More than three months	54,490
	496,680

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 has Euro bank account of a £5k float for payments, however due to the size of the bank balance this would not be considered a 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 that differ from the prevailing market rates. The fair value of these loans is £7,020,909, analysed as follows.

	£
Government Loans	1,879,543
Market Loans	5,141,366
Total	7,020,909

The Council has made no loans to voluntary organisations during 2014/15.

Voluntary Body in Receipt of Loan	Amount (£)	Repayment Due
na	0	0

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20 Retirement Benefits

20a 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.

20b 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	2014/15	2013/14
		£	£
Net cost of services:			
Current service cost		2,995,000	2,687,000
Past service cost/(gain)		0	14,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		691,000	565,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		3,686,000	3,266,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(3,686,000)	(3,266,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		2,527,000	2,229,000
Net charge to the Comprehensive Income and Expenditure Statement		(1,159,000)	(1,037,000)

The service cost figures include an allowance for administration expenses of 0.3% (£37K).

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2014/15	2013/14
Liability gains/(losses) due to change in assumptions		9,267,000	(2,985,000)
Liability experience gains/(losses) arising in the year		(358,000)	7,966,000
Actuarial gains/(losses) on plan assets		(5,694,000)	(1,996,000)
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		3,215,000	2,985,000

20c **Assets and liabilities in relation to retirement benefits**

Reconciliation of present value of the scheme liabilities:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		81,391,000	71,791,000
Current service cost		2,995,000	2,687,000
Interest cost		3,475,000	3,274,000
Contributions by members		774,000	685,000
Remeasurement (gains) and losses:			
- Actuarial gains/losses arising on liabilities from experience		(358,000)	7,972,000
- Actuarial gains/losses arising from demographic changes		0	(2,637,000)
- Actuarial gains/losses arising from changes in financial assumptions		9,267,000	(445,000)
- Other (if applicable)			
Past service costs/(gains)		0	14,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		(55,000)	(57,000)
Estimated benefits paid		(1,917,000)	(1,893,000)
Balance as at 31 March		95,572,000	81,391,000

Reconciliation of present value of the scheme assets:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		64,065,000	58,396,000
Interest Income		2,784,000	2,709,000
Contributions by members		774,000	685,000
Contributions by employer		2,472,000	2,172,000
Contributions in respect of unfunded benefits		55,000	57,000
Remeasurement gain/(loss)		5,694,000	1,996,000
Assets distributed on settlements		0	0
Unfunded benefits paid		(55,000)	(57,000)
Benefits paid		(1,917,000)	(1,893,000)
Balance as at 31 March		73,872,000	64,065,000

The Overall fund return for 2014/15 was 13.1%. This includes any adjustment to reflect the difference between fund returns and estimated index returns used over the last accounting period, where appropriate.

The actual return on scheme assets in the year was a gain of £8,478,000 (2013/14 gain of £4,705,000).

Fair Value of Plan Assets

	Restated		
	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Equity investments	53,926,560	47,536,230	44,147,376
Bonds	9,012,384	7,687,800	6,657,144
Property	9,307,872	7,175,280	4,496,492
Cash	1,477,440	1,665,690	2,744,612
Other	147,744		350,376
	73,872,000	64,065,000	58,396,000

The above asset values are at bid value as required by IAS 19.

The amounts included in the fair value of plan assets for property occupied by the Council was nil.

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

	Restated		
	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Fair Value of Employer Assets	73,872,000	64,065,000	58,396,000
Present value of funded defined benefit obligation	(94,875,000)	(80,662,000)	(70,951,000)
Pension asset/(liability) of Funded Scheme	(21,003,000)	(16,597,000)	(12,555,000)
Present Value of unfunded defined benefit obligation	(697,000)	(729,000)	(840,000)
Other movement in the liability (asset) (if applicable)	0	0	0
Net asset/(liability) arising from the defined benefit obligation	(21,700,000)	(17,326,000)	(13,395,000)
<i>Amount in the Balance sheet:</i>			
Liabilities	(21,700,000)	(17,326,000)	(13,395,000)
Assets	0	0	0
Net Asset/(Liability)	(21,700,000)	(17,326,000)	(13,395,000)

Analysis of scheme assets and liabilities

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Fair Value of Assets in pension scheme	73,872,000	64,065,000	58,396,000
Present Value of Defined Benefit Obligation	(95,572,000)	(81,391,000)	(71,791,000)
Surplus/(deficit) in the Scheme	(21,700,000)	(17,326,000)	(13,395,000)

Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Actuarial gains/(losses)	(8,909,000)	(2,894,000)	(4,000)
Expected Return on Plan Assets	5,694,000	0	0
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	0	0	0
Remeasurements recognised in Other Comprehensive Income and Expenditure	(3,215,000)	(2,894,000)	(4,000)
Cumulative actuarial gains and losses	(13,088,000)	(9,873,000)	(6,979,000)

History of experience gains and losses:

Experience gains and (losses) on assets	5,694,000	1,996,000	(6,196,000)
Experience gains and (losses) on liabilities	(358,000)	7,972,000	(34,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £21,700,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £21,700,000.

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 2016

	31/03/2016	31/03/2016
	£	%
Projected current cost	3,154,000	24.7%
Net Interest on the net defined benefit liability (asset)	653,000	5.1%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	3,807,000	29.8%

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 2016 is £3,154,000.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2014/15 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2015.

	31/03/2015	31/03/2014	31/03/2013
	%	%	%
Experience gains and (losses) on Assets	7.7%	3.1%	-10.6%
Experience gains and (losses) on Liabilities	0.4%	-9.8%	0.0%

20e **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 Hymans Robertson LLP, 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 2015.

	2014/15	2013/14
Long-term expected rate of return on assets in the scheme:		
Equity investments	73.00%	74.20%
Bonds	12.20%	12.00%
Property	12.60%	11.20%
Cash	2.20%	2.60%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.2 years	22.1 years
Women	24.7 years	24.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4 years	24.3 years
Women	27 years	26.9 years
Inflation/Pension Increase Rate	1.80%	2.40%
Salary Increase Rate	3.30%	3.90%
Expected Return on Assets	13.10%	7.30%
Discount Rate	3.20%	4.30%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

20f **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 2015 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

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	93.022	96.765
% change in the present value of the total obligation	-2.0%	2.0%
Projected service cost	3.054	3.256
Approximate % change in projected service cost	-3.20%	3.20%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	95.586	94.172
% change in the present value of the total obligation	0.7%	-0.7%
Projected service cost	3.154	3.154
Approximate % change in projected service cost	0.0%	0.0%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	96.171	93.597
% change in the present value of the total obligation	1.4%	-1.3%
Projected service cost	3.256	3.054
Approximate % change in projected service cost	3.2%	-3.2%
Post Retirement Mortality Assumption		
Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation	97.432	92.315
% change in the present value of the total obligation	2.7%	-2.7%
Projected service cost	3.261	3.047
Approximate % change in projected service cost	3.4%	-3.4%

* 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 that.

20g 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:

	31/03/2015	31/03/2014	31/03/2013
	%	%	%
Equity investments	73.0	74.2	75.6
Bonds	12.2	12.0	11.4
Property	12.6	11.2	7.7
Cash	2.2	2.6	5.3
	100.0	100.0	100.0

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21 Donated Assets Account

The Council does not hold any donated assets

	Note	2014/15	2013/14	2012/13
		£	£	£
Opening balance		0	0	0
Add: new donated assets received (condition of use not met)		0	0	0
Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account (conditions met)		0	0	0
		0	0	0

	Note	2014/15	2013/14	2012/13
		£	£	£
Donated Assets Account				
Donation A		0	0	0
Donation B		0	0	0
Donation C		0	0	0
		0	0	0

22 Capital Grants Received in Advance

The Council does not hold any Capital Grant Receipts in advance

	Note	2014/15	2013/14	2012/13
		£	£	£
Opening balance		0	0	0
Add: new capital grants received in advance (condition of use not met)		0	0	0
Less: amounts released to the Comprehensive Income and Expenditure Statement		0	0	0
		0	0	0

The Council does not hold any Capital Grants Receipts in advance

	Note	2014/15	2013/14	2012/13
		£	£	£
Capital Grants Receipts in Advance				
Grant A		0	0	0
Grant B		0	0	0
Grant C		0	0	0
		0	0	0

23 Contingencies

The Council has no contingencies to disclose.

Craigavon Borough Council
Notes to the Financial Statements
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**24a Analysis of Adjustments to Surplus/Deficit
on the Provision of Services**

	2014/15	2013/14
Notes	£	£
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	2,918,838	3,031,596
Impairment & downward revaluations (& non-sale)	15,000	9,153,064
(Increase)/decrease in Stock	16,385	(67,830)
(Increase)/decrease in Debtors	(634,587)	867,695
Increase/(decrease) in impairment provision for bad debts	43,981	0
Increase/(decrease) in Creditors	391,182	208,898
Increase/(decrease) in Interest Creditors	0	0
Payments to NILGOSC	1,159,000	1,037,000
Carrying amount of non-current assets sold	89,807	0
AIC/WIP written off to Net Cost of Services	0	0
Contributions to Other Reserves/Provisions	(437,695)	2,137,339
Amounts posted to CIES from Donated Assets Account	21	0
	<u>3,561,911</u>	<u>16,367,762</u>

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities

Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	443,707
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	(160,918)
Proceeds from the sale of PP&E, investment property and intangible assets	(60,372)	(42,292)
Capital grants included in "Taxation & non-specific grant income"	(2,314,850)	(1,214,104)
	<u>(2,375,222)</u>	<u>(973,607)</u>

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Notes to the Financial Statements
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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:

	31/03/2015 £	31/03/2014 £	31/03/2013 £
Cash and Bank balances	1,293,812	1,606,155	721,127
Short Term Investments (considered to be Cash Equivalents)	3,000,000	2,000,000	2,000,000
Short Term Deposits (considered to be Cash Equivalents)	0	0	0
Bank Overdraft	0	0	0
	<u>4,293,812</u>	<u>3,606,155</u>	<u>2,721,127</u>

24c Cash Flow Statement-Operating Activities

	2014/15 £	2013/14 £
<i>The cash flows from operating activities include:</i>		
Interest received	<u>156,839</u>	<u>160,918</u>
Interest paid	<u>374,197</u>	<u>443,707</u>

Craigavon
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24d Cash flows from Investing Activities

	2014/15 £	2013/14 £
Purchase of PP&E, investment property and intangible assets less opening adjustments	3,953,612	4,157,231
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	443,707
Proceeds from the sale of PP&E, investment property and intangible assets	324,979	(42,292)
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	(160,918)
Capital Grants and Contributions Received	(2,314,850)	(1,214,104)
Other Receipts from Investing Activities	0	0
Net Cash flows from Investing Activities	<u>1,963,741</u>	<u>3,183,624</u>

24e Cash flows from Financing Activities

	2014/15 £	2013/14 £
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	(65,246)	(1,561,679)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>(65,246)</u>	<u>(1,561,679)</u>

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25a Analysis of Movement on Reserves - Current Year

	USABLE RESERVES							UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES	
	Capital Grants Receipts Reserve	Capital Grants Unapplied Account	Capital Fund Reserve	General Fund Reserve	Other Reserves (Election Reserve)	General Fund Reserve	Other Reserves (Election Reserve)	Financial Instruments Adjusted Account	Reserve for Bad Debts	Pensions Reserve	Deferred Liabilities Account	Accumulated Sundry Account	Provisional Discretionary Reserve	Loan/Leasehold Reserves		TOTAL UNUSABLE RESERVES
At 1 April 2014	26a	26b	26c	26d	26e	26f	26g	26h	26i	26j	26k	26l	26m	26n	26o	47,817,261
Movements during the year:																
Applied Capital Grants					(2,314,850)		2,314,850									
Unapplied Capital Grants received in year																
Unapplied Capital Grants transferred to CAAs in year																
Direct Revenue Financing					(518,752)		518,752									
Depreciation & Impairment adjustment					2,933,838		(2,933,838)									
Statutory Provision for financing Capital Investment					(1,232,048)		1,232,048									
Net Revenue expenditure funded from capital under statute																
Surplus/(Deficit) on the Provision of Services					1,529,954		(1,529,954)									
Transfers between Statutory and Other Reserves and the General Fund																
Net movements on Pension Reserve										(1,159,000)						
Disposal of Fixed Assets/Capital Sales																
Capital Receipts used to finance capital expenditure																
Differences between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements																
Revaluation & Impairment																
Other Movements																
Transfers between Capital Fund/Reserves & Repair Fund to CAAs to finance capital expenditure																
Total movements on reserves during the year (Change in Net Worth)	60,372		1,437,815	(1,938)		186,999	1,837,288		1,874,838							654,813
At 31 March 2015	315,158		3,683,807	946,296	8,111,206	8,111,206	28,266,878		28,484,438							48,814,934

Craigavon Borough Council
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25b Analysis of Movement on Reserves - Comparative Year

	USABLE RESERVES				UNUSABLE RESERVES										TOTAL UNUSABLE RESERVES	TOTAL AUTHORITY RESERVES
	Capital Grants Reserve	Capital Grants Unapplied Account	General Fund Reserves & Other (e.g. Election Reserve)	General Fund Reserve	Capital Adjustment Account	Financial Adjustment Account	Reserve for Financial Impairment	Pensions Reserve	Ordnance Receipts Account	Accumulated Absence Account	Provisions Discount Reserve	Lawful Regulations Reserve				
Note	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2013	216	216	216	216	216	216	216	216	216	216	216	216	216	216	216	48,718,444
Accounting Policy Changes - Retrospective Adjustments	276,502	0	69,144	178,053	0	7,264,119	7,314,818	0	(13,295,000)	0	0	0	0	0	0	37,979,648
At 1 April 2013	276,502	0	69,144	178,053	0	7,264,119	7,314,818	0	(13,295,000)	0	0	0	0	0	0	48,718,448
Movements during the year:																
Applied Capital Grants				(1,214,104)			(1,214,104)									
Unapplied Capital Grants received in year		0		0	0	0	0									
Unapplied Capital Grants transferred to CAA in year		0		0	0	0	0									
Direct Revenue Financing				(345,000)			(345,000)									
Depreciation & Impairment adjustment				12,164,880			12,164,880									
Loan/lease principal repayments				(1,224,815)			(1,224,815)									
Net Revenue expenditure funded from capital under statute				(9,783,824)			(9,783,824)									
Surplus/(Deficit) on the Provision of Services				2,162,889	(23,757)		2,139,132									
Transfers between Statutory and Other Reserves and the General Fund				1,037,000			1,037,000									
Net movements on Pension Reserve				(42,262)			(42,262)									
Deposits of Fixed Assets/Capital Sales				0			0									
Capital Receipts used to finance capital expenditure				0			0									
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements				17,688			17,688									
Revaluation & Impairment				0			0									
Other Movements				0			0	587,547								
Transfers between Capital Fund/Revised & Repair Fund & CAA to finance capital expenditure				0			0									
Total movements on reserves during the year (Change in Net Worth)	42,732	0	2,162,889	(33,757)	0	(1,869,413)	692,664	(2,813,354)	(3,931,000)	0	(17,688)	0	0	0	0	819,250
At 31 March 2014	269,734	0	2,262,832	154,296	0	6,764,791	8,437,822	37,612,814	(17,226,000)	0	(209,143)	0	0	0	0	38,688,652

Craigavon Borough Council
Notes to the Financial Statements
Usable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

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 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Council continues to maintain this reserve for the Leisure Centre.

	£
Opening Balance	2,252,032
Movement	1,437,025
General	0
Total	3,689,057

26d Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Council continue to maintain this reserve for the purpose of legionella and fire risk.

	£
Opening Balance	152,296
Legionella and Fire Risk	(1,998)
General	0
Total	150,298

26e Other Balances & Reserves (Election Reserve)

This reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve.

26f 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.

Craigavon Borough Council
Notes to the Financial Statements
Unusable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

26g Capital Adjustment Account

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.

26h Financial Instruments Adjustment Account

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

26i 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.

26j Available-for-Sale Financial Instruments Adjustment Reserve

Not Applicable

26k Pension Reserve

Refer to note 20.

26l 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.

26m Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the General Fund is neutralised by transfers to or from this Accumulated Absences Account

26n Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2012/13 accounts direction (see DOE circular 28/2013), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

Subject to agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 6 years.

26o Landfill Regulations Reserve

Additional Landfill costs that were not allowed for by councils arose from the amendment of the Landfill Regulations (NI) 2003 by the Landfill (Amendment) Regulations (NI) 2011, affecting all sites that closed after the target transposition date for the Landfill Directive (1999/31/EC).

The Department of the Environment's accounts direction provides an option to spread costs for the affected landfill sites, creating a negative reserve within the financial statements of the particular council.

The approved costs and period of time are those agreed between the council and the Department's Environment Policy Division in conjunction with the Northern Ireland Environment Agency.

26p Group Building Control

Craigavon Borough Council provides administration of the funds to Southern Group Building Control.

	2014/15	2013/14
Armagh City and District Council	52,678	46,695
Banbridge District Council	41,120	34,831
Craigavon Borough Council	92,251	87,315
Newry and Mourne District Council	86,747	81,661
Total Net Cost	<u>272,796</u>	<u>250,502</u>

Craigavon Borough Council contribution is accounted for within the Environment Services costs in the CIES on page 20.
The contribution is included under note 2a within the Building Control Expenditure.
Salaries for Group Building Control are included within 6a

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

27 Significant Trading Operations

The Council considers a trading operation exists where the service it provides is competitive i.e. the user always has the choice to use an alternative supplier to the Council and the Council charges the user on a basis other than a straightforward recharge of the Council's costs in supplying the service. The Council uses a variety of charging mechanisms such as quoted lump sums, fixed periodical charges or rates, or a combination of these.

In deciding whether a trading operation is significant the Council takes both financial and non-financial criteria into account.

Financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the risk of financial loss the Council may be exposed to in providing the service to the user.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.

- the exposure of the Council to service reputational loss risk by providing the service

- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

In applying the aforementioned criteria, the Council considers that it is engaging in the following significant trading operations:

	2015	2015	2014	2014
	£	£	£	£
Significant Trading Operations	Turnover	Profit/(Loss)	Turnover	Profit/(Loss)
Catering Services	355,556	(133,034)	335,462	(96,826)

These significant trading operations form part of Note 8d to these financial statements.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

28 Agency Services

Craigavon Borough Council provides an internal audit service to Banbridge District Council. This service is delivered at an agreed daily fee rate.

**Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

29 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. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

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. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

Councillors have direct control over the Council's financial and operating policies. In the 2014/15 financial year the Council commissioned £43,476 (£66,151: 2013/14) of works and services from companies in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct.

The Council also paid grants of £748,273 in 2014/15 (£783,158 : 2013/14) 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. (see table C - Payment to Other Organisations)

A: Payments to Community Groups

Craigavon Borough Council did not make any payments to community groups which have Members of Council as part of their Committee structures.

B: Payments to Other Organisations

Craigavon Borough Council made payment contributions to the following organisations which have Members of Council as part of their Committee structures.

**Rural Development Programme - Southern Organisation for Action In Rural Areas (SOAR)
For Councils that are members of Rural Development Programme Joint Committees**

Rural Development Joint Committee - Southern Organisation is the delivery mechanism for the Northern Ireland Rural Development Programme (NIRDP) 2007-2015. It comprises the Council Areas of Armagh City and District, Craigavon Borough and Newry and Mourne District. 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). Craigavon Borough Council acts as the Administrative Council with responsibility for all financial and administrative matters.

Craigavon Borough Council administers the payments and income for the Joint Committee but these transactions are not reflected in Craigavon Borough Council's accounts. Instead they are reflected in Rural Development Joint Committee's (SOAR) statement of accounts for the year ended 31st March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a local government auditor.

STC and Shadow Council

Under Local Government Reform the Council is amalgamating with Banbridge District Council and Armagh City and District Council on 1st April 2015. Banbridge District Council are the administrative body for the accounts for the transitions costs.

The Council made contributions to these costs that amounted to:

Armagh Banbridge Craigavon STC - £126,979

Armagh Banbridge Craigavon Shadow Council - £320,574

Peace III

The Council participates in Peace III Joint Committee. Under this arrangement Peace III funding is available from the Special EU Programmes Body. The Council is part of this Joint Committee with Armagh City and District and Newry and Mourne District councils. Newry and Mourne District Council acts as the Administrative Council with responsibility for all financial and administrative matters.

Newry and Mourne District Council administers the payments and income for the Joint Committee but these transactions are not reflected in Newry and Mourne District Council's accounts. Instead they are reflected in Peace III Joint Committee's statement of accounts for the year ended 31st March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a local government auditor.

Waste Bodies**Swamp Joint Committee**

The Council is a member of the SWaMP2008 Joint Committee which is established for the purposes of managing waste. During the year the Council advanced £48,273 towards funding the expenditure of the Joint Committee.

The Joint Committee is a partnership of 8 councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public.

The Joint Committee accounts for its funding by the provision of a statement of accounts which is prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a local government auditor.

C Payments to Other Organisations

Craigavon Borough Council made payment contributions to the following

	2014/2015			2013/2014		
	Members	Grant £	Other Payments £	Members	Grant £	Other Payments £
Brownlow Limited	4		582	4		7,599
Confederation of European Councillors	1			1		
Craigavon Arts in Motion	2	21,883		2	21,883	
Craigavon Community Safety Partnership (now PCS)	10			10	3,065	
Craigavon Cycling Forum	4			4		
Craigavon Industrial Development Organisation	4			4		
Craigavon Integrated Regeneration Partnership	9			9		
Craigavon Museum Committee	4			4		
Craigavon Road Safety Committee	3			3		
Craigavon Sports Advisory Council	2	28,950		2	28,950	7,500
East Border Region Ltd	1	10,000	825	1	10,000	150
East Border Region - Members Forum	6			6		
Edenvilla Ltd	1	5,000		1	5,000	
Forum for Local Government & the Arts	1			1		
Improvement, Collaboration & Efficiency (ICE Progr	1			1		
Lagan Canal Trust Steering Group	2		7,612	2		7,612
Local Government Partnership on Traveller Issues	3			3		
Lough Neagh Partnership Board	2	5,000		2	5,000	
Lurgan Town Arena	2			2		
Lurgan Forward	4			4		
Mayfair Business Centre	2	4,672		2		100
National Association of Councillors NI Region	3		1,560	3		1,560
Newry and Portadown Canal Joint Devel Cttee	4			4		
Northern Ireland Amenity Council	1			1		
Northern Ireland Housing Council	1			1		
Northern Ireland Library Authority (Libraries NI)	**1			**1		
Northern Ireland Local Government Association	7		18,716	7		18,716
Peace III Partnership & Statutory Joint Committee	4			4		
Portadown 2000	*4	276,615		*4	271,796	3,342
Portadown Tennis Ltd	2		572	2	6,000	3,801
Regional Tourism Partnership Working Group	4			4		
Rent Assessment Panel	1			1		
Reserve Forces and Cadets Association	1			1		
River Bann Enhancement Group	2			2		
Shankhill (Lurgan) Community Projects	2			2		70
Sister City International Committee	4			4		
Somme Advisory Council	1			1		
Southern Education & Library Board	***1	75,603	13,395	***1	75,841	13,977
Southern Group - Building Control	2	92,251		2	87,315	
Southern Group - Environmental Health	2	175,026		2	214,460	
Southern Waste Management Partnership	2			2		
SOAR - Joint committee	4			4		
SOAR - Local Action Group	4			4		
SWAMP	****2	48,273	214	2	48,848	813
Taghnevan Sports Ltd	3	5,000		3	5,000	911
Ulster Canal Steering Group	1			1		
		<u>748,273</u>	<u>43,476</u>		<u>783,158</u>	<u>66,151</u>

* Craigavon Borough Council make payments to Portadown 2000, a company limited by guarantee for the purpose of the following:

- an arts facility
- a tourist information point
- public toilets and a markets area.
- Town Regeneration Initiatives

** Not a council appointment - appointed by external body themselves

*** Public appointment by the Minister

**** SWAMP Ceased to exist as at 31 March 2015

Note There are no outstanding Balances on the above accounts

Note The lease agreements with Craigavon Borough Council are contained within note 5 of the accounts.

The Council holds operating leases but not finance leases.

The Council holds operating leases as a lessor to the value of £26k.

The Council holds operating leases as a lessee to the value of £49k.

Note Investments of £1M during 2014/15 were made to:

- Banbridge District Council
- Armagh City and District Council

Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

30 Prior Year Re-statement

Not applicable

Accounts Authorised for Issue Certificate

In accordance with International Accounting Standard 10, Events after the Balance Sheet Date (IAS 10) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 25th June 2015 are at today's date hereby authorised for issue. Material amendments are reported below in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

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.

Material Amendments

- Decrease in the landfill provision required of £555k due to an error in the discounting of future aftercare cashflows.
- Increase in property, plant and equipment of £46k for capital spend on playpark assets which was previously treated as revenue expenditure.
- Decrease in property, plant and equipment of £298k for five assets included in the indexation exercise in error.
- Non-operational land of £832k reclassified as surplus asset.
- Legal liability of £400k, which is not certain, reclassified to provisions.
- Weekly payroll costs of £134k for the week ending 1st April 2015 now captured as 2014-15 expenditure.
- Trade waste invoices of £354k for 2015-16 incorrectly included in other Trade debtors and as a negative balance in other debtors removed completely from the figures disclosed in the accounts.
- Decrease in the release of realised depreciation from the revaluation reserve of £85k due to spreadsheet error.
- Additional Statutory Transition Committee (STC) creditor of £25k identified by the STC NIAO auditor captured in the accounts.

The net impact upon the Council of all processed adjustments was a £447k increase in General Fund and an increase of £157k in the Net Assets.

Signed 
Chief Financial Officer

Date 26 October 2015