

annual report
and accounts
2014-2015
year ended 31 Mar 2015



ARMAGH CITY AND DISTRICT 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 31st March 2015. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council.

This Statement of Accounts explains Armagh City and District 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. Armagh City and District 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 14, 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 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 15, 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 16, 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 generated a surplus of £506,132. It transferred, a net amount of £497,319 to Earmarked Reserves and increased its General Fund reserve by £8,813 to £3,614,301. The balance on Other Reserves at 31st March 2015 was £3,998,000. The Council's budgeted for a deficit on services of £1,251,771. The surplus at 31st March 2015 was £8,813. The primary reason for the surplus was a £707,465 savings on debt financing and delays in spending on projects.

Expenditure on capital projects during the year amounted to £4m, the most significant spend was on vehicles and equipment £695k, Keady Community Centre £1.6m, Palace Building and Park £761k, and playground equipment £255k.

Post Balance Sheet Events

From 1st April 2015, Armagh City and District Council ceased to exist and its functions transferred to the new Council, Armagh City, Banbridge & Craigavon Borough Council

Armagh City, Banbridge & Craigavon Borough Council combines the previous councils of Armagh, Banbridge and Craigavon 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.

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 Performance and Audit Committee on 25th 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.

NORTHERN IRELAND LOCAL GOVERNMENT BODIES' ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Armagh City and District 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. The 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, Armagh City and District Council 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.

Armagh City and District 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 the 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 Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables Armagh City and District 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 Armagh City and District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Armagh City and District 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 (ACBCBC).

The Governance Framework

Armagh City and District Council ceased to exist on 31 March 2015. This governance framework takes account of the implementation in respect of Local Government Reform (LGR). The key elements of the systems and processes that comprised the authority's governance arrangements during the 2014/15 year are detailed below.

Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.

- The Council's vision and outcome for citizens and service users was set out and communicated through the 2012-15 corporate plan. Annual business/service plans which detailed specific aims and objectives were also in place during the 2014/15 year. A Communication Strategy incorporating both internal and external communication arrangements was in place in the 2014/15 year. A new short term corporate plan for ACBCBC has been developed and rate payers have been advised of the new Council arrangements.

Reviewing the Council's vision and its implications for the Council's governance arrangements.

- The Council has a process in place to regularly review the council's vision and its implications for the council's governance arrangements. Council staff were consulted throughout the development of the Corporate Plan. Regular staff frontline briefings were undertaken by the senior management team, advising staff on Council projects and strategy and receiving feedback from staff. During the shadow period (19/06/14 - 31/3/15) consultation on the ACBCBC Corporate Plan was conducted and further staff sessions are planned.
- The Corporate Risk Register which identifies the main risks associated with the achievement of the corporate objectives was reviewed regularly during the 2014/15 year by the Senior Management Team (SMT) and the Audit Committee.
- During the final months of the council, senior officers met regularly with Group Party Leaders to review progress of outstanding objectives. In March 2015 at its final meeting the council agreed and approved a legacy paper to be brought forward into the new organisation for consideration.
- A Code of Governance for Armagh City and District Council was approved by the Executive Committee. The code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework'.

Measuring the quality of services for users, ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources

- The Council undertook service reviews and Council service managers were required to prepare annual business/service plans which include historic reviews and future plans. Key Performance Indicators (KPI's) were established for Operational Services. A formal complaints procedure was also in place. During 2014-15 the Council was working towards implementing a property Asset Management Plan and this approach has been carried forward into the new Council. New performance improvement arrangements are to be put in place for ACBCBC.

The roles and responsibilities of the executive, non-executive, scrutiny and other functions, with clear delegation arrangements and protocols for effective communication

- The Council continued to operate the executive scrutiny model for its committee structure up to 31 March 2015. There were clearly defined roles for each committee, the regulations of which were defined within Council standing orders. Regulations for the conduct of Council business are included within the Scheme of Delegation, standing orders and financial regulations. Job descriptions were in place for all staff which clearly define the roles and responsibilities of officers.

- Armagh City and District Council designated its Clerk and Chief Executive as the Chief Financial Officer ("CFO") under the Local Government Finance Act (Northern Ireland) 2011. Armagh City and District Council complies with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government with the exception of principle 5 "The Chief Financial Officer in a Local Authority must be professionally qualified and suitably experienced". Local government regulations do not require the CFO to be a professionally qualified accountant and it is custom and practice that they are the Chief Executive of the Local Authority. The Chief Financial Officer is supported by suitably qualified and experienced staff within the finance function ensuring that decisions made by the CFO are based on sound technical knowledge and understanding.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- The Council defined the standards of behaviour for members and staff within its standing orders, financial regulations, member's code of conduct and staff code of conduct. A mandatory code of conduct for members came into force on 28 May 2014 and training was conducted for all Council Members.
- In addition expected Standards of Behaviour are reinforced in the values and operating principles outlined within the Corporate Plan and supported by employment policies outlined in the Staff Handbook, such as Disciplinary Policy, Dignity and Work Policy, Equal Opportunities Policy.
- In order to facilitate good conduct and governance, policies on the Acceptance and Provision of Gifts and Hospitality by Council Officers, Fraud and also policies on Whistleblowing were in place. All staff were presented with induction training on the code of conduct and policies.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

- All Council systems, procedures and regulations were regularly reviewed to meet the changing demands of a progressive council and to respond to best practice. All policies and procedures were made available to staff through the staff intranet and appropriate training was provided to staff.
- The Council operated a Risk Management Framework where risks were identified, managed, monitored and reported on a regular basis.

Undertaking the core functions of an Audit Committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*

- The Council as one of its standing committees had an Audit Committee, which included 2 lay members. The procedures and regulations for its effective operation have been developed with reference to perceived best practice as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*. The Audit Committee met 4 times during the 2014-15 year and the minutes of the Audit Committee were presented to full Council.
- Internal Audit presented quarterly progress reports to the Audit Committee including an annual report on internal control. The Internal Audit Service operates in compliance with the Public Sector Internal Audit Standards which came into effect from April 2013.
- The Audit Committee received audit reports on behalf of the Council from External Audit, including the Report to Those Charged with Governance and Annual Audit Letter.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- All employees are required to act with integrity and in accordance with the law and policy. Directors, Corporate Services Department and internal audit monitor operations to ensure compliance and to identify and correct any weaknesses in procedures.
- Each Director is required on an annual basis to sign an Annual Stewardship Certificate to verify that proper controls exist within their area of responsibility and that risks are being appropriately managed. The Assurance Framework also extends to each Head of Service and Senior Manager who complete an annual stewardship certificate along with a detailed checklist. For the 2014/15 financial year all Assurance Statements and Stewardship Certificates have been completed and these form part of the evidence which underpins the Annual Governance Statement.
- Internal Audit has a specific role in providing assurance to Management and elected members on the internal control, risk management and governance arrangements in the Council.
- Declaration of Interest is a standard Agenda item for all Council and Committee meetings. All declarations of interest are recorded on the minutes of the meeting. In 2014/15 both senior officers and elected members completed Related Party Disclosures.
- The Council had a Fraud and Corruption Policy in place.
- The Council took legal advice as and when required to ensure compliance with relevant laws and regulations.

Whistle-blowing and for receiving and investigating complaints from the public

- The Council operates a Whistle Blowing Policy which clearly identifies contacts for reporting concerns. This Policy was made available to all staff via staff induction and was also available on the staff intranet.
- The Council also had a Complaints Policy and had a section on its website for comments and/or complaints.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- Provision of learning and development opportunities was important to Armagh City and District Council and was seen as pivotal to delivering and improving services.
- During the 2014/15 year a training needs analysis was carried out and an extensive training programme was in place to develop and support staff for Local Government Reform (LGR).
- The Council in partnership with cluster councils of Banbridge and Craigavon achieved the Elected Member Development Charter accreditation in February 2014.
- The Council was recognised as an Investor in People accredited organisation.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- The Council employed a communications officer whose role was to communicate Council's policy, plans, programmes and performance to the community. Information was communicated to stakeholders via the Council website, press releases and advertisements.
- A Communication Strategy incorporating both internal and external communication arrangements was in place. A publication scheme was also in place.

- An Access to Information Policy was in place to ensure that the provisions of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 are adhered to.
- The Council held an event during Local Democracy Week for local schools to participate and learn more about the business of the Council.
- Monthly Council meetings were open to the public and minutes of Council and Committee meetings were published on the Council Website. The final minutes of ACDC were prepared and signed in accordance with section 10 of the Transitional Provisions Regulations, The Local Government Regulations (Northern Ireland) 2014.
- The Council's Linguistic Diversity Policy included a commitment to provide information in alternative formats on request. Written communications received in Irish have been responded to in Irish. The Council's Equality Action Plan has been made available in Easy Read to facilitate those with a learning disability to participate in consultation exercises.

Shadow Council work

- The focus for the year ended 31 March 2015 had been on the preparation of the new Council and ensuring efficient systems were in place. A number of corporate policies were developed during the 2014/15 year for the new Council. These include the following:
 - Access to Information Policy;
 - Equality Scheme;
 - Data Protection Policy;
 - Risk Management Strategy;
 - Anti-Fraud Policy and Response Plan;
 - Whistleblowing Policy;
 - Scheme of Delegation;
 - Financial Regulation; and
 - Procurement Policy.

Review of Effectiveness

Armagh City and District Council had 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 was informed by the work of the executive managers within the Council, who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors.

Armagh City and District Council operated the executive scrutiny model for its committee structure and this requires the Council to regularly review the effectiveness of its governance framework.

- The Council's Standing Orders and Financial Regulations provided the framework for its decision making processes and set out the detailed procedures and codes of conduct by which members and officers operated to achieve Council objectives. Senior Management met on a fortnightly basis and reported to the members on the delivery of the Council objectives. Heads of Service and Directors signed annual Stewardship Certificates to confirm that adequate controls were in place and risks were appropriately managed.
- The Council operated a cabinet committee model and had two scrutiny committees reviewing the effectiveness of the operations of the Council. All members received training in order to maximise the effectiveness of this scrutiny role. Members met regularly to set the strategic direction and
- Armagh City and District Council had two independent lay members on the Audit Committee to help ensure an appropriate challenge function exists to all papers presented. A workshop on the effectiveness of the Audit Committee was delivered in November 2013 with a number of improvements being highlighted and actioned during 2014/15.

- Internal Audit 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. Internal Audit provide an annual assurance statement on the Council's internal control environment and complete a self-assessment of its services against a compliance checklist in accordance with the Public Sector Internal Audit Standards (PSIAS). The assessment concluded that the Internal Audit function complies in all material aspects of the PSIAS.
- Internal Audit has provided an overall satisfactory rating to the system of controls operating in the Council for the 2014/15 year. Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives. Some improvements are required to enhance the adequacy and/or effectiveness of governance, risk management and control. During the year internal audit issued two limited internal audit reports relating to financial assistance and fire risk assessments.
- There were six priority one recommendations made in the financial assistance audit. Issues were noted around the assessment, award and verification process of grant applications. The review identified instances where grant assessments were incorrectly scored which resulted in overpayments of £6,500. In a large number of instances it was not possible to agree the amount awarded to the scoring guidelines. It was noted that the Financial Assistance Programme was not adequately advertised to ensure the process is open and transparent. A lack of segregation of duties was also noted around the application process, assessments and authorisation of grant payments. A recent follow up review identified that 17 of the 26 recommendations had been implemented. A new Financial Assistance Policy has been approved for the new council.
- There were five priority one recommendations made in the fire risk assessment audit. Issues were noted around the lack of completion of actions in the Fire Risk Assessments, a lack of sign off of actions and a lack of timely review of fire risk assessments. Weaknesses in fire safety records were also noted at some Council facilities. A follow up review was prioritised 2 months later and identified that 5 of the 10 recommendations had been implemented and that significant progress had been made in implementing outstanding actions. Outstanding recommendations in relation to these audits will continue to be monitored. It is accepted that some of these will be addressed by new ACBCBC policies.
- Internal Audit continued to facilitate the development of risk management processes across the Council during the 2014/15 year. A risk management framework is embedded through the Council with risk being identified and managed at a Corporate and Departmental level.
- Local Government Auditor provides a level of assurance through the provision of their annual audit and issuing a management letter which includes an Action Plan to address issues identified.

Significant Governance Issues

Armagh City and District Council's governance structure placed significant emphasis on service and performance review. As a result the Council continually sought to improve its service delivery.

The following significant issues have been identified within the Council and these are being addressed:

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 26 May 2014, operating in shadow form until they take over full responsibility for local government on 1 April 2015 when the 26 existing councils cease to exist. The final accounts for Armagh City and District 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. Arrangements are to be put in place for the storage and filing of all historical records.

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 Contract Management

A review of previous internal audit recommendations concluded that work is still required to improve contract management and in particular revenue contracts. Issues remained around the monitoring of contracts and the lack of an overall Contract Management Policy. In addition work was required in developing an overall contract database which will include revenue contracts. The Council has worked towards rectifying the weaknesses identified and improving the overall management of contracts. Significant progress has been made around the management of capital contracts and internal audit provided a satisfactory assurance in this area in the 2014/15 year.

3 Asset Management

As previously reported the system of asset management is weak, referring to the lack of overall asset management system, lack of asset tagging, physical verification of assets and controls around disposal of assets. The Council continued to develop its asset management system in 2014/15 and it will require a significant piece of work by ACBCBC in 2015. Internal Audit will review the progress of the Asset Management system in the 2015/16 year.

4 Legal Issues

The Council has an on-going case with the NI Ombudsman which is on hold awaiting a supreme court ruling in respect of another case which the court feels may have relevance in respect of this case. Regular legal updates have been provided to council, including an update on legal costs to the Audit Committee and council unanimously agreed to continue to pursue the council's challenge in respect of the Ombudsman's decision.

The Council is currently pesuing a claim in relation to a contract for replacement of ceilings at the Palace Building. Due to failures in the replacement ceiling a new contract had to be progressed and Council is seeking compensation in relation to the original contract.

The above issues will be addressed in the Armagh City Banbridge Craigavon Borough Council. We propose over the coming year to continue to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed  Date **26th October 2015**
Chief Financial Officer

Signed  Date **26th October 2015**
Chair of the Performance and Audit Committee

On behalf of the Committee of the Council or the Members of the body meeting and by the Chief Executive

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 14 to 76 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 18 to 32.

- (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.



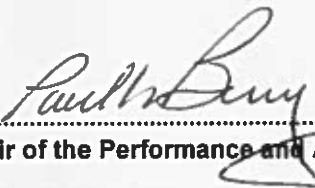
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Chief Financial Officer

26th October 2015
.....

Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Performance and Audit Committee on 25th June 2015 and were subject to one material adjustment, as noted on page 77, and a number of minor disclosure amendments.



.....
Chair of the Performance and Audit Committee

26th October 2015
.....

Date

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

I have audited the financial statements of Armagh City and District 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, the Armagh City, Banbridge and Craigavon Borough Council takes responsibility for the financial statements of the Armagh City and District 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 the Armagh City and District Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Armagh City and District 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 Armagh City and District 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 Armagh City and District 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

28 October 2015

ARMAGH CITY AND DISTRICT 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 or (Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for local tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 1 April 2013	2,397,528	0	3,500,681	9,766	5,907,975	12,182,102	18,090,077
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	338,025	0	0	0	338,025	0	338,025
Other Comprehensive Income and Expenditure	0	0	0	0	0	5,224,746	5,224,746
Total Comprehensive Income and Expenditure	338,025	0	0	0	338,025	5,224,746	5,562,771
Adjustments between accounting basis & funding basis under regulations	869,935	0	0	(9,766)	860,169	(860,169)	0
Net Increase/Decrease before Transfers to Statutory and Other Reserves	1,207,961	0	0	(9,766)	1,198,195	4,364,577	5,562,771
Transfers to/from Statutory and Other Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	1,207,961	0	0	(9,766)	1,198,195	4,364,577	5,562,771
At 31 March 2014	3,605,489	0	3,500,681	0	7,106,170	16,546,678	23,652,848
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(619,117)	0	0	0	(619,117)	0	(619,117)
Other Comprehensive Income and Expenditure	0	0	0	0	0	833,769	833,769
Total Comprehensive Income and Expenditure	(619,117)	0	0	0	(619,117)	833,769	214,652
Adjustments between accounting basis & funding basis under regulations	1,125,250	0	0	0	1,125,250	(1,125,250)	0
Net Increase/Decrease before Transfers to Statutory and Other Reserves	506,132	0	0	0	506,132	(291,481)	214,652
Transfers to/from Statutory and Other Reserves	(497,319)	0	497,319	0	0	0	0
Increase/Decrease in Year	8,813	0	497,319	0	506,132	(291,481)	214,652
At 31 March 2015	3,614,302	0	3,998,000	0	7,612,302	16,255,198	23,867,499

ARMAGH CITY AND DISTRICT 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	2014/15 Gross Expenditure £	2014/15 Gross Income £	Net Cost £	Gross Expenditure £	2013/14 Gross Income £	Net Cost £
Services Expenditure							
Leisure and Recreational Services		11,803,738	3,118,051	8,687,687	11,987,834	2,581,512	9,406,322
Environmental Services		7,418,567	881,349	6,537,218	6,921,710	822,895	6,098,815
DRM and Corporate Management		2,190,023	400,325	1,789,698	1,454,858	177,543	1,277,315
Other Services		2,873,232	822,670	1,850,561	2,470,819	937,328	1,533,491
Cost of Services on Continuing Operations	4-6	24,085,559	5,200,395	18,885,164	22,635,221	4,519,278	18,315,943
Other Operating Expenditure	7	0	23,390	(23,390)	0	5,515	(5,515)
Financing and Investment Income and Expenditure	8	2,139,082	741,216	1,397,866	2,158,558	1,500,053	658,505
Surplus or Deficit on Discontinued Operations		0	0	0	0	0	0
Net Operating Expenditure		26,224,621	5,965,001	20,259,620	24,991,779	6,024,846	18,966,933
Taxation and Non-Specific Grant Income	9	0	19,640,503	(19,640,503)	0	19,304,958	(19,304,958)
Surplus/(Deficit) on the Provision of Services		26,224,621	25,605,504	(618,117)	24,991,779	25,329,804	338,025
Surplus/(Deficit) on revaluation of non-current assets	10a/10b/10d			3,028,769			4,192,746
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			(2,195,000)			1,032,000
Other Comprehensive Income and Expenditure				833,769			5,234,748
Total Comprehensive Income and Expenditure				214,852			5,562,771

ARMAGH CITY AND DISTRICT 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'.

	<i>Notes</i>	2014/15 £	2013/14 £
Property Plant & Equipment (PP&E)	<i>10a/10b</i>	55,207,407	51,362,717
Heritage Assets	<i>10d</i>	1,086,837	1,046,666
Investment Properties	<i>10a/10b</i>	4,685,513	4,353,425
Intangible Assets	<i>10a/10b</i>	0	0
Assets Held for Sale	<i>10e</i>	0	0
Long Term Investments	<i>15a</i>	0	0
Investment in Associates and Joint Ventures		0	0
Long Term Debtors	<i>14a</i>	0	0
LONG TERM ASSETS		60,979,756	56,762,808
Short Term Investments	<i>15b</i>	0	0
Inventories	<i>13</i>	67,892	66,699
Short Term Debtors	<i>14b</i>	4,726,107	4,369,040
Cash and Cash Equivalents	<i>24b</i>	1,518,202	3,648,585
Assets Held for Sale	<i>10e</i>	0	0
CURRENT ASSETS		6,312,202	8,084,324
Bank Overdraft		0	0
Short Term Borrowing	<i>16a</i>	2,430,974	1,535,136
Short Term Creditors	<i>17a</i>	4,994,768	5,067,358
Provisions	<i>18</i>	0	0
Liabilities in Disposal Groups		0	0
CURRENT LIABILITIES		7,425,742	6,602,494
Long Term Creditors	<i>17b</i>	0	0
Provisions	<i>18</i>	246,019	246,019
Long Term Borrowing	<i>16b</i>	23,157,707	24,569,263
Other Long Term Liabilities	<i>5,20</i>	12,594,991	9,776,509
Donated Assets Account	<i>21</i>	0	0
Capital Grants Receipts in Advance	<i>22</i>	0	0
LONG TERM LIABILITIES		35,998,717	34,591,791
NET ASSETS		23,867,499	23,662,848
USABLE RESERVES	<i>25a/25b</i>	7,612,302	7,106,170
Capital Receipts Reserve	<i>25a/25b</i>	0	0
Other Balances and Reserves	<i>25a/25b</i>	3,998,000	3,500,681
General Fund	<i>25a/25b</i>	3,614,302	3,605,489
UNUSABLE RESERVES	<i>25a/25b</i>	16,255,198	16,546,678
Capital Adjustment Account	<i>25a/25b</i>	16,737,684	16,976,499
Financial Instruments Adjustment Account	<i>25a/25b</i>	0	0
Revaluation Reserve	<i>25a/25b</i>	12,224,464	9,470,418
Available for Sale Financial Instruments Reserve	<i>25a/25b</i>	0	0
Pensions Reserve	<i>25a/25b</i>	(12,587,000)	(9,749,000)
Capital Receipts Deferred Account	<i>25a/25b</i>	0	0
Accumulated Absences Account	<i>25a/25b</i>	(119,951)	(151,239)
Landfill Regulations Reserve	<i>25a/25b</i>	0	0
Provisions Discount Rate Reserve	<i>25a/25b</i>	0	0
NET WORTH		23,867,499	23,662,848

ARMAGH CITY AND DISTRICT 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		(619,117)	338,025
Adjustment to surplus or deficit on the provision of services for noncash movements		3,086,619	4,224,183
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(408,370)	(958,529)
		<hr/>	<hr/>
Net cash flows from operating activities	24a), 24c)	2,059,132	3,603,679
Net Cash flows from Investing Activities	24d)	(3,654,278)	(2,857,958)
Net Cash flows from Financing Activities	24e)	(535,236)	(1,630,234)
Net increase or decrease in cash and cash equivalents		(2,130,382)	(884,513)
Cash and cash equivalents at the beginning of the reporting period		3,648,585	4,533,098
Cash and cash equivalents at the end of the reporting period		<hr/> 1,518,203 <hr/>	<hr/> 3,648,585 <hr/>

ARMAGH CITY AND DISTRICT 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

There were no acquisitions during the year.

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

The Council has completed the Single Status review and discharged all liabilities.

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..

vii) Discontinued Operations

Armagh City and District Council had no discontinued operations during the year.

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 3.3% (based on the indicative rate of return on high quality corporate bonds on the iBoxx Sterling Corporate Index, AA over 15 years with recently re-rated bonds removed from the index.

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.

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.

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).

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 greater than £0k) 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 FIFO/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 rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

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. Additional policy detail required where a Council is carrying a disposal group as an Asset Held for Sale.

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

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

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

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

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

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, plant and equipment – 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 40 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)

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 Council's collections of heritage assets are accounted for as follows.

Ceramics, Porcelain Work and Figurines

The collection of ceramics, porcelain work and figurines includes tea and dinner services. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a periodic basis. The ceramics, porcelain work and figurines are deemed to have indeterminate lives and a high residual value; hence the Council 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 Council'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 insurance value. There is a periodic programme of valuations and the items in the collection are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council 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.

Heritage Assets – General

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 proceeds of any disposals 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.

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.

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 2015/16 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.

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.

ii) Provisions

The Council has at 31st March 2015 a £246,019 provision for landfill restoration.

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.

**ARMAGH CITY AND DISTRICT
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	1,979,547	610,247	1,369,301
Recreation and Sport	6,093,282	1,300,815	4,792,467
Tourism	2,108,397	376,771	1,731,626
Community Services	1,622,511	828,218	794,293
Leisure and Recreational Services	11,803,738	3,116,051	8,687,687
Cemetery, Cremation and Mortuary	93,246	9,468	83,778
Environmental Health	1,051,722	86,492	965,230
Flood Defence and Land Drainage	0	0	0
Public Conveniences	188,132	46	188,086
Licensing	44,237	33,763	10,475
Other Cleaning	756,568	6,619	749,949
Waste Collection	2,867,346	303,947	2,563,399
Waste Disposal	1,710,143	1,950	1,708,193
Building Control	590,803	415,978	174,825
Other Community Assets	0	0	0
Minor Works	116,370	3,087	113,283
Environmental Services	7,418,567	861,349	6,557,218
Democratic Representation and Management	1,171,536	360,852	810,685
Corporate Management	1,018,486	39,473	979,013
DRM and Corporate Management	2,190,023	400,325	1,789,698
Economic Development	1,518,106	444,197	1,073,908
Trading Services	729,580	55,427	674,153
Non Distributed Costs	1,997	0	1,997
Central Services to the Public	423,548	323,046	100,503
Other Services	2,673,232	822,670	1,850,561
CONTINUING OPERATIONS	24,085,559	5,200,395	18,885,164

**ARMAGH CITY AND DISTRICT
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		18,885,164
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		18,885,164
Items included in Net Operating Expenditure excluded from Service Analysis:		
Other Operating Expenditure	(23,390)	
Financing and Investment Income and Expenditure	1,397,846	
Surplus or Deficit on Discontinued Operations	0	
		<u>1,374,456</u>
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		20,259,620

**ARMAGH CITY AND DISTRICT
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	1,650,409	494,642	1,155,767
Recreation and Sport	5,732,753	1,248,776	4,483,977
Tourism	3,250,982	289,453	2,961,529
Community Services	1,353,690	548,641	805,049
Leisure and Recreational Services	11,987,834	2,581,512	9,406,322
Cemetery, Cremation and Mortuary	77,725	9,002	68,723
Environmental Health	905,390	74,641	830,749
Flood Defence and Land Drainage	0	0	0
Public Conveniences	(76,675)	21	(76,696)
Licensing	35,500	32,392	3,108
Other Cleaning	761,863	1,195	760,668
Waste Collection	2,348,936	264,121	2,084,815
Waste Disposal	2,148,525	66,091	2,082,434
Building Control	514,872	374,191	140,681
Other Community Assets	0	0	0
Minor Works	205,574	1,241	204,333
Environmental Services	6,921,710	822,895	6,098,815
Democratic Representation and Management	614,778	102,582	512,196
Corporate Management	840,080	74,961	765,119
DRM and Corporate Management	1,454,858	177,543	1,277,315
Economic Development	1,308,628	615,716	692,912
Trading Services	769,832	84,233	685,599
Non Distributed Costs	0	0	0
Central Services to the Public	392,359	237,379	154,980
Other Services	2,470,819	937,328	1,533,491
CONTINUING OPERATIONS	22,835,221	4,519,278	18,315,943

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		18,315,943
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
		<u>0</u>
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		18,315,943
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	(5,515)	
Financing and Investment Income and Expenditure	656,505	
Surplus or Deficit on Discontinued Operations	0	
		<u>650,990</u>
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		18,966,933

ARMAGH CITY AND DISTRICT 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		405,999	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10a/b & 10d/e	(332,088)		316,310	
Depreciation charged in the year on non-current assets	10a/10b,23	3,206,557	2,874,469	2,387,150	3,109,459
Net Revenue expenditure funded from capital under statute			0		0
Carrying amount of non current assets sold	10a/b & 10d/e	0		0	
Proceeds from the sale of PP&E, investment property and intangible assets	23,25	(23,390)	(23,390)	(5,515)	(5,515)
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		2,273,000		2,131,000
Direct revenue financing of Capital Expenditure	11,25		0		0
Capital Grants and Donated Assets Receivable and Applied in year	9b		(384,980)		(953,014)
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		(31,288)		(7,384)
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		(1,952,561)		(1,907,610)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20a		(1,630,000)		(1,497,000)
			1,125,250		869,935

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	0	0	0	0
Renewal and Repairs Fund					
Interest		0		0	
Other	25a/25b		0	0	0
Other Funds and earmarked reserves					
Interest		0		0	
Other	25a/25b	(497,319)	(497,319)	0	0
			(497,319)		0

ARMAGH CITY AND DISTRICT 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 £31,055 for 2014/15 (£30,609 in 2013/14).

The Actual expenditure during 2014/15 amounted to £4,623, (£0 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
	£	£
External Audit Fees	20,000	19,800
Over provision	(836)	(6,219)
Grant Claim Certification Fees	0	0
Other Fees	1,173	0
	20,337	13,581

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).

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations (Continued)

5 Finance Leases
Council as Lessee:

The Council's vehicles are held under finance leases. The net carrying amount of the vehicles held under finance lease arrangements is £27,509 (2014 £46,927). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 10c-leased assets). The rentals paid for vehicles held under finance leases totalled £21,872 (2014 £21,872).

Furthermore, the Council's Golf equipment is held under Finance Leases. The net carrying amount of the Golf Equipment held under finance lease arrangements is £0 (2014 £11,363). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see note 10c-leased assets). The rentals paid for Golf Equipment held under finance leases totalled £19,183 (2014 £34,942).

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Statement during the reporting period under review, and no future sub-lease income is expected to be received, as all assets are used exclusively by the council.

The lease agreements for the vehicles and Golf equipment include fixed lease payments and a purchase option at the end of the respective lease terms. The agreements are non-cancellable but do not include any further restrictions.

Future minimum finance lease payments at the end of each reporting period under review are as follows:

	Within 1 year	1 to 5 years	After 5 years	Total
	£	£	£	£
2014/15				
Finance leases payments	21,872	9,013	0	30,886
Less: finance charges	(2,454)	(1,023)	0	(3,477)
Net present value	19,418	7,991	0	27,409
2013/14				
Finance leases payments	40,771	30,986	0	71,756
Less: finance charges	(9,990)	(3,477)	0	(13,467)
Net present value	30,781	27,509	0	58,289
2012/13				
Finance leases payments	56,814	71,756	0	128,570
Less: finance charges	(16,561)	(13,467)	0	(30,028)
Net present value	40,253	58,289	0	98,542

Included in the Balance Sheet as:

	2015	2014	2013
	£	£	£
Current liabilities	19,418	30,781	40,253
Long term liabilities	7,991	27,509	58,289
	27,409	58,289	98,542

ARMAGH CITY AND DISTRICT 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
Armagh City and District Council	£	£
Salaries and wages	7,446,983	6,922,340
Employers National Insurance	491,790	456,832
Employers pension costs	1,339,319	1,196,597
	9,278,092	8,575,769
Southern Group Environmental Health Committee		
Salaries and wages	1,195,454	1,249,560
Employers National Insurance	86,092	96,528
Employers pension costs	237,481	248,015
	1,519,026	1,594,102
SWaMP2008		
Salaries and wages	139,992	105,860
Employers National Insurance	10,720	10,483
Employers pension costs	21,313	21,172
	172,025	137,515
Total	10,969,143	10,307,386

In addition, agency costs during the year amounted to £138,383 (2013/14 £232,072).

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% (2010: 82%) of the liabilities accrued up to that date.

The Council is fully reimbursed for the costs of SWaMP2008 and the majority of SGEHC, the balance being part of the Council's contribution.

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

	2014/15	2013/14
	FTE	FTE
Environmental services	81	77
Leisure services	67	63
Other	145	144
Total Number	293	284
	Actual Numbers	Actual Numbers
Full-time numbers employed	271	264
Part-time numbers employed	251	274
Total Number	522	538

6c Senior Employees' Remuneration

	2014/15	2013/14
£50,001 to £60,000	3	2
£60,001 to £70,000	3	4
£70,001 to £80,000	2	1
£80,001 to £90,000	0	0
Total Number	8	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 £316,779 (2013/14 £339,826) and are as follows:

	2014/15	2013/14
	£	£
Salaries	0	0
Basic allowance	176,763	207,932
Mayor's & Deputy Mayor's Allowance	17,637	17,919
Special Responsibility Allowances	16,417	16,723
Dependents' carers allowance	0	0
Statutory Transition Committee Allowances	0	8,601
Employer costs	26,697	35,782
Mileage	0	0
Conferences and Courses	0	0
Travel & Subsistence Costs	24,326	28,129
Miscellaneous Costs	4,140	2,940
Severance Payments *	50,800	21,800
Total	316,779	339,826

* 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.

ARMAGH CITY AND DISTRICT 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
Councillors Severance Scheme	0	0	3	2	3	2	50,800	21,800
£0 to £20,000	0	0	0	0	0	0	0	0
£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	0	3	2	3	2	50,800	21,800

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

7 Other Operating Expenditure

	2014/15 £	2013/14 £
Surplus/Deficit on Non-Current Assets	(23,390)	(5,515)
Other Operating Income/Expenditure	0	0
Total Other Operating expenditure	(23,390)	(5,515)

8 Financing and Investment Income and Expenditure

	2014/15			2013/14		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,343,906	0	1,343,906	1,427,461	0	1,427,461
Interest and Investment Income	0	5,743	(5,743)	0	22,185	(22,185)
Pensions interest cost	385,000	0	385,000	442,000	0	442,000
Surplus/(Deficit) on trading operations	0	0	0	0	0	0
Changes in Fair Value of Investment Properties	0	332,088	(332,088)	0	1,051,425	(1,051,425)
Other investment income	410,156	403,385	6,771	287,097	426,443	(139,346)
	2,139,062	741,216	1,397,846	2,156,558	1,500,053	656,505

9 Taxation and Non-Specific Grant Income

	£	£
District Rates Income	16,718,555	15,906,030
Revenue Grants	2,536,968	2,445,914
Capital Grants and Contributions	384,980	953,014
Total Taxation and Non-Specific Grant Income	19,640,503	19,304,958

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10a Long-Term Assets Note - Current Year

	Property, Plant & Equipment (PP&E)										TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties		Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation At 1 April 2014	8,645,699	37,017,172	0	0	7,743,254	1,266,781	2,885,446	182,250	57,740,601	4,353,425	0	62,094,026
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	8,645,699	37,017,172	0	0	7,743,254	1,266,781	2,885,446	182,250	57,740,601	4,353,425	0	62,094,026
Additions (Note 11)	0	318,619	0	0	950,078	0	2,753,780	0	4,022,478	0	0	4,022,478
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	0	3,059,318	0	0	0	107,288	0	0	3,166,584	0	0	3,166,584
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	332,088	0	332,088
Derecognition - Disposals	0	0	0	0	(226,193)	0	0	0	(226,193)	0	0	(226,193)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	(2,654,470)	0	0	0	0	0
Reclassified to Held for Sale	0	2,654,470	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 1b)	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	8,645,699	43,049,579	0	0	8,467,140	1,374,047	2,984,755	182,250	64,703,470	4,665,513	0	69,368,983
Depreciation and Impairment	0	1,570,448	0	0	4,763,931	43,505	0	0	6,377,884	0	0	6,377,884
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,570,448	0	0	4,763,931	43,505	0	0	6,377,884	0	0	6,377,884
Depreciation Charge	0	2,303,423	0	0	823,243	79,881	0	0	3,206,567	0	0	3,206,567
Depreciation written out on Revaluation Reserve	0	131,624	0	0	0	6,191	0	0	137,815	0	0	137,815
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	(226,193)	0	0	0	(226,193)	0	0	(226,193)
Derecognition - Other	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
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	0	4,005,495	0	0	5,360,981	129,587	0	0	9,486,063	0	0	9,486,063
Net Book Value	8,645,699	39,044,064	0	0	3,106,159	1,244,460	2,984,755	182,250	55,207,407	4,665,513	0	59,892,920
At 31 March 2014	8,645,699	35,446,724	0	0	2,979,323	1,223,276	2,885,446	182,250	51,362,717	4,353,425	0	56,716,142

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10a Intangible Assets

Armagh City and District Council also owns Intangible Assets which relate solely to market rights. The assets values are not material and are not included on the Balance Sheet.

Investment properties

There were no additions in the year.

Valuations

The last valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services. Please refer to note 1A(xxii) for further information on revaluation and depreciation policies. Armagh City and District Council have applied indices supplied by Land and Property Services to its asset values in 2013/14 and 2014/15.

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10b Long-Term Assets Note - Comparative Year

	Property, Plant & Equipment (PP&E)										TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties		Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation	7,440,884	42,502,737	0	0	8,019,869	1,333,097	1,225,960	170,000	60,892,546	3,302,000	0	63,994,546
At 1 April 2013												
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	7,440,884	42,502,737	0	0	8,019,869	1,333,097	1,225,960	170,000	60,892,546	3,302,000	0	63,994,546
Additions (Note 11)	58,295	601,140	0	0	525,902	0	2,631,150	0	3,816,487	0	0	3,816,487
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	1,146,520	(1,334,101)	0	0	0	(36,120)	0	12,250	(211,451)	0	0	(211,451)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	(5,318,269)	0	0	0	0	0	0	(5,318,269)	1,051,425	0	(4,266,844)
Derecognition - Disposals	0	0	0	0	(802,517)	(30,196)	0	0	(832,713)	0	0	(832,713)
Derecognition - Other	0	(405,999)	0	0	0	0	0	0	(405,999)	0	0	(405,999)
Reclassifications & Transfers	0	971,664	0	0	0	0	(971,664)	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge (Note 18)	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	8,645,699	37,017,172	0	0	7,743,254	1,266,781	2,885,446	182,250	57,740,801	4,353,425	0	62,094,226
Depreciation and Impairment												
At 1 April 2013	0	8,030,134	0	0	4,823,447	324,597	0	0	13,178,178	0	0	13,178,178
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	8,030,134	0	0	4,823,447	324,597	0	0	13,178,178	0	0	13,178,178
Depreciation Charge	0	1,570,448	0	0	743,001	73,701	0	0	2,387,150	0	0	2,387,150
Depreciation written out on Revaluation Reserve	0	(4,079,600)	0	0	0	(324,597)	0	0	(4,404,197)	0	0	(4,404,197)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(3,950,534)	0	0	0	0	0	0	(3,950,534)	0	0	(3,950,534)
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	(802,517)	(30,196)	0	0	(832,713)	0	0	(832,713)
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	1,570,448	0	0	4,783,931	43,505	0	0	6,377,884	0	0	6,377,884
Net Book Value												
At 31 March 2014	8,645,699	36,446,724	0	0	2,979,323	1,223,276	2,885,446	182,250	51,362,717	4,353,425	0	55,716,142
At 31 March 2013	7,440,884	34,472,603	0	0	3,195,422	1,008,500	1,225,960	170,000	47,514,368	3,302,000	0	50,816,368

ARMAGH CITY AND DISTRICT COUNCIL
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10b Intangible Assets

Armagh City and District Council also owns Intangible Assets which relate solely to market rights. The assets values are not material and are not included on the Balance Sheet.

Investment properties

There were no additions in the year.

Valuations

The last valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services. Please refer to note 1A(xxii) for further information on revaluation and depreciation policies. Armagh City and District Council have applied indices supplied by Land and Property Services to its asset values in 2013/14 to revalue its land and buildings.

ARMAGH CITY AND DISTRICT 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	116,508	104,175	220,683
Additions	0	0	0
Disposals	0	(104,175)	(104,175)
At 31 March 2015	116,508	0	116,508
Depreciation			
At 1 April 2014	69,581	92,812	162,393
Disposals	0	(104,175)	(104,175)
Provided for year	19,418	11,363	30,781
At 31 March 2015	88,999	0	88,999
Net Book Value			
At 31 March 2015	27,509	0	27,509
At 31 March 2014	46,927	11,363	58,290

Comparative Year

<u>LEASED ASSETS (included within vehicles, plant and equipment)</u>	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2013	116,508	104,175	220,683
Additions	0	0	0
Disposals	0	0	0
At 31 March 2014	116,508	104,175	220,683
Depreciation			
At 1 April 2013	50,163	71,977	122,140
Disposals	0	0	0
Provided for year	19,418	20,835	40,253
At 31 March 2014	69,581	92,812	162,393
Net Book Value			
At 31 March 2014	46,927	11,363	58,290
At 31 March 2013	66,345	32,198	98,543

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Heritage Assets

10d

Cost or Valuation	Ceramics £	Art Collection £	Pottery Machinery £	Total Assets £
At 1 April 2013	157,300	889,366	0	1,046,666
Additions	0	0	0	0
Disposals	0	0	0	0
Derecognition - Other	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
At 31 March 2014	157,300	889,366	0	1,046,666
Cost or Valuation				
At 1 April 2014	157,300	889,366	0	1,046,666
Additions	0	40,171	0	40,171
Disposals	0	0	0	0
Derecognition - Other	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0
At 31 March 2015	157,300	929,537	0	1,086,837

Ceramics, Porcelain Work and Figurines

The Authority's collection of ceramics, porcelain work and figurines is reported in the Balance Sheet at insurance valuation which is based on market values.

Art Collection

The Authority's external valuer for its art work carried out a full valuation of the collection of paintings as at 31 March 2008. The valuations were based on insurance valuations. The Council also includes in its collection commissioned public artworks at cost.

Additions of Heritage Assets

Additions comprise:	£
Acquisitions made of Railway Disaster Sculpture	36,766
Sundry pieces	3,405
Total Additions	40,171

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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	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
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
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	0	0	0
At 31 March 2014	0	0	0

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

10f 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	403,385	426,443
Direct operating expenses arising from investment property	(410,156)	(287,097)
Net gain/(loss)	(6,771)	139,346

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Notes to the Financial Statements
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11 Capital Expenditure and Capital Financing

	2014/15	2013/14
	£	£
Opening Capital Financing Requirement	30,315,891	29,375,310
<i>Capital Investment</i>		
Property, Plant and Equipment	4,062,649	3,816,487
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	0	0
<i>Sources of Finance</i>		
Capital Receipts	(23,390)	(15,281)
Government Grants and Other Contributions	(384,980)	(953,014)
Transfers from Earmarked Reserves	0	0
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	0	0
Minimum Revenue Provision	(1,952,561)	(1,907,610)
Closing Capital Financing Requirement	32,017,609	30,315,891

Explanation of Movements in Year		
Increase in underlying need to borrow	1,701,718	940,582
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	1,701,718	940,582

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

12 Future Capital Commitments

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

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway			
Palace Park	100,000	0	100,000
Keady Community Centre	500,000	0	500,000
Play	170,000	0	170,000
Future Capital Plans not Contracted			
Changing Accommodation	100,000	0	100,000
Public Toilets	150,000	0	150,000
Market Place Theatre	200,000	0	200,000
Richhill Environmental Scheme	1,000,000	0	1,000,000
Keady Environmental Scheme	1,000,000	0	1,000,000
Armagh Gaol	28,000,000	(26,000,000)	2,000,000
Total	31,220,000	(26,000,000)	5,220,000

13 Inventories

	2014/15	2013/14
	£	£
Central Stores	40,080	38,202
Other	27,812	28,497
Total	67,892	66,699

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

14 Debtors

	2014/15	2013/14
	£	£
14a Long Term Debtors		
*Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	0	0
Grants	0	0
Loans and advances	0	0
Finance lease debtors-Note 5c)	0	0
Trade debtors	0	0
NIHE Loans	0	0
Other	0	0
Impairment of loans and receivables	0	0
Total Long-Term Debtors	0	0
14b Short Term Debtors		
*Government Departments	1,203,478	691,935
Other Councils	1,536,760	1,363,980
Public corporations and trading funds		0
Bodies external to general government	0	0
Employee car loans	0	0
Grants	783,010	1,358,530
Value Added Tax	622,020	700,513
Prepayments	23,322	15,510
Finance lease debtors-(Note 5c)	0	0
Other	364,124	85,830
Trade receivables	193,393	181,695
Impairment loss - Trade receivables	0	(28,952)
Total Short-Term Debtors	4,726,107	4,369,041
Total Debtors	4,726,107	4,369,041

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

15a Long-Term Investments

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

Analysed over:

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

15b Short-Term Investments

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

Analysed over:

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

Total Long Term and Short-term Investments	0	0
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ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

16a Short Term Borrowing

	2014/15	2013/14
	£	£
Loans re-payable within one year	2,411,556	1,504,355
Finance Lease Principal	19,418	30,781
Total Short Term Borrowing	2,430,974	1,535,136

16b Long Term Borrowing

	2014/15	2013/14
	£	£
Between 1 and 2 years	1,293,365	1,411,556
Between 2 and 5 years	3,716,891	3,828,296
Between 5 and 10 years	5,474,576	5,556,708
In more than 10 years	12,672,875	13,772,703
Government Loans Fund	23,157,707	24,569,263
Total Borrowing	25,588,681	26,104,399

Interest rates on Government Loans range between 1.29% and 14.625%.

17a Short Term Creditors

	2014/15	2013/14
	£	£
Government Departments	698,050	673,937
Other Councils	619,693	383,866
Public corporations and trading funds		0
Bodies external to general government		0
Rates clawback		0
Remuneration due to employees	166,192	76,376
Accumulated Absences	119,951	151,239
Receipts in advance	158,916	543,787
Trade creditors	3,175,967	3,190,410
Other	56,000	47,743
Total Short Term Creditors	4,994,768	5,067,358

17b Long Term Creditors

	2014/15	2013/14
	£	£
Other creditors falling due after more than one year		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Rates clawback	0	0
Other	0	0
Total Long Term Creditors	0	0
Total Creditors	4,994,768	5,067,358

District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position. Councils have been asked to complete the information below as a note to the accounts. 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 2014/15 financial year the Council paid 12,944 invoices totalling £19,398,668.

The Council paid 11,889 invoices within 30 day terms.
 Of which, the Council paid 5,199 invoices within 10 day terms.
 The Council paid 1,055 invoices outside of the 10 or 30 day terms.

ARMAGH CITY AND DISTRICT 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	0	0	0	0	0	0
Election expenses	0	0	0	0	0	0
Landfill closure	246,019	0	0	0	0	246,019
Reorganisation	0	0	0	0	0	0
Claims management	0	0	0	0	0	0
Other	0	0	0	0	0	0
	246,019	0	0	0	0	246,019

Current Provisions	0	0	0	0	0	0
Long Term Provisions	246,019	0	0	0	0	246,019
	246,019	0	0	0	0	246,019

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	0	0	0	0	0	0
Election expenses	0	0	0	0	0	0
Landfill closure	246,019	0	0	0	0	246,019
Reorganisation	0	0	0	0	0	0
Claims management	0	0	0	0	0	0
Other	0	0	0	0	0	0
	246,019	0	0	0	0	246,019

Current Provisions	0	0	0	0	0	0
Long Term Provisions	246,019	0	0	0	0	246,019
	246,019	0	0	0	0	246,019

Provisions-Additional Disclosure

Landfill closure - this represents estimated restoration and aftercare costs in respect of a former landfill site which closed a number of years ago.

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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	£158,611
Three to six months	£5,745
Six months to one year	£6,147
More than one year	£22,891
	£193,393

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 no financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel that differ from the prevailing market rates. The fair value of these loans is £33,682,475 analysed as follows:

	£
Government Loans	33,682,495
Other Local Authority Loans	1,000,000
Market Loans	0
Total	34,682,495

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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		1,888,000	1,689,000
Past service cost/(gain)		0	0
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		385,000	442,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		2,273,000	2,131,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(2,273,000)	(2,131,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		1,630,000	1,497,000
Net charge to the Comprehensive Income and Expenditure Statement		(643,000)	(634,000)

The service cost figure includes an allowance for administration expenses of £0.024M

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2014/15	2013/14
Liability gains/(losses) due to change in assumptions		5,975,000	(769,000)
Liability experience gains/(losses) arising in the year		(229,000)	(40,000)
Actuarial gains/(losses) on plan assets		(3,551,000)	(223,000)
Other - (if applicable)			
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		2,195,000	(1,032,000)

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		49,735,000	47,550,000
Current service cost		1,888,000	1,689,000
Interest cost		2,120,000	2,214,000
Contributions by members		513,000	468,000
Remeasurement (gains) and losses:			
- Actuarial gains/losses arising on liabilities from experience		(229,000)	(40,000)
- Actuarial gains/losses arising from demographic changes		0	(1,617,000)
- Actuarial gains/losses arising from changes in financial assumptions		5,975,000	848,000
- Other (if applicable)			
Past service costs/(gains)		0	0
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(1,416,000)	(1,377,000)
Balance as at 31 March		58,586,000	49,735,000

Reconciliation of present value of the scheme assets:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		39,986,000	37,403,000
Interest Income		1,735,000	1,772,000
Contributions by members		513,000	468,000
Contributions by employer		1,630,000	1,497,000
Contributions in respect of unfunded benefits		0	0
Remeasurement gain/(loss)		3,551,000	223,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(1,416,000)	(1,377,000)
Balance as at 31 March		45,999,000	39,986,000

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

The actual return on scheme assets in the year was a gain of £5.286M (2013/14 gain of £1.995M)

Fair Value of Plan Assets

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Equity investments	33,579,270	29,669,612	28,501,086
Bonds	5,611,878	4,798,320	4,263,942
Property	5,795,874	4,478,432	2,880,031
Cash	1,011,978	1,039,636	1,757,941
	45,999,000	39,986,000	37,403,000

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):

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Fair Value of Employer Assets	45,999,000	39,986,000	37,403,000
Present value of funded defined benefit obligation	(58,137,000)	(49,305,000)	(47,084,000)
Pension asset/(liability) of Funded Scheme	(12,138,000)	(9,319,000)	(9,681,000)
Present Value of unfunded defined benefit obligation	(449,000)	(430,000)	(466,000)
Other movement in the liability (asset) (if applicable)	0	0	0
Net asset/(liability) arising from the defined benefit obligation	(12,587,000)	(9,749,000)	(10,147,000)
<i>Amount in the Balance sheet:</i>			
Liabilities	(12,587,000)	(9,749,000)	(10,147,000)
Assets	0	0	0
Net Asset/(Liability)	(12,587,000)	(9,749,000)	(10,147,000)

20d Scheme history

Analysis of scheme assets and liabilities

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Fair Value of Assets in pension scheme	45,999,000	39,986,000	37,403,000
Present Value of Defined Benefit Obligation	(58,586,000)	(49,735,000)	(47,550,000)
Surplus/(deficit) in the Scheme	(12,587,000)	(9,749,000)	(10,147,000)

Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Actuarial gains/(losses)	(2,195,000)	1,032,000	383,000
Expected Return on Plan Assets	0	0	0
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	0	0	0
Remeasurements recognised in Other Comprehensive Income and Expenditure	(2,195,000)	1,032,000	383,000
Cumulative actuarial gains and losses	(7,846,000)	(5,651,000)	(6,683,000)

History of experience gains and losses:

Experience gains and (losses) on assets	0	0	3,671,000
Experience gains and (losses) on liabilities	0	0	24,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £58.586M has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £12.587.

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	1,940,000	83.3%
Net Interest on the net defined benefit liability (asset)	388,000	16.7%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	2,328,000	100.0%

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 £1.662M.

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 AON Hewitt Limited, an independent firm of actuaries. Estimates for the Council Fund are based on data pertaining to the latest full valuation of the employer's LGPS funded benefits as at 31 March 2013 and of the LGPS unfunded benefits as at 31 March 2015.

	2014/15	2013/14
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	27.0 years	26.9 years
Inflation/Pension Increase Rate	1.90%	2.40%
Salary Increase Rate	3.40%	3.90%
Pension accounts revaluation rate	1.90%	n/a
Discount Rate	3.30%	4.30%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	50%
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 (£M)	56.936	59.363
% change in the present value of the total obligation	-2.1%	2.1%
Projected service cost (£M)	1.871	2.011
Approximate % change in projected service cost	-3.6%	3.7%
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 (£M)	58.603	57.677
% change in the present value of the total obligation	0.8%	-0.8%
Projected service cost (£M)	1.940	1.940
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 (£M)	58.968	57.318
% change in the present value of the total obligation	1.4%	-1.4%
Projected service cost (£M)	2.011	1.871
Approximate % change in projected service cost	3.7%	-3.6%
Post Retirement Mortality Assumption		
Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation (£M)	59.705	56.570
% change in the present value of the total obligation	2.7%	-2.7%
Projected service cost (£M)	2.007	1.873
Approximate % change in projected service cost	3.5%	-3.5%

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

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
Other	0.2	0.0	0.6
Cash	2.0	2.6	4.7
	100.0	100.0	100.0

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

21 Donated Assets Account

	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

22 Capital Grants Received 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

23 Contingencies

The Council has submitted a claim for compensation in respect of damage and work undertaken to the ceilings of the Palace building and disturbance costs of the Council during the restoration works. The case is due for consideration by the Commercial Courts.

The Ombudsman is considering a claim over a property dispute with the Council and has issued a report awarding compensation payable to a third party. The Council is challenging the report. If unsuccessful, there is a potential liability for compensation and legal fees.

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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

	Notes	2014/15 £	2013/14 £
Adjustment to surplus or deficit on the provision of services for noncash movements			
Depreciation		3,206,557	2,387,150
Impairment & downward revaluations (& non-sale derecognitions)		(332,088)	722,309
Amortisation (included with depreciation above)		0	0
(Increase)/Decrease in Stock		(1,193)	16,053
(Increase)/Decrease in Debtors		(357,068)	(1,055,946)
Increase/(decrease) in impairment provision for bad debts		0	0
Increase/(Decrease) in Creditors		(72,590)	1,520,617
Increase/(Decrease) in Interest Creditors		0	0
Payments to NILGOSC		643,000	634,000
Carrying amount of non-current assets sold		0	0
AIC/WIP written off to Net Cost of Services		0	0
Contributions to Other Reserves/Provisions			0
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		0	0
Amounts posted to CIES from Donated Assets Account	21	0	0
		<u>3,086,619</u>	<u>4,224,183</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	0
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from the sale of PP&E, investment property and intangible assets		(23,390)	(5,515)
Capital grants included in "Taxation & non-specific grant income"		(384,980)	(953,014)
		<u>(408,370)</u>	<u>(958,529)</u>

ARMAGH CITY
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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	117,834	105,024	74,977
Short Term Investments (considered to be Cash Equivalents)	1,400,368	3,543,561	4,458,121
Short Term Deposits (considered to be Cash Equivalents)	0	0	0
Bank Overdraft	0	0	0
	<u>1,518,202</u>	<u>3,648,585</u>	<u>4,533,098</u>

24c Cash Flow Statement-Operating Activities

	2014/15 £	2013/14 £
<i>The cash flows from operating activities include:</i>		
Interest received	<u>(5,743)</u>	<u>(22,185)</u>
Interest paid	<u>1,343,906</u>	<u>1,427,461</u>

ARMAGH CITY
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

24d Cash flows from Investing Activities

	2014/15 £	2013/14 £
Purchase of PP&E, investment property and intangible assets	4,062,648	3,816,487
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	(23,390)	(5,515)
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	(384,980)	(953,014)
Other Receipts from Investing Activities	0	0
Net Cash flows from Investing Activities	<u>3,654,278</u>	<u>2,857,958</u>

24e Cash flows from Financing Activities

	2014/15 £	2013/14 £
Cash Receipts from Short and Long Term Borrowing	1,000,000	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	(30,881)	(40,253)
Repayment of Short and Long Term Borrowing	(1,504,355)	(1,589,981)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>(535,236)</u>	<u>(1,630,234)</u>

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

25a Analysis of Movement on Reserves - Current Year

	USABLE RESERVES				UNUSABLE RESERVES										TOTAL UNUSABLE RESERVES	TOTAL AUTHORITY RESERVES				
	Capital Receipts/ Reserve	Capital Grants Unapplied Account	Capital Fund Repairs Fund	Other Balances and Reserves	General Fund	Financial Instruments Adjustment Account	Renovation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Deferred Capital Receipts Account	Accumulated Absences Account	Provisions Discount Reserve	Lanarth Regulations Reserve							
At 1 April 2014	€ 26a	€ 26b	€ 0	€ 0	€ 3,500,681	€ 26c	€ 26d	€ 0	€ 0	€ 0	€ 26e	€ 26f	€ 26g	€ 26h	€ 26i	€ 0	€ 0	€ 16,546,579	€ 23,832,946	
Movements during the year:																				
Applied Capital Grants		3, 21, 23			(384,980)															
Unapplied Capital Grants received in year					0															
Unapplied Capital Grants transferred to CAA in year					0															
Direct Revenue Financing		3, 11			0															
Depreciation & Impairment adjustment		3			2,874,469															
Statutory Provision for financing Capital Investment		3			(1,952,561)															
Net Revenue expenditure funded from capital under statute		3, 11			0															
Surplus/(Deficit) on the Provision of Services					(619,117)															
Transfers between Statutory and Other Reserves and the General Fund					(497,319)															
Net movements on Pension Reserve		3, 20			643,000									(643,000)						
Disposal of Fixed Assets/Capital Sales		3, 10, 23			(23,390)															
Capital Receipts used to finance capital expenditure		3, 11			(23,390)															
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements					(31,298)															
Revaluation & Impairment		16, 20			0															
Other Movements					0															
Transfers between Capital Fund/Removal & Repair Fund & CAA to finance capital expenditure		11			274,723															
Total movements on reserves during the year (Change in Net Worth)					€ 66,122															
At 31 March 2015					€ 7,912,392															

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

25b Analysis of Movement on Reserves - Comparative Year

	USABLE RESERVES					UNUSABLE RESERVES										TOTAL AUTHORITY RESERVES
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Fund Renewal & Repairs Fund	Other Balances and Reserves	General Fund and TOTAL USABLE RESERVES	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Reserve Sale Financial Instruments Reserve	Pensions Reserve	Deferred Capital Receipts Account	Accumulated Absences Account	Provisions Reserve	Landfill Regulations Reserve	TOTAL UNUSABLE RESERVES	
At 1 April 2013	9,706	0	0	3,500,681	5,987,975	17,203,801	0	5,283,824	0	(10,147,000)	0	(158,823)	0	0	12,182,802	19,096,077
Movements during the year:																
Applied Capital Grants					(953,014)	953,014									953,014	0
Unapplied Capital Grants received in year		0	0	26c	0	0									0	0
Unapplied Capital Grants transferred to CAA in year		0	0		0	0									0	0
Direct Revenue Financing					3,109,459	(3,109,459)									(3,109,459)	0
Depreciation & Impairment adjustment					(1,907,610)	1,907,610									1,907,610	0
Loans/lease principal repayments					0	0									0	0
Net Revenue expenditure funded from capital under statute					338,025	338,025									338,025	0
Surplus/(Deficit) on the Provision of Services					0	0									0	0
Transfers between Statutory and Other Reserves and the General Fund			0	0	0	0				(634,000)					(634,000)	0
Net movements on Pension Reserve					634,000	634,000									634,000	0
Disposal of Fixed Assets/Capital Sales	5,515				(5,515)	0									0	0
Capital Receipts used to finance capital expenditure	(15,281)				(15,281)	15,281									15,281	0
Difference between finance and other costs and income calculated on an accrual basis and finance costs calculated in accordance with statutory requirements	0			(7,384)	(7,384)	0		4,192,746	0	1,002,000		7,384			7,384	0
Revaluation & Impairment	0			0	0	6,252		(6,252)			0				6,252	0
Other Movements				0	0	0									0	0
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure			0	0	0	0									0	0
Total movements on reserves during the year (Change in Net Worth)	(9,785)	0	0	1,257,961	1,198,195	(227,301)	0	4,198,494	0	389,000	0	7,384	0	0	4,364,377	5,582,771
At 31 March 2014	0	0	0	3,900,681	7,198,170	18,876,499	0	8,470,618	0	(9,749,000)	0	(151,239)	0	0	16,546,978	22,932,648

ARMAGH CITY AND DISTRICT 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 Other Balances & Reserves

The Council in order to meet the commitments of its capital and spending plans agreed to create the following Reserves:

	£
Economic Regeneration & Contributions	1,801,000
Environmental Improvements	1,000,000
Repairs & Renewals	1,097,000
Other	100,000
	3,998,000

26d 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.

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
Unusable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

26e 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.

26f 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.

26g Available-for-Sale Financial Instruments Adjustment Reserve

Not applicable to Armagh City and District Council

26h Pension Reserve

Refer to note 20.

26i 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.

26j 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

ARMAGH CITY AND DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

27 Significant Trading Operations

Armagh City and District Council has no significant trading operations.

28 Agency Services

Armagh City and District Council provide administrative support to the following organisations:

Navan at Armagh, Navan at Armagh Management Limited, Armagh Economic Development Group, Southern Group Environmental Health Committee and SWaMP2008.

The Council does not receive income for the provision of support services for Navan at Armagh, Navan at Armagh Management Limited and Armagh Economic Development Group.

Southern Group Environmental Health Committee

The following is a summary of the Committee Accounts:

	2014/15	2013/14
	£	£
Total Net Cost	992,065	1,060,407
Armagh City and District Council	87,703	96,606
Banbridge District Council	61,075	67,275
Craigavon District Council	168,445	185,544
Dungannon and South Tyrone Borough Council	87,011	95,843
Newry City and Mourne District Council	158,154	174,208
Environment & Heritage Services (Rivers)	429,677	440,930
Income received	992,065	1,060,407

SWaMP2008

	2014/15	2013/14
	£	£
Income	294,667	287,493
Expenditure	309,066	351,256
Surplus / (Deficit)	(14,399)	(63,763)

ARMAGH CITY AND DISTRICT 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 £171,551.19 (£14,104 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 paid grants of £117,720.16 (£108,600 2013/14) to a number of organisations in which Councillors had an interest. These grants were made with proper consideration of declaration of interests.

The Council provides administration support to a number of related organisations. During 2014/15, the Council reported income of £87,359 (£95,394 2013/14) from these organisations of which £16,864 (£18,056 2013/14) was outstanding at 31 March 2015.

The Council has provided assistance and support to organisations of which Councillors or Officers are members or have related party interests. These organisations include Richhill Building Preservation Trust.

During 2014/15 the Council had expenditure of £1,482,279.87 (£542,631 2013/14) to other Councils, of which £619,692.71 (£383,866 2013/14) (see note 17a) was outstanding at 31 March 2015, and £2,020,775.56 (£1,985,835 2013/14) received from other Councils; £1,536,759.68 (£1,363,980 2013/14) (see note 14) was outstanding at 31 March 2015.

Councillors represent Armagh City and District Council on the following Joint Committees:

SOAR (Rural Development)
Peace III
SWaMP2008

Rural Development Programme

SOAR Joint Council Committee is the delivery mechanism for the Northern Ireland Rural Development Programme (NIRDP) 2007-2013. It comprises the Council Areas of Armagh, Craigavon and Newry and Mourne. 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 Armagh City and District Council's accounts. Instead they are reflected in SOAR Joint Council 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 the local government auditor.

Peace III

The Council participates in Southern Cluster Joint Committee. Under this arrangement Peace III and INTERREG IVA funding is available from the Special EU Programmes Body. The Council is part of this Joint Committee with Newry, Banbridge and Craigavon 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 Armagh City and District Council's accounts. Instead they are reflected in the Southern Cluster 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 the local government auditor.

Waste Bodies

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 £31,277 (£31,474 2013/14) 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. Total expenditure by the Committee for the year was £309,066 (£351,256 13/14). 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.

Statutory Transition Committee

The Armagh Banbridge and Craigavon Statutory Transition Committee was formed pursuant to the powers conferred by the Local Government (STC) Regulations (NI) 2013 to oversee the initial implementation of the introduction of the new Council. It comprises the Council areas of Armagh, Banbridge and Craigavon. Armagh's contribution to the STC costs was £101,735.

Banbridge District Council acts as the lead Council for the Committee with responsibility for all financial and administrative matters.

The transactions are not reflected in Armagh City and District Councils's accounts, but are reflected in the Armagh, Banbridge and Craigavon Statutory Transition 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 are subject to statutory audit by the local government auditor.

Shadow Council

Following elections in May 2014, a Shadow Council was formed for Armagh Banbridge and Craigavon. Armagh's contribution to the Shadow Council costs was £209,070

Banbridge District Council acts as the lead Council for the Shadow Council with responsibility for all financial and administrative matters.

The transactions are not reflected in Armagh City and District Councils's accounts, but are reflected in the Armagh, Banbridge and Craigavon Shadow Council's statement of accounts for the year ended 31st March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to statutory audit by the local government auditor.

**ARMAGH CITY AND DISTRICT COUNCIL
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Accounts Authorised for the Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains one material amendment from the Accounts approved on 25 June 2015 is at today's date hereby authorised for issue. Any material amendments will be explained and reported 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.

The material amendment was as follows:

- £275k movement between Revaluation Reserve and Capital Adjustment Account. This had neither an impact on the result for the year nor the net assets.

Signed


.....
Chief Financial Officer

Date

26th October 2015

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