

STATEMENT OF ACCOUNTS

Armagh City Banbridge and Craigavon Borough Council

For the period ended 31st March 2017

Armagh City Banbridge and Craigavon Borough Council

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2017 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 for the year ended 31st March 2017 (the Code) and the Department for Communities Accounts Direction, Circular LG 10/2017. 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 Banbridge and Craigavon Borough Council's finances during the financial year 2016/17 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The purpose of the Narrative Report is to make the financial statements understandable to as wide an audience as possible. It is not intended to comment on Council policies and it is not part of the financial statements but is however prepared on the basis that it is consistent with the financial statements.

Group Accounts

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

The Movement in Reserves Statement

This Statement, as set out on page 25, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase/decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 26, 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 27, 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, as set out on page 28, 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 2017, the Council increased its General Fund and other reserves by £2.2m to £27.2m. The Council's net budget of £65m was supplemented by £0.22m for prior year finalisation payment of district rates. The total Net Operating Expenditure reported in the Comprehensive Income and Expenditure Statement is £69.1m (this includes amounts for depreciation, impairments and other non budget accountancy adjustments).

Expenditure on capital projects during the year amounted to £3.71m. This included expenditure on a number of projects and initiatives including the Banbridge Civic Building (£1.22m), Portadown Pump House (£0.21m), Gym Equipment (£0.15m), Solitude Play Park Area (£0.15m) and Refuse Vehicles (£0.52m).

The Armagh City, Banbridge & Craigavon Borough Council has been in existence for more than two years making comparative information available which has been included in these accounts to help make the information provided more understandable and relevant to as wide an audience as possible.

- (a) The Council's financial accounts for the year ended 31st March 2017 are set out on pages 25 to 98 and consist of:
- The Movement in Reserves Statement - this shows the movement in and accumulated balances of reserves held by the Council at the year end. These are categorised as either 'Usable' (i.e. consideration can be given regarding utilising these amounts) or 'Unusable' (i.e. resources for which a decision has already been made regarding how they are to be used e.g. funding one-off projects).
 - The Comprehensive Income and Expenditure Statement - the Council's main revenue account covering income and expenditure on all services.
 - The Balance Sheet - which sets out the Council's assets and liabilities at the year end.
 - The Cash Flow Statement - this includes information regarding inflows and outflows of cash arising from transactions for both revenue and capital.
 - Notes to the accounts.

- (b) During 2016/17 the Council incurred gross expenditure on Continuing Operations in the amount of £83.2m (2015/16 £84.2m). This was supplemented by income from various sources including grants and service users of £18.7m (2015/16 £19.2m) resulting in Net Expenditure of £64.5m (2015/16 £65.0m). Service expenditure and income is recorded in the accounts within Note 2a and is summarised in the table below:

Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Leisure & Recreational Services	35,321	7,834	27,487
Environmental Services	27,793	3,605	24,188
Planning & Development Services	12,194	5,000	7,194
Highways and Transport Services	725	917	(192)
DRM and Corporate Management	4,953	87	4,866
Other Services	2,257	1,291	966
CONTINUING OPERATIONS	83,243	18,734	64,509

The net expenditure incurred was less than the net budget set by the Council for 2016/17 and this was largely due to an overall underspend on in-year Revenue budgets.

- (c) There were no material assets acquired during the year, the highest expenditure being approximately £280k for a Refuse Collection Vehicle, and no additional significant liabilities were incurred, having regard to the normal activities of the Council.

- (d) The Council's net pension liability is in the region of £49.9m. This is an increase of more than £17m and relates mainly to changes in financial assumptions. The net pension liability is the total estimated liability of the Council to its current workforce and retired members of the scheme. There is no requirement for the Council to make a one-off payment to fund this liability and there are therefore no immediate pressures which the Council has to fund from Reserves or make any material changes to the rates. Details regarding pensions are included in Note 20.

Part of the Local Government Reform Process included the transfer of functions, services and staff from Central to Local Government. The outworkings of the transfer were that staff retained their pension entitlements and on-going access to the Civil Service Pension Scheme (this is an unfunded scheme). The Council, being the employer of the transferred staff, was obligated to contribute towards the employees pensions. However, this is processed in the form of in-year payments and there is therefore no pension provision.

- (e) A review of Council assets resulted in the re-measurement and re-lifing of assets mainly arising from the amalgamation of legacy asset registers. This review resulted in an adjustment to the re-lifing of Council assets in the region of £2.2m, re-measurement of Heritage assets to the value of £5m and of Car Park Resurfacing of £2.4m. These adjustments are reflected in Note 10 in the accounts and are included under the Reclassifications & Transfers heading (re-lifing) and within the Revaluation Increases/(decreases) to the Revaluation Reserve (re-measurement). None of the adjustments had an impact on Council reserves.

- (f) There were no significant changes in accounting policies during the year.

- (g) There were no major changes in the Council's statutory functions during the year and the accounts reflect the additional functions, responsibilities, assets and liabilities which the Council inherited from Central Government on 1st April 2015. The Council continues to strive for excellence through the delivery of effective and efficient services for local ratepayers through robust budgets and low rates. The Council is also in the final stages of agreeing an ambitious Capital Plan which will result in significant investment in the Borough over the next 3 years and beyond. Organisational reviews are underway and the completion of this work will make the organisation fit for purpose and able to meet the business and citizen challenges that lie ahead.
- (h) During the 2016/17 financial year the Council continued to fund the delivery of services and capital investment by means of income from the district rates and grants from Central Government together with reliance on existing loans and borrowings amounting to just over £42m inherited by the Council from the three former Councils. All historical loans were secured by Government borrowings and LOBOs (Lender Option Borrower Option). No new loans or borrowings were required by the Council in 2016/17.
- (i) There were no significant contingencies during the financial year. There was an increase in the provision for bad debt from £72k the previous year to £232k in 2016/17 to recognise the level of debt associated with historical Parking Charge Notices (PCNs). There were impairments amounting to approximately £399k during the financial year in respect of Council buildings as confirmed by the Council's independent valuers.
- (j) There are no material post balance sheet events to be reported upon at the date of approval of these financial statements.
- (k) There are a number of economic factors that can impact on local councils, including inflation, interest rates, pay settlements and general uncertainty within financial markets. The current economic climate continues to provide challenges for local businesses within the Borough and that in turn has a direct impact on Council income. However, despite apparent difficulties and pressures, the current situation is reasonably stable and that affords the opportunity for robust estimates and projections of need and funding. The Council therefore continues to provide value for money to local ratepayers whilst developing strategies and plans for further enhancement to the Borough which are affordable and effective.

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 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

These accounts were approved by the Performance & Audit Committee and by the Chief Financial Officer on 21 September 2017.

The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

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 for Communities 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.

Annual Governance Statement 2016/17

Scope of Responsibility

Armagh City, Banbridge and Craigavon Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently 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, the 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.

The Council has prepared 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 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an 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 the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 Banbridge and Craigavon Borough Council for the year ended 31 March 2017 and up to the date of approval of the Financial Statements and the Annual Governance Statement.

The Governance Framework

As part of the governance system, Council approved a traditional committee model made up of 7 committees linked to the Corporate Plan and organisational design complementing the need for a planning committee and performance and audit committee.

The structure is designed to reflect the Council's Vision and Strategic Priorities as set out in the current Corporate Plan i.e. Prosper the Place, Service the People and Strengthen our Position. A

key element of the structure is to ensure a 'One Council' approach by enabling cross Directorate working. The committee system is inclusive of all parties and enables all 41 Members to participate in the decision making process in an open and transparent way engendering a sense of ownership and belonging. The structure is illustrated below:



The Governance, Policy and Resources Committee is responsible for Organisational Development and Change, ICT, Procurement, Governance, Legal, Finance and Business Services, Human Resources and Civic, Democratic and Customer Services.

The Performance and Audit Committee is responsible for Internal Audit, Risk Management, Performance and Improvement. It provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment and an independent scrutiny of the Council's financial and non-financial performance.

The Planning and Regularity Services Committee is responsible for Planning Applications, Enforcements and Area Planning.

The Strategic and Community Planning Committee is responsible for Corporate and Community Planning, Enforcement, Asset and Fleet Management, Building Control, Licensing, Contracts, Public Bodies and Conservation.

The Economic Development and Regeneration Committee is responsible for Economic Development, Business Development, EU Investment, Arts and Tourism Facilities, Events, Museums, Rural Development, Town Centres and Public Realm and Car Parking.

The Environmental Services Committee is responsible for Environmental Health, Emergency Planning, Waste Management, Public Domain, Streets, Grounds, Cemeteries and Toilets.

The Leisure and Community Services Committee is responsible for Indoor and Outdoor Leisure Facilities, Play, Sports Development, Community Services, Good Relations and PCSP.

In addition to the above Committees there are also Working Groups in respect of Estimates and Financial Assistance.

The Council's Code of Governance is based on the six core principles set out in the CIPFA/SOLACE Framework with the key elements detailed below:

FOCUS ON PURPOSE AND OUTCOMES

This is achieved by the following:

- Connected: A Community Plan for the Armagh City Banbridge & Craigavon Borough 2017-2030
- Development of a Community Planning engagement framework
- 2015/17 Corporate Plan and development of new Corporate Plan
- Local Development Plan
- Annual Performance Improvement Plan
- Regeneration and Development Strategy
- Strategic Masterplanning
- Corporate and departmental planning
- Social Media Strategy and Policy
- Strategic Financial Management Framework
- Establishment of a Customer Care Strategy
- Development and implementation of a Performance Management System
- Service Review Framework.
- Annual Financial Report
- Estimates Process
- Procurement Policy, Procedures, Guidelines and training
- Treasury Management reporting

WORKING TOGETHER

This is achieved by the following:

- Council Constitution
- Consultation and engagement
- Development of a Community Planning engagement framework
- Development of a Place shaping framework embracing new approaches to work with partners in delivering regeneration
- Standing Orders
- Financial Regulations
- Committee structure and reporting
- Party Group Leaders Forum
- Mandatory Code of Conduct for Councillors
- Code of Conduct for Officers
- Scheme of Delegation
- Job Descriptions/Specifications
- Terms and Conditions of employment

PROMOTING VALUES OF GOOD GOVERNANCE

This is achieved by the following:

- Corporate Plan
- Standing Orders
- Financial Regulations
- Financial Assistance Scheme
- Anti-Fraud Policy and Response Plan

- Whistleblowing Policy
- Equality Scheme and Action Plan
- Equality and Diversity Framework
- Sports Development Action Plan
- Gifts and Hospitality Policy
- Corporate Health and Safety Policy
- Register maintained of Members' pecuniary interests
- Sustainable Development Plan
- Good Relations Plan
- Code of Conduct for Officers
- Mandatory Code of Conduct for Councillors
- Declarations of Interests is a standing agenda item at Council and Committee meetings
- Ethical requirements of Professional bodies
- Partnership Arrangements

TAKING INFORMED AND TRANSPARENT DECISIONS AND MANAGING RISK

This is achieved by the following:

- The Community Plan contains 9 long term outcomes arranged under 3 strategic themes – Community, Economy and Place. Seven Thematic Action Planning Teams will be convened to develop and deliver action plans that work towards achieving the outcomes in the plan.
- Development of an asset management strategy in conjunction with the Strategic Investment Board has been completed with a Strategic Needs Analysis completed for each Directorate.
- Ongoing work in the development of a robust Estate/Asset Management Strategy and Asset Management Plan.
- An Asset & Capital Management Project Board is in place.
- Local Development Plan
- NISRA Statistician
- Standing Orders
- Scheme of Delegation
- Financial Regulations
- Committee structure and reporting system
- Online minutes
- Council meetings are open to the public and members of the media
- Internal Audit Service
- Performance and Audit Committee with externally appointed Lay Representatives (2)
- Risk Management Policy
- Risk Management training
- Data Protection and Access to Information Policies
- Budgetary Control
- Elected Members Development Charter accreditation
- Staff induction and training
- Ongoing consultation processes
- Legal advice obtained as necessary
- 6 monthly Assurance Statements
- Annual Performance Self-Assessment Report

DEVELOPING CAPACITY AND CAPABILITY

This is achieved by the following:

- Continuation of all Mandatory training e.g. Health and Safety
- Equality training
- Registration for Member Development
- Members Development Charter
- Training for Members
- Performance and Audit Committee training
- QUB Leadership Institute training
- Induction training
- Organisational development and capacity building
- Recruitment and selection procedures

COMMUNITY ENGAGEMENT AND ENSURING ROBUST PUBLIC ACCOUNTABILITY

This is achieved by the following:

- Community Engagement Strategy
- Community Planning Process
- Regeneration and Development Strategy
- Community Support Plan
- Financial Assistance Policy (Information Sessions and Applicant Guidance Manual)
- Rural Development Programme
- Strategic Masterplanning
- Local Development Plan
- Statement of Community Involvement
- Communication of Corporate Plan
- Good Relations Action Plan
- Active Communities Programme
- Attendance at Council meetings of the media
- Minutes of Council meetings on web site
- Council web site
- Corporate Complaints Procedure

The Local Government Act (NI) 2014 legislated the Council's general power of competence enabling a Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. The Council has been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in the borough. Any issues that may require the Council to ensure the general power of competence will be processed through the Council committee structure. The nominated Committee is the Governance, Policy and Resources Committee. There was no expenditure under the General Power of Competence during 2016/17.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by an annual review of governance, the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance

environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The Performance and Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It also provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

1. Members

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

- Governance, Policy and Resources Committee
- Performance and Audit Committee
- Planning and Regulatory Services Committee
- Strategic and Community Planning Committee
- Economic Development and Regeneration Committee
- Environmental Services Committee
- Leisure and Community Services Committee

The Group Party Leaders Forum seeks to provide an informal sounding board on major strategic issues in advance of submission to Committee/Council, thereby facilitating and streamlining the conduct of Council business. This group meets on a monthly basis.

2. Senior Officers

Strategic Directors and Heads of Department completed 6 monthly Stewardship Certificates and Assurance Statements respectively. In signing their Stewardship Certificate Directors opinions were informed by the following:

- Assurance from relevant Heads of Department
- Directorate and Departmental Risk Registers (where applicable)
- Operational policies and procedures
- Internal Audit reports
- Administrative procedures (including segregation of duties)
- Management Supervision
- System of delegation and accountability

The Executive Management Team review the Corporate Risk Register on a quarterly basis.

3. Performance & Audit Committee

The Council has a Performance & Audit Committee which reports to full Council and oversees the work of Internal Audit which operates to the Public Sector Internal Audit Standards which came into effect from 1 April 2013. The terms of reference (Audit Committee Charter) which sets out the purpose and roles and responsibilities was revised in September 2016.

There are 7 Members on the Committee and during 2016/17 meetings were held in May, September, November 2016 and February 2017. The Northern Ireland Audit Office was in attendance at all the meetings during the year. In line with best practice two external Lay Representatives were appointed to the Committee.

The Performance and Audit Committee Annual Report 2016/17 was presented at the May 2017 meeting. The annual report included the annual audit committee self-assessment and this was completed in time to support the completion of the Annual Governance Statement. Update training was held on 27 September 2016 which consisted of facilitated sessions covering the purpose of the Audit Committee, support for the Committee, engagement with Internal Audit, membership and support and meetings.

Areas for development were considered for each area and the output of the training was an Action Plan which was considered and approved at the November 2016 Performance & Audit Committee meeting.

4. Internal Audit

The aim of Internal Audit is to provide an independent assurance and advisory service which will help the Council achieve its objectives and improve the effectiveness of its risk management, control and governance processes. In preparing the overall audit opinion Internal Audit reviewed all audit and risk activity carried out during the year and the following extract is taken from the 2016/17 Internal Audit Annual Report:

‘The overall opinion is that there is a SATISFACTORY level of internal control within the Council’s systems and procedures. This opinion is based upon the work of Internal Audit during the 2016/17 financial year. Internal Audit is not able to give an opinion on areas that have not been covered by the service’. In all areas Internal Audit recommendations were agreed with senior management, with improvement plans drawn up and priority actions required to be implemented within defined timescales.

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

Internal Audit continue to facilitate the development of risk management throughout the Council.

A self-assessment against the Public Sector Internal Audit Standards was completed in May 2017 with the conclusion being that Internal Audit was substantially compliant and therefore operating effectively. During the year 23 audits were completed, of these 6 were given limited assurance and details are noted below:

Management of Casuals	At the time of audit there was no effective means of determining the amount and value of casual hours offered and worked.	Recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales.
Council Depot	At the time of the audit the area of Stores was not clearly defined within the Council's organisational structure and as a result there was no clear line of assigned responsibility and no harmonisation of systems	With effect from June 2017 the newly appointed Fleet Manager has responsibilities for the Stores.
Creditors Payments	At the time of audit issues in relation to duplicate payments and the number of duplicate suppliers on the Integra system were noted.	Recommendations have been implemented by Senior Management.
Catering	The key issue identified was significant successive catering losses at a Council facility for which Council was contractually liable.	A decision was taken to terminate this contract and Management have made substantial changes to the service with a restaurant service no longer provided.
Financial Assistance Programme	The audit identified a lack of evaluation and vouching of grants awarded in the 2015/16 year.	Recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales.
Trade Waste	There was an absence of key controls in relation to invoicing, payments and collections in the 2016/17 year.	Recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales.

5. Other explicit review/assurance mechanisms

There was a review of Risk Management during the year which involved facilitated workshops with the Executive Management Team, Heads of Department, the Performance & Audit Committee and the South Lake Leisure Centre Project Team. Key changes to the risk management process included the introduction of risk appetite and target risk score for each risk as well as evidence to assess the effectiveness of each control. It was decided to discontinue the 4 Directorate Risk Registers with risks in the Directorate Risk Registers aligned to the relevant Departmental Risk Registers. Defining the appetite for each risk has set the boundaries and provides clear guidance

on the limits of risk which staff can take, whether their consideration is of a threat and the cost of control, or an opportunity and the costs of trying to exploit it.

The Northern Ireland Audit Office provides a level of assurance through the provision of their annual audit and issuing of a report to those charged with governance to address issues identified.

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

Role of Chief Financial Officer

The Chief Executive is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011. He has authority over all other officers for the efficient management and execution of the Council's functions.

In fulfilling this role, the Chief Executive is supported by a number of fully qualified and experienced staff within the Performance Directorate who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

The Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: A Framework.

Significant Governance Issues

1. Local Government Reform - Transformation

Due to complexities of three legacy Councils and two transferring functions merging there has been significant time and effort expended establishing a sound foundation on which to build the new organisation. Following an initial period of transition, the Council are now working towards a programme of service transformation. There is significant corporate risk around the delivery of the Council's Community and Corporate Plans if change is not managed effectively across the Council. Three of four Strategic Directors (including an Interim Director) and all Heads of Department have been appointed, and progress is being made to fill the next tiers of the organisational structure.

2. Local Development Plan

The Local Development Plan is included as a current risk on the Planning Department risk register. The main risk in relation to delivery of the Local Development Plan is that it may be subject to challenge at various stages of the consultation process. The plan is technical, complex and process driven and factors that can hinder the delivery of the plan include the resourcing and scheduling of appeals and availability of key statutory partners to support the Council's plan. In order to mitigate the risk there are plans to establish a Project Management Group, go out to consultation in relation to Preferred Options Papers and commence preparation of the draft Plan Strategy. The Council has also published its Statement of Community Involvement which defines how we engage with the community and key stakeholders in the delivery of planning functions.

**3. Interreg IIIa Programme Ireland/Northern Ireland 2000-2006 Project Ref.026413
Wood Derived Biomass Heating**

On 6 May 2011 the Department of Enterprise, Trade and Investment (DETI) wrote to the legacy Craigavon Borough Council requesting a claw back of £198,747 in relation to the European Funded Biomass Boiler Scheme. On Wednesday 23 November 2011 DETI served a Writ of Summons against Craigavon Borough Council. The Council is seeking to resolve and close this case through a formal mediation process. A provision for the clawback had been included in the Council's accounts.

4. Armagh City and District Council – Legal Case

This matter is very complex and lengthy and has lasted over 8 years and relates to a portion of ground that the Council owned in Keady and had been attempting to make available for health related purposes. There is an ongoing case with the NI Ombudsman. The Council is attempting to resolve and close this case through a formal mediation process.

5. Health & Recreation Fraud

Internal Audit were notified in November 2016 of potential missing lodgements in a Health & Recreation facility. Internal Audit carried out a Preliminary Investigation in November 2016, with update reports being issued in January and April 2017. The case is now the subject of a formal disciplinary investigation.

We propose over the coming year to address the above matters which should enhance our governance arrangements.

Signed *Darren McWally* Date 21/9/17

Signed *[Signature]* Date 21/9/17

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

Armagh City Banbridge and Craigavon Borough Council

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Following a review of allowances, carried out by an independent Councillors' Allowances Remuneration Panel, which was appointed in May 2013, the then Minister of the Environment advised the Northern Ireland Assembly in a written statement of the new levels of allowances applicable for councillors from 1 April 2015.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2016 were issued by the Department for Communities on 6 July 2016 (Circular LG 14/2016) and on 16 March 2016 (Circular LG 10/2016). Consolidated guidance superseding all previous guidance and associated addenda was issued on 14 December 2016 (Circular LG 23/2016). Details of the allowances paid to individual councillors are published on the Council's website at www.ArmaghBanbridgeCraigavon.gov.uk.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Armagh City, Banbridge and Craigavon Borough Council had 41 councillors in 2016/17.

SENIOR EMPLOYEES

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Executive Management Team.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

Table 1: Total Allowances paid to councillors (audited information)

Allowance	2016/17		2015/16	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	583,114	46	582,198	41
Special Responsibility Allowance	98,581	30	99,000	19
Mayor's Allowance	18,180	2	18,000	1
Deputy Mayor's Allowance	8,065	3	8,000	1
Mileage Allowance	45,995	35	43,850	36
Public Transport and Other Travel	46	1	0	0
Subsistence	642	10	842	7
Courses/ Conferences Visits (registration & joining fees)	2,104	11	119	5
Dependents' Carers Allowance	3,809	3	2,285	2
TOTAL ALLOWANCES	760,536		754,294	

Due to in year Assembly Elections and subsequent co opting to Council, there were a number of members filling the Council positions.

Details of the allowances paid to individual councillors in 2016/17 are published on the council website at www.ArmaghBanbridgeCraigavon.gov.uk.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Executive Management Team. The following table provides details of the remuneration paid to senior employees in 2016/17 all of whom were in post for the full year:

Table 2: Remuneration of Senior Employees (audited information)

Officers	2016/17				2015/16			
	Salary £'000	Bonus Payments	Benefits in kind £'000	Total	Salary £'000	Bonus Payments	Benefits in kind £'000	Total
Chief Executive R Wilson	115 - 120	0	0	115 - 120	105 - 110	0	0	105 - 110
Director of Place O Murtagh	80 - 85	0	0	80 - 85	80 - 85	0	0	80 - 85
Director of Position S O'Gorman	80 - 85	0	0	80 - 85	80 - 85	0	0	80 - 85
Director of People M Reardon	95 - 100	0	0	95 - 100	0	0	0	0

There was no Director of Performance during 2016/17 as this post is still to be recruited.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Executive Management Team and the median remuneration of the Councils workforce.

The banded remuneration of the highest paid member of the Executive Management Team in the financial year 2016/17 was £115k - £120k. This was 5.2 times the median remuneration of the workforce, which was £22.2k. (2015/16 : 5.1 times)

Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team and the median remuneration of the Councils workforce (audited information)

	2016/17	2015/16
Salary Band of Highest Paid member of the Executive Management Team	115 - 120 K	105 - 110 K
Median Total Remuneration	£22.2k	£21.6k
Ratio	5.2	5.1

In 2016/17 no employees received remuneration in excess of the highest paid member of the Executive Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

Salary

"Salary" includes gross salary, overtime and any gratia payments.

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2016/17 relate to performance in 2016/17. No bonuses were paid in 2016/17.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No Benefits in Kind were paid in 2016/17.

Exit Packages for staff

The number of exit packages provided to all staff by the Council during 2016/17, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 4: Exit Packages in 2016/17 (audited information)

Severance Package Cost Band	2016/17				2015/16			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total No of Exit Packages in each Band	Total Cost of Packages £'000	Number of Compulsory Redundancies	Number of Other departures agreed	Total No of Exit Packages in each Band	Total Cost of Packages £'000
£0 - £20,000	0	0	0	0	0	2	2	30
£20,001 - £40,000	0	0	0	0	0	2	2	60
£40,001 - £60,000	0	0	0	0	0	5	5	227
£60,001 - £80,000	0	0	0	0	0	3	3	209
£80,001 - £100,000	0	0	0	0	0	1	1	87
£100,001 - £150,000	0	0	0	0	0	4	4	440
£150,001 - £200,000	0	0	0	0	0	5	5	869
Exceeds £200,000	0	0	0	0	0	2	2	450
Total	0	0	0	0	0	24	24	2,372

Costs of exit packages in 2015/16 have been restated to include additional costs to Council not previously accrued in the prior year; and whilst reflected in the 2016/17 accounts, costs relate to decisions made during the 2015/16 year.

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme), which is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015 a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2016, were as follows:

Table 5: Employee Contribution Rates (audited information)

Band	Range	Employee Contribution Rate
1	£0 - £14,000	5.50%
2	£14,001 - £21,300	5.80%
3	£21,301 - £35,600	6.50%
4	£35,601 - £43,000	6.80%
5	£43,001 - £85,000	8.50%
6	More than £85,000	10.50%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. The 2016 triennial valuation was undertaken as at 31 March 2016 and an employer contribution rate for those employers whose participation in the Scheme is deemed to be indefinite has been set for the following three years, effective from 1 April 2017. In addition a separate deficit funding charge has been levied on Council equivalent to 1.8% of pensionable pay, which is paid outside of the payroll function.

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2014 - 31 March 2015	20%
1 April 2015 - 31 March 2016	20%
1 April 2016 - 31 March 2017	20%

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2016/17 was £141,587 (2015/16 £141,441).

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

Table 7: Pension Benefits of senior staff in 2016/17 (audited information)

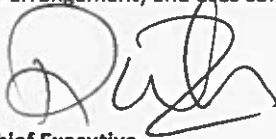
Officers	Accrued Pension at pension age	Real increase in pension at pension age	Real increase in related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
	£	£	£	£'000	£'000	£'000
Chief Executive R Wilson	35,001-40,000	2,501 - 5,000	2,501 - 5,000	545	484	45
Director of Place O Murtagh	30,000 - 35,000	0 - 2,500	0 - 2,500	470	429	29
Director of Position S O'Gorman	25,001 - 30,000	0 - 2,500	0 - 2,500	314	285	19
Director of People M Reardon	nil	nil	nil	nil	nil	nil

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Chief Executive

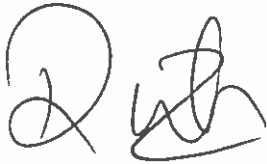
21 September 2017

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2017 on pages 25 to 98 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 29 to 53.

- (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 ended 31st March 2017.



Chief Financial Officer

Date 21/9/17

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Performance & Audit Committee.



Vice Chair of the Performance & Audit Committee

Date 21/9/17.

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

I have audited the financial statements of Armagh City Banbridge and Craigavon Borough Council for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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.

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 Banbridge and Craigavon Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Armagh City Banbridge and Craigavon Borough Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17, of the financial position of Armagh City Banbridge and Craigavon Borough Council as at 31 March 2017 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) 2015 and the Department for Communities' directions issued thereunder.

Opinion on other matters

In my opinion:

the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit)

Regulations (Northern Ireland) 2015; and

the information given in the Narrative Report for the financial year ended 31 March 2017 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 2016-17 ;
 - does not comply with proper practices specified by the Department for Communities;
 - 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 and the part of the remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

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



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

27 September 2017

Armagh City Banbridge and Craigavon Borough Council
Movement in Reserves Statement for the year ended 31 March 2017

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2015	12,134,938	9,035,877	329,166	21,499,981	68,631,713	90,131,694
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(943,839)	-	-	(943,839)	-	(943,839)
Other Comprehensive Income and Expenditure	-	-	-	-	22,219,883	22,219,883
Total Comprehensive Income and Expenditure	(943,839)	-	-	(943,839)	22,219,883	21,276,044
Adjustments between accounting basis & funding under regulations	4,378,230	-	92,528	4,470,758	(4,470,758)	-
Net increase before transfers to Statutory and Other Reserves	3,434,391	-	92,528	3,526,919	17,749,125	21,276,044
Transfers to / from Statutory and Other	1,180,883	(1,180,883)	-	-	-	-
Increase/ Decrease in year	4,615,274	(1,180,883)	92,528	3,526,919	17,749,125	21,276,044
Balance as at 31 March 2016	16,750,212	7,854,994	421,694	25,026,900	86,380,838	111,407,738
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(3,112,736)	-	-	(3,112,736)	-	(3,112,736)
Other Comprehensive Income and Expenditure	-	-	-	-	(5,136,804)	(5,136,804)
Total Comprehensive Income and Expenditure	(3,112,736)	-	-	(3,112,736)	(5,136,804)	(8,249,540)
Adjustments between accounting basis & funding under regulations	5,201,524	-	116,740	5,318,264	(5,318,264)	-
Net increase before transfers to Statutory and Other Reserves	2,088,788	-	116,740	2,205,528	(10,455,068)	(8,249,540)
Transfers to / from Statutory and Other	(1,742,899)	1,742,899	-	-	-	-
Increase in year	345,889	1,742,899	116,740	2,205,528	(10,455,068)	(8,249,540)
Balance as at 31 March 2017	17,096,101	9,597,893	538,434	27,232,428	75,925,770	103,158,198

Armagh City Banbridge and Craigavon Borough Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

	Notes	2016/17			2015/16		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure							
Leisure and Recreational Services	2	35,320,974	7,834,228	27,486,746	35,168,305	8,291,245	26,877,060
Environmental Services	2	27,792,983	3,605,376	24,187,607	29,076,647	3,878,964	25,197,683
Planning and Development Services	2	12,194,639	5,000,065	7,194,574	10,927,712	5,122,812	5,804,900
Highways and Transport Services	2	724,767	917,077	(192,311)	516,534	789,122	(272,588)
DRM and Corporate Management	2	4,953,180	86,977	4,866,203	5,685,983	132,414	5,553,569
Other Services	2	2,256,925	1,290,389	966,535	2,846,639	971,092	1,875,547
Cost of Services on Continuing Operations		83,243,468	18,734,112	64,509,354	84,221,820	19,185,649	65,036,171
Other Operating Expenditure	7	1,339,579	116,740	1,222,839	-	7,528	(7,528)
Financing and Investment Income and Expenditure	8, 10d	3,808,040	442,298	3,365,742	3,896,804	144,655	3,752,149
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures	29	-	-	-	-	-	-
Net Operating Expenditure		88,391,087	19,293,150	69,097,935	88,118,624	19,337,832	68,780,793
Taxation and Non-Specific Grant Income	9	-	65,985,201	(65,985,201)	-	67,836,953	(67,836,953)
Surplus/(Deficit) on the Provision of Services		88,391,087	85,278,351	(3,112,736)	88,118,624	87,174,785	(943,839)
Surplus/(Deficit) on revaluation of non-current assets	10			10,449,196			9,829,695
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	20			(15,586,000)			12,390,188
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	29			-			-
Other Comprehensive Income and Expenditure				(5,136,804)			22,219,883
Total Comprehensive Income and Expenditure				(8,249,540)			21,276,044

Armagh City Banbridge and Craigavon Borough Council
Balance Sheet as at 31 March 2017

	Note	31st March 2017	31st March 2016
		£	£
Fixed Assets	10	193,045,087	187,818,881
Long Term Investments	15	-	-
Investment in Associates and Joint Ventures	29	-	-
Long Term Debtors	14	1,624,188	1,843,184
LONG TERM ASSETS		194,669,275	189,662,065
Short Term Investments	15	-	-
Inventories	13	327,889	430,264
Short Term Debtors	14	5,985,405	7,137,083
Cash and Cash Equivalents	24	9,640,775	6,872,607
Assets Held for Sale	10	-	-
CURRENT ASSETS		15,954,069	14,439,954
Bank Overdraft	24	-	-
Short Term Borrowing	16	2,155,972	2,200,422
Short Term Creditors	17	8,889,993	9,131,092
Provisions	18	416,921	472,436
CURRENT LIABILITIES		11,462,886	11,803,950
Long Term Creditors	17	-	-
Provisions	18	3,105,514	3,329,801
Long Term Borrowing	16	42,880,235	45,069,980
Other Long Term Liabilities	20, 5c	50,016,510	32,490,550
Donated Assets Account	21	-	-
Capital Grants Receipts in Advance	22	-	-
LONG TERM LIABILITIES		96,002,259	80,890,331
NET ASSETS		103,158,199	111,407,738
USABLE RESERVES			
Capital Receipts Reserve	25	538,434	421,694
Capital Grants Unapplied Account	25	-	-
Capital Fund	25	4,074,097	4,074,097
Renewal and Repairs Fund	25	-	150,298
Other Balances and Reserves	25	5,523,796	3,630,599
General Fund	25	17,096,102	16,750,212
		27,232,429	25,026,900
UNUSABLE RESERVES			
Capital Adjustment Account	26	58,349,258	68,037,286
Financial Instruments Adjustment Account	26	-	-
Revaluation Reserve	26	68,204,686	51,325,234
Available for Sale Financial Instruments Reserve	26	-	-
Pensions Reserve	26	(49,930,000)	(32,486,000)
Capital Receipts Deferred Account	26	-	-
Accumulated Absences Account	26	(698,174)	(495,682)
Landfill Regulations Reserve	26	-	-
Provisions Discount Rate Reserve	26	-	-
		75,925,770	86,380,838
NET WORTH		103,158,199	111,407,738

Armagh City Banbridge and Craigavon Borough Council
Cash Flow Statement at 31 March 2017

	Note	2016/17	2015/16
		£	£
Net Deficit on the provision of services		(3,112,736)	(943,839)
Adjustment for non-cash movements	24	11,744,569	10,264,915
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(284,718)	(3,435,301)
Net cash flows from operating activities	24	8,347,115	5,885,775
Cash flows from Investing Activities	24	(3,426,712)	(6,497,857)
Net Cash flows from Financing Activities	24	(2,152,235)	(2,384,396)
Net increase or decrease in cash and cash equivalents		2,768,168	(2,996,478)
Cash and cash equivalents at the beginning of the reporting period		6,872,607	9,869,085
Cash and cash equivalents at the end of the reporting period		9,640,775	6,872,607

Armagh City Banbridge and Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and the Service Reporting Code of Practice 2016/17 (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 2016/17 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

Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

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

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its Single Status Policy.

iv) Cash and Cash Equivalents

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

v) Contingent Assets

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

vi) Contingent Liabilities

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

vii) Discontinued Operations

Council has not discontinued operations (or transferred operations under combinations of public sector bodies) during the financial 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, paid sick leave and bonuses 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 estimates of projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate of 2.6% (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

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

2 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

3 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)

4 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.

5 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

6 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).

7 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.

As a result of Local Government reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The Scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

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:

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

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

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

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:

- a. loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- b. 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.

Where assets are identified as impaired, arising from a past event and where 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:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

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:

- a. the Council will comply with the conditions attached to the payments, and
- b. 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 £5k) the Capital Receipts Reserve.

xvi) Inventories & Long Term Contracts

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

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

xvii) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xviii) **Landfill Allowance Scheme**

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. a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- b. 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 Lease

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. 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
- b. 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.

The Council as Lessor - Operating Lease

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

xx)

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xxi) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (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:

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

b. 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) Fixed Assets

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 Fixed Assets.

Recognition

Expenditure on the acquisition, creation or enhancement of Fixed Assets 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:

- a. the purchase price
- b. 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
- c. 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:

- a. 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.
- b. 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 fixed 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 & equipment and ICT – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer on a straight line basis up to 50 years.
- buildings & infrastructure – straight-line allocation up to 50 years.

Componentisation

Where an item of Fixed Assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation is only applicable to larger value land and buildings or equipment assets.

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.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on fixed assets. 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 bronze art sculptures and statuettes, 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.

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

Archeology - The Council does not consider that reliable cost or valuation information can be obtained for the items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet. The Council's acquisitions principally relate to the collection donated in the early twentieth century. The Authority does not (normally) make any purchases of archaeological items.

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

xxiv) Provisions

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

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

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

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

xxv) Reserves

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

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

xxvi) Charges to Revenue for Non-Current Assets

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

- a. depreciation attributable to the assets used by the relevant service
- b. 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
- c. 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 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.

xxix) The Carbon Reduction Commitment Scheme (CRC)

Due to its low levels of energy consumption, there is no requirement for the Council to submit CRC returns.

xxx) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- * Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- * Level 3 – unobservable inputs for the asset or liability

b Accounting Standards that have been Issued but have not yet been Adopted

- Accounting and Reporting by Pension Funds – Investment Transaction Costs

In the 2016/17 Code CIPFA/LASAAC indicated its intention to mandate the recommended disclosure on pension fund investment transaction costs.

After consultation, CIPFA/LASAAC agreed to proceed with the transaction costs disclosure to elevate concerns regarding the transparency of pension fund management expenses generally. Transaction costs are clearly defined in IFRS (in IAS 39 Financial Instruments: Recognition and Measurement and IAS 40 Investment Property). The requirement for disclosure on transaction costs has been included in the 2017/18 Code of Practice.

- Amendment to the Disclosure of Investment Asset Concentration

In a review of application guidance on pension fund reporting, CIPFA/LASSAAC considered that the information required under IAS 26 no longer provided materially relevant disclosures and therefore the disclosure regarding defined benefit pension fund at paragraph 6.5.5.1 of 2017/18 Code of Practice refers to 'Details of any single investment exceeding either 5% of the net assets available for benefits, this is consistent with the approach in the Financial Reports of Pension Schemes – A Statement of Recommended Practice 2015.

c Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from 1a above, Council has not had to make any critical judgements about complex transactions or those involving uncertainty about future events.

d 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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

(i) Fixed Assets

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.

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

(ii) Provisions

The Council has not made a provision for bad debt arising from non-collection of rate income by Land & Property Services in future years. It is not certain how much uncollected rates will be written off by LPS in future years, nor has it made a provision for Equal Pay settlements due to the uncertainty of the amounts involved.

(iii) Pension 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.

(iv) Arrears

A review of significant debtors balances has produced a specific allowance for doubtful debts.

Armagh City Banbridge and Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

2 Segmental Reporting
a Segmental Reporting Analysis

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 for Communities' Accounts Direction.

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

Services	2016/17			2015/16		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	3,479,096	(793,314)	2,685,782	3,371,676	(677,012)	2,694,664
Recreation and Sport	23,570,788	(5,398,982)	18,171,807	24,492,248	(5,317,935)	19,174,313
Tourism	4,232,716	(641,643)	3,591,073	3,212,060	(903,170)	2,308,889
Community Services	4,038,374	(1,000,289)	3,038,084	4,092,321	(1,393,128)	2,699,194
Leisure and Recreational Services	35,320,974	(7,834,228)	27,486,746	35,168,305	(8,291,245)	26,877,060
Cemetery, Cremation & Mortuary	802,001	(168,670)	633,331	750,491	(160,982)	589,509
Environmental Health	4,379,715	(1,779,501)	2,600,214	4,355,059	(1,536,720)	2,818,339
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	566,071	(7,797)	558,273	547,553	(8,852)	538,702
Licensing	289,332	(70,680)	218,652	311,693	(100,904)	210,789
Other Cleaning	2,859,931	(19,837)	2,840,094	2,781,158	(48,066)	2,733,092
Waste Collection	9,000,492	(976,973)	8,023,519	12,548,111	(1,149,873)	11,398,238
Waste Disposal	6,317,274	(158,140)	6,159,134	4,176,009	(208,582)	3,967,427
Other Community Assets	3,189,771	(423,778)	2,765,993	3,333,463	(664,986)	2,668,477
Minor Works	388,397	-	388,397	273,110	-	273,110
Environmental Services	27,792,984	(3,605,376)	24,187,609	29,076,647	(3,878,965)	25,197,683
Community Planning	349,018	-	349,018	237,418	(97)	237,320
Economic Development	3,183,044	(568,333)	2,614,712	4,330,905	(1,456,457)	2,874,448
EU Rural Development	313,782	(240,266)	73,516	376,119	(479,768)	(103,649)
Urban Regeneration and Community Development	4,161,711	(1,151,077)	3,010,633	1,740,153	(406,828)	1,333,325
Planning Policy	2,492,652	(1,640,632)	852,020	2,121,566	(1,429,031)	692,535
Development Control	28,584	-	28,584	66,054	-	66,054
Building Control	1,665,607	(1,399,757)	265,850	2,011,097	(1,350,631)	660,466
Environmental initiatives	240	-	240	44,401	-	44,401
Planning and Development Services	12,194,639	(5,000,065)	7,194,574	10,927,712	(5,122,812)	5,804,900
Off-street Parking Services	724,767	(917,077)	(192,311)	516,534	(789,122)	(272,588)
Highways and Transport Services	724,767	(917,077)	(192,311)	516,534	(789,122)	(272,588)

Democratic Representation and Management	1,698,837	(39,579)	1,659,258	1,598,435	(95,249)	1,503,186
Corporate Management	3,254,343	(47,398)	3,206,945	4,087,549	(37,166)	4,050,383
DRM and Corporate Management	4,953,180	(86,977)	4,866,203	5,685,984	(132,415)	5,553,569
Trading Services	702,377	(397,078)	305,299	737,712	(306,174)	431,538
Non Distributed Costs	318,937	-	318,937	706,870	-	706,870
Central Services to the Public	1,235,610	(893,311)	342,299	1,402,057	(664,918)	737,139
Other Services	2,256,924	(1,290,389)	966,535	2,846,639	(971,092)	1,875,547
CONTINUING OPERATIONS	83,243,467	(18,734,112)	64,509,356	84,221,821	(19,185,651)	65,036,171

On going reclassifications and coding adjustments associated with departmental restructuring carried out during 2016/17 has generated a number of variances in the comparative year in respect of income and expenditure across Services.

b 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

	2016/17	2016/17	2015/16	2015/16
	£	£	£	£
Net Cost of Services in Service Analysis		64,509,356		65,036,171
Items excluded from Service Analysis:				
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement		-		-
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement		-		-
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		64,509,356		65,036,171
Items included in Net Operating Expenditure excluded from Service Analysis:				
Other Operating Expenditure	1,222,839		(7,528)	
Financing and Investment Income and Expenditure	3,365,742		3,752,149	
Surplus or Deficit on Discontinued Operations				
		4,588,581		3,744,621
Net Operating Expenditure per the Comprehensive Income and Expenditure		69,097,937		68,780,792

3 Adjustment between an Accounting Basis and Funding Basis under Regulations

a 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:

	Notes	2016/17		2015/16	
		£	£	£	£
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:					
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10	-	-	-	-
Derecognition (other than disposal) of non-current assets	10	1,168,587	-	-	-
Impairments (losses & reversals) of non-current assets	10	399,096	-	-	-
Depreciation charged in the year on non-current assets	10	7,188,683	8,756,366	9,515,092	9,515,092
Net Revenue expenditure funded from capital under statute	11, 26	-	171,656	-	-
Carrying amount of non current assets sold	7	170,992	-	85,000	-
Proceeds from the sale of PP&E, investment property and intangible assets	24, 25	(116,740)	54,252	(92,528)	(7,528)
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	26	-	-	-	-
Net charges made for retirement benefits in accordance with IAS 19	20	-	8,089,000	-	8,974,000
Direct revenue financing of Capital Expenditure	11, 26	-	(1,022,593)	-	-
Capital Grants and Donated Assets Receivable and Applied in year	9b	-	(167,978)	-	(3,342,773)
Capital Grants Receivable and Unapplied in year	9c	-	-	-	-
Adjustments in relation to Short-term compensated absences	26	-	202,492	-	37,890
Adjustments in relation to Lessor Arrangements		-	-	-	-
Landfill Regulations Reserve Adjustment	26	-	-	-	-
Provisions Discount Rate Reserve Adjustment	26	-	-	-	-
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	11, 26	-	(4,650,671)	-	(4,684,451)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20	-	(6,231,000)	-	(6,114,000)
			5,201,524		4,378,230

Net transfers (to)/from statutory and other earmarked reserves:		2016/17		2015/16	
		Notes	£	£	£
Capital Fund					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	25	-	-	-	-
Renewal and Repairs Fund					
Interest		-	-	-	-
Other	25	150,298	150,298	-	-
Capital Receipts Reserve					
Interest		-	-	-	-
Other	25	-	-	-	-
Other Funds and earmarked reserves					
Interest		-	-	-	-
From Other funds		-	-	-	-
Other	25	(1,893,197)	(1,893,197)	1,180,883	1,180,883
			(1,742,899)		1,180,883

4 Cost of Services on Continuing Operations

a General power of competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this with or without charge. The power of competence is not limited to benefitting the area or its residents nor is it limited by existing powers.

There was no actual expenditure under the power of competence during 2016/17.

b 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.

	2016/17	2015/16
	£	£
External Audit Fees	66,500	67,000
Grant Claim Certification Fees	-	-
Other Fees	17,077	-
	83,577	67,000

£17k of other fees payable to NI Audit Office were £1.2k for National Fraud Initiative & £15.8k for Performance Improvement Audit (£nil 2015/16).

5 Operating and Finance Leases
Council as Lessor

a Finance Leases (Council as lessor)

The Council has leased out property to Banbridge Enterprises Ltd on a finance lease with a remaining term of 91 years.

The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income.

Gross receivables from finance leases	2016/17	2015/16
	£	£
Long Term Debtors		
Finance leases- gross receivables	119,133	120,051
Less - Unearned finance income	-	-
Less - Unguaranteed residual value of property	-	-
Net Present Value	119,133	120,051
Short Term Debtors		
Finance leases- gross receivables	918	911
Less - Unearned finance income	-	-
Less - Unguaranteed residual value of property	-	-
Net Present Value	918	911
Gross receivables from finance leases		
No later than 1 year	918	911
Later than 1 year and no later than 5 years	3,739	3,712
Later than 5 years	115,394	116,339
Total gross receivables	120,051	120,962
Less-Unearned future finance income on finance leases	-	-
Less-Unguaranteed residual value of property	-	-
Net investment in finance leases	120,051	120,962

The net investment in finance leases may be analysed as follows:

	2016/17	2015/16
	£	£
No later than 1 year	918	911
Later than 1 year and no later than 5 years	3,739	3,712
Later than 5 years	115,394	116,339
Total gross receivables	120,051	120,962

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £nil (Previous year £nil)

The accumulated allowance for uncollectable minimum lease payments receivable is £nil (comparative year £nil)

No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 0.73% (comparative year 0.73%)

b Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £102,748. No contingent rents were recognised.

The contracts are all non-cancellable provided the lessees adhere to the covenants and terms of the lease. The lease terms are between 1 and 983 years. Future minimum lease income is set out below:

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease rentals receivable:				
No later than 1 year	43,303	-	43,970	-
Later than 1 year and no later than 5 years	111,998	-	93,917	-
Later than 5 years	325	-	31,675	-
	155,626	-	169,562	-

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

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Cost	11,028,186	-	7,239,071	-
Accumulated depreciation and impairments at 1 April	(2,239,115)	-	(1,247,732)	-
Depreciation charge for the year	(437,969)	-	(326,242)	-
Impairments	256,627	-	400,000	-
	8,607,729	-	6,065,097	-

Council as Lessee

c Finance Leases (Council as lessee)

A number of Council's vehicles are held under finance leases. The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see note 10g-leased assets).

Council holds some equipment under Finance Leases. The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see note 10g-leased assets).

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 IT 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 £
2016/17				
Finance leases payments	43,968	95,409	-	139,377
Less: finance charges	(4,094)	(8,899)	-	(12,993)
Net present value	39,874	86,510	-	126,384
2015/16				
Finance leases payments	12,987	5,655	-	18,642
Less: finance charges	(1,785)	(1,105)	-	(2,890)
Net present value	11,202	4,550	-	15,752
2014/15				
Finance leases payments	-	-	-	-
Less: finance charges	-	-	-	-
Net present value	-	-	-	-
Included in the Balance Sheet as:				
	2017 £	2016 £	2015 £	
Current liabilities	39,874	11,202	-	
Long term liabilities	86,510	4,550	-	
Total	126,384	15,752	-	

d Operating Leases (Council as lessee)

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

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

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease payments	1,483	10,111	1,483	26,406
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
Total	1,483	10,111	1,483	26,406

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

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

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease rentals payable:				
No later than 1 year	1,483	-	1,483	10,111
Later than 1 year and no later than 5 years	4,472	-	5,692	-
Later than 5 years	3,512	-	3,774	-
Total	9,467	-	10,949	10,111

6 a Employee Costs and Member Allowances

Staff Costs	2016/17	2015/16
	£	£
Salaries and Wages	31,057,971	30,531,581
Employers NIC	2,737,490	2,182,117
Employers Superannuation	5,858,381	5,978,313
Total staff costs	39,653,842	38,692,011

In addition, agency costs during the year amounted to £236,868 (2015/16 £372,207).

Staff Costs include voluntary redundancies agreed by the Council during the year. There were no exit packages agreed in 2016/2017, however a cost of £395k is charged to the I & E in year as a result of an under provision in 2015/2016. This includes £125k of costs to NILGOSC paid post 2016/2017 year-end and accrued. A summary of the costs of redundancy packages paid to officers is included in the Remuneration Report.

The Council's current contribution rate to NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 96% of the liabilities accrued up to that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees	2016/17	2015/16
	FTE	FTE
Leisure and Recreation Services	358	372
Environmental Services	459	426
Planning and Development Services	49	42
Highways and Transport Service	-	-
Other	308	334
Total Number	1,174	1,174

	2016/17	2015/16
	Actual Numbers	Actual Numbers
Full-time numbers employed	947	955
Part-time numbers employed	382	373
Total Number	1,329	1,328

c Senior Employees' Remuneration	2016/17	2015/16
	£	£
£50,001 to £60,000	15	7
£60,001 to £70,000	3	6
£70,001 to £80,000	-	-
£80,001 to £90,000	2	2
£90,001 to £100,000	-	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
Total Number	21	16

d Members' Allowances

	2016/17	2015/16
	£	£
Salaries	-	-
Basic allowance	583,114	582,198
Mayor's & Deputy Mayor's Allowance	26,245	26,000
Special Responsibility Allowances	98,581	99,000
Dependents' carers allowance	3,809	2,285
Employer costs	183,924	182,936
Mileage	45,995	43,850
Conferences and Courses	2,104	119
Travel & Subsistence Costs	688	842
Miscellaneous Costs	-	-
Severance Payments	-	-
Total	944,460	937,230

e Northern Ireland Civil Service Pension Arrangements

As a result of Reform on 1st April 2015, staff transferred from Central Government to the Council are members of the Northern Ireland Civil Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £270,651 were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31/03/2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Current employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No Council employees currently avail of this scheme and, as it is a closed scheme, no new employees are able to join it.

f Ill Health Retirements

7 persons retired early on ill-health grounds at nil cost to Council.

7 a Other Operating Expenditure

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

	2016/17	2015/16
	£	£
Proceeds from sale	(116,740)	(92,528)
Carrying amount of non-current assets sold (excl Investment Properties)	170,992	85,000
	54,252	(7,528)

b Other Operating Income/Expenditure

	2016/17	2015/16
	£	£
Income	-	-
Expenditure	1,168,587	-
	1,168,587	-

Other Operating Expenditure	2016/17	2015/16
	£	£
(Surplus) / Deficit on Non Current Assets	54,252	(7,528)
Other Operating (Income) / Expenditure*	1,168,587	-
*Carrying amount of non-current assets sold by Legacy Councils	1,222,839	(7,528)

8 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2016/17	2015/16
	£	£
Lease/hire purchase interest	4,915	7,792
Bank interest	1,346	540
Government Loan interest	2,612,002	2,603,472
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	2,618,263	2,611,804

The 2015/16 Bank Interest comparative has been analysed between Bank and Government Loan Interest

b Interest and Investment Income

	2016/17	2015/16
	£	£
Bank Interest	7,245	4,654
Employee car loan interest	1,379	3,203
NIHE Loan interest receivable	130,093	136,798
Investment income on Fund Balances		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment income	-	-
	138,717	144,655

c Pensions interest costs

	2016/17	2015/16
	£	£
Net interest on the net defined benefit liability (asset)	1,030,000	1,285,000
	<u>1,030,000</u>	<u>1,285,000</u>

d Surplus/(Deficit) on trading operations

	2016/17	2015/16
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	<u>-</u>	<u>-</u>

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

	2016/17	2015/16
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(303,581)	(255,700)
Expenditure	159,778	149,348
De-recognition in relation to amounts written off	-	-
Net income from investment properties	(143,803)	(106,352)
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of Investment Properties:	-	-
Changes in Fair Value of Investment Properties		
	(143,803)	(106,352)

Financing and Investment Income and Expenditure	2016/17			2015/16		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,618,263	-	2,618,263	2,611,804	-	2,611,804
Interest and Investment Income	-	(138,717)	(138,717)	-	(144,655)	(144,655)
Pensions interest cost	1,030,000	-	1,030,000	1,285,000	-	1,285,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	159,778	(303,581)	(143,803)	149,348	(255,700)	(106,352)
Changes in Fair Value of Investment Properties	-	-	-	-	-	-
	3,808,041	(442,298)	3,365,743	4,046,152	(400,355)	3,645,797

9 Taxation and Non Specific Grant Income

a Revenue Grants

	2016/17	2015/16
	£	£
General	(7,955,941)	(8,016,955)
Other	-	-
	<u>(7,955,941)</u>	<u>(8,016,955)</u>

b Capital Grants and Donated Assets - Applied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and applied in year	(167,978)	(3,342,773)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	<u>(167,978)</u>	<u>(3,342,773)</u>

c Capital Grants - Unapplied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and not applied in year	-	-
Other	-	-
	<u>-</u>	<u>-</u>

d District Rates

	2016/17	2015/16
	£	£
Current year	(57,861,281)	(56,477,225)
Finalisation - previous year	-	-
Transitional Relief	-	-
Finalisation - other years	-	-
	<u>(57,861,281)</u>	<u>(56,477,225)</u>

Taxation and Non Specific Grant Income	2016/17	2015/16
	£	£
District Rate Income	(57,861,281)	(56,477,225)
Revenue Grants	(7,955,941)	(8,016,955)
Capital Grants and Contributions	(167,978)	(3,342,773)
	<u>(65,985,200)</u>	<u>(67,836,953)</u>

Armagh City Banbridge and Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 Fixed Assets

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	46,052,515	150,496,706	1,422,470	-	32,254,866	1,995,662	3,436,738	2,142,707	237,801,664	2,404,587	5,067,352	10,000	-	245,283,603
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2016	46,052,515	150,496,706	1,422,470	-	32,254,866	1,995,662	3,436,738	2,142,707	237,801,664	2,404,587	5,067,352	10,000	-	245,283,603
Additions	37,302	654,378	-	-	885,198	-	2,134,552	-	3,711,430	-	-	-	-	3,711,430
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	480,000	3,077,692	2,411,136	-	-	-	-	(46,620)	5,922,208	5,000,000	(473,012)	-	-	10,449,196
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment to Surplus or Deficit on the Provision of Services	-	(399,096)	-	-	-	-	-	-	(399,096)	-	-	-	-	(399,096)
Derecognition - Disposals	(2,000)	(212,505)	-	-	(19,975)	-	-	-	(234,480)	-	-	-	-	(234,480)
Derecognition - Other	(129,002)	(1,182,089)	-	-	(2,338,616)	-	(7,062)	(42,621)	(3,499,390)	-	-	-	-	(3,499,390)
Reclassifications & Transfers	(1,788,116)	4,047,845	1,911,412	-	(2,911,834)	30,195	(2,689,276)	(951,216)	(2,350,990)	-	(1,098,129)	-	-	(3,449,119)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	44,650,699	156,482,931	5,745,018	-	27,869,639	2,025,857	2,874,952	1,102,250	240,751,346	7,404,587	3,496,211	10,000	-	251,662,144

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	-	29,290,044	352,713	-	27,015,548	717,684	-	23,065	57,399,054	-	65,669	-	-	57,464,723
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2016	-	29,290,044	352,713	-	27,015,548	717,684	-	23,065	57,399,054	-	65,669	-	-	57,464,723
Depreciation Charge	-	7,182,491	36,357	-	(125,908)	95,743	-	-	7,188,683	-	-	-	-	7,188,683
Depreciation written out on Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	(43,513)	-	-	(19,975)	-	-	-	(63,488)	-	-	-	-	(63,488)
Derecognition - Other	-	[215,694]	-	-	(2,293,805)	-	-	(14,242)	(2,523,741)	-	-	-	-	(2,523,741)
Reclassifications & Transfers	-	327,171	(63,163)	-	(3,677,653)	30,195	-	-	(3,383,450)	-	(65,669)	-	-	(3,449,119)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	36,540,499	325,907	-	20,898,207	843,622	-	8,823	58,617,058	-	-	-	-	58,617,058

Net Book Values

Balance as at 31 March 2017	44,650,699	119,942,432	5,419,111	-	6,971,432	1,182,235	2,874,952	1,093,427	182,134,288	7,404,587	3,496,211	10,000	-	193,045,086
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Cost or Valuation	Land		Buildings		Infrastructure Assets		Landfill Sites		Vehicles, Plant & Equipment		Community Assets		P&E Under Construction		Surplus Assets		Total PP&E		Heritage Assets		Investment Properties		Intangible Assets		Assets Held for Resale		TOTAL	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	46,052,515	129,361,975	1,422,470	-	31,021,165	1,872,326	6,547,493	2,142,707	218,420,651	2,404,587	4,685,513	10,000	-	225,520,751														
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	46,052,515	129,361,975	1,422,470	-	31,021,165	1,872,326	6,547,493	2,142,707	218,420,651	2,404,587	4,685,513	10,000	-	225,520,751														
Additions (Note 11)	-	4,035,277	-	-	1,233,701	-	4,664,179	-	9,933,157	-	-	-	-	-	9,933,157	-	-	-	-	-	-	-	-	-	-	-	-	9,933,157
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	-	9,324,520	-	-	-	123,336	-	-	9,447,856	-	381,839	-	-	9,829,695	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEREGISTRATION - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEREGISTRATION - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RECLASSIFICATIONS & TRANSFERS	-	7,774,934	-	-	-	-	(7,774,934)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	46,052,515	150,496,706	1,422,470	-	32,254,866	1,995,662	3,436,738	2,142,707	237,801,664	2,404,587	5,067,352	10,000	-	245,283,603														

b

Depreciation and impairment	Land		Buildings		Infrastructure Assets		Landfill Sites		Vehicles, Plant & Equipment		Community Assets		PP&E Under Construction		Surplus Assets		Total PP&E		Heritage Assets		Investment Properties		Intangible Assets		Assets Held for Resale		TOTAL	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	-	21,939,909	352,713	-	25,013,072	620,872	-	23,065	47,949,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,949,631
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	21,939,909	352,713	-	25,013,072	620,872	-	23,065	47,949,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,949,631
Depreciation Charge	-	7,350,135	-	-	2,002,476	96,812	-	-	9,449,423	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,515,092
Depreciation written out on Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	29,290,044	352,713	-	27,015,548	717,684	-	23,065	57,399,054	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,464,723

Net Book Values

Balance as at 31 March 2016	46,052,515	121,206,662	1,069,757	-	5,239,318	1,277,978	3,436,738	2,119,642	180,402,610	2,404,587	5,001,683	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187,818,880
Balance as at 31 March 2017	44,650,699	119,942,432	5,419,111	-	6,971,432	1,182,235	2,874,952	1,093,427	182,134,288	7,404,587	3,496,211	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	193,045,086

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 (LPS). Please refer to Note 1a(xiii) for further information on revaluation and depreciation policies. Valuations for 31 March 2017 are based on indexation movements for the year by assets category.

LPS also provided surface component valuations as at 31 March 2017 for all Council car parks previously transferred from Central Government. This valuation was requested under the RM928 Framework Agreement with LPS acting as a sub-contractor to the Valuation Office Agency (VOA).

Heritage Assets relating to Armagh County Museum were revalued in line with the insurance valuation.

Intangible Assets - These relate solely to market rights. The Net Book Value at 31 March 2017 is £10K (2015/16 £10K).

Effects of Changes in Estimates

There were a number of vehicles, previously shown at nil NBV, which had a change in their remaining useful life following a review by Council at the start of the year. As such the opening book value has been increased by £1,803,493 on which £346,577 of depreciation was charged in year.

Impairment

Council has recognised an impairment loss in the financial year in relation to a number of buildings recently acquired, constructed or reclassified, resulting in an impairment loss of £393k in the financial year.

Derecognition - Other

Derecognition of £1.2m (net) relates to the carrying amount of non-current assets which had previously been disposed of by the Legacy Councils.

Armagh City Banbridge and Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

10 c Intangible Assets

The Council also owns Intangible Assets which relate solely to market rights. The assets are not amortised.

Intangible Assets		2016/17	2015/16
		£	£
Market Trading Rights		10,000	10,000
Public Path Creation Agreements		-	-
Computer Software		-	-
		10,000	10,000

d Investment Properties

Reclassifications and transfers to/from investment properties are as follows:

- Abbey Street complex reclassified as operational.
- Units at 25 Castlewella Road were transferred to investment properties from operational.

Investment Properties		2016/17	2015/16
		£	£
Rental Income from Investment Activities		303,581	255,700
Direct Operating expenses arising from investment properties		(159,778)	(149,348)
Net gain/(loss)		143,803	106,352

e Heritage Assets

The £5m revaluation increase relates to heritage assets in Armagh County Museum which were transferred from Central Government on 1 April 2015 and which have been revalued in line with the insurance valuation.

Other heritage asset disclosures are included at note 1a(xxiii).

f Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2016	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	-	-	-
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve	-	-	-
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	-	-	-
Assets Held for Sale Impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2017	-	-	-
Impairment			
Balance as at 1 April 2016	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2017	-	-	-
Net Book Value			
Balance as at 31 March 2017	-	-	-
Balance as at 31 March 2016	-	-	-
Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2015	85,000	-	85,000
Adjustments between cost/value & depreciation/impairment	-	-	-
Transferred from Non-Current Assets during year	-	-	-
Assets Held for Sale Donations	-	-	-
Assets Held for Sale Revaluation increases/decreases to Revaluation Reserve	-	-	-
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	-	-	-
Assets Held for Sale impairment @ Cost to Provision of Services	-	-	-
Derecognition - Disposals	(85,000)	-	(85,000)
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2016	-	-	-
Impairment			
Balance as at 1 April 2015	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	-	-	-
Derecognition - Disposals	-	-	-
Derecognition - Other	-	-	-
Reclassified from Current Assets Held for Sale to non current Assets	-	-	-
Transferred to Property, Plant & Equipment during year	-	-	-
Balance as at 31 March 2016	-	-	-

The Council has no Long-Term Assets that it intends to dispose of as at year-end.

g Long-Term Assets - Leased Assets

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2016	668,032	159,914	827,946
Adjustment to opening balance	(243,428)	62,049	(181,379)
Additions	-	153,895	153,895
Disposals	-	-	-
At 31 March 2017	424,604	375,858	800,462
Depreciation			
At 1 April 2016	659,941	150,468	810,409
Adjustment to opening balance	(358,072)	62,049	(296,023)
Disposals	-	-	-
Provided for year	16,462	19,236	35,698
At 31 March 2017	318,331	231,753	550,084
Net Book Value	106,273	144,105	250,378

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2015	668,032	152,914	820,946
Additions	-	7,000	7,000
Disposals	-	-	-
At 31 March 2016	668,032	159,914	827,946
Depreciation			
At 1 April 2015	640,523	149,248	789,771
Disposals	-	-	-
Provided for year	19,418	1,220	20,638
At 31 March 2016	659,941	150,468	810,409
Net Book Value	8,091	9,446	17,537

Adjustments to opening lease balances represent vehicles and equipment held at nil net book value but still in use by Council.

h Fair Value Hierarchy for Surplus Assets

The Council Holds Surplus Assets to the Value of Approx £1.1m and a valuation was carried out as at 1 April 2016 by an independent Valuer from Land and Property Services.

11 Capital Expenditure and Capital Financing

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

Capital Expenditure		2016/17 £	2015/16 £	2014/15 £
Opening Capital Financing Requirement		68,456,363	66,550,429	-
Capital Investment				
Property, Plant and Equipment	10	3,711,430	9,933,157	-
Investment Properties		-	-	-
Intangible Assets		-	-	-
Revenue Expenditure Funded from Capital under Statute	3, 26	171,656	-	-
Derecognise Other Investments	10	(7,062)	-	-
		-	-	-
Sources of Finance				
Capital Receipts		-	-	-
Government Grants and Other Contributions	9	(167,978)	(3,342,773)	-
Transfers from Earmarked Reserves		-	-	-
Sums set aside from Revenue:				
Direct Revenue Contributions	3, 26	(1,022,593)	-	-
Minimum Revenue Provision **	3, 26	(4,650,671)	(4,684,451)	-
		-	-	-
Closing Capital Financing Requirement		66,491,145	68,456,362	-
Explanation of Movements in Year				
		2016/17 £	2015/16 £	2014/15 £
Increase in underlying need to borrow		(2,119,113)	1,905,934	-
Assets acquired under finance leases		153,895	-	-
Assets acquired under PFI/PPP contracts		-	-	-
		-	-	-
Increase/(decrease) in Capital Financing Requirement		(1,965,218)	1,905,934	-

12 Future Capital Commitments

The Council has an ongoing programme of capital works including the following:

Schemes underway at year end amounted to £2.9m and include Banbridge Civic Building which was completed in June 2017 at a total cost of £1.5m. Building works at the new South Lake Leisure Centre in Craigavon are expected to commence in the 2018/19 financial year at an estimated total cost of £35m.

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	2,874,952	-	2,874,952
Other Commitments	596,698	-	596,698
Total	3,471,650	-	3,471,650

Inventories	2016/17 £	2015/16 £
Oil and Fuel	42,736	45,758
Stores	191,934	297,645
Other Stock	93,219	86,862
Total	327,889	430,265

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £698.

14 Debtors			
a Long Term Debtors		2016/17	2015/16
		£	£
Government Departments		-	-
Other Councils		-	-
Public corporations and trading funds		-	-
Bodies external to general government		-	-
Employee car loans		3,885	10,171
Revenue Grants		-	-
Capital Grants		-	-
Interest Receivable		-	-
Capital Debtors		-	-
Loans and advances		-	-
Finance lease debtors		-	-
Trade debtors		-	-
NIHE Loans		1,501,170	1,712,962
Other		119,133	120,051
Impairment of loans and receivables		-	-
Total Long-Term Debtors		1,624,188	1,843,184
b Short Term Debtors		2016/17	2015/16
		£	£
Government Departments		2,971,018	3,872,781
Other Councils		418,897	247,775
Public corporations and trading funds		-	-
Bodies external to general government		359,533	189,522
NIHE loans		108,360	-
Employee car loans		6,626	9,569
Revenue Grants		-	76,429
Capital Grants		-	-
Interest Receivable		-	1,627
Capital Debtors		-	-
Value Added Tax		1,264,393	914,333
Prepayments		253,558	126,727
Finance lease debtors		918	-
Other		249,018	245,393
Trade receivables		585,009	1,524,455
Impairment loss - Trade receivables		(231,925)	(71,528)
Total Short-Term Debtors		5,985,405	7,137,083
Total Debtors		7,609,593	8,980,267

The largest proportion of Council's Debtors relates to Government Grants.

15	Investments		
a	Long Term Investments	2016/17	2015/16
		£	£
	Investments - general	-	-
	Investments - repairs and renewals	-	-
	Investments - capital fund	-	-
	Investments - other	-	-
	Total Long-term Investments	-	-
	Analysed over:	2016/17	2015/16
		£	£
	Money market deposits	-	-
	Other deposits	-	-
	Total Long-term Investments	-	-

b	Short-Term Investments	2016/17	2015/16
		£	£
	Investments - general	-	-
	Investments - repairs and renewals	-	-
	Investments - capital fund	-	-
	Investments - other	-	-
	Total Short-term Investments	-	-
	Analysed over:	2016/17	2015/16
		£	£
	Money market deposits	-	-
	Other deposits	-	-
	Total Short-term Investments	-	-
	Total Long Term and Short-term Investments	-	-

16 Borrowings			
a Short Term Borrowing			
	2016/17	2015/16	
	£	£	
Loans re-payable within one year	2,116,098	2,189,220	
Finance Lease Principal	39,874	11,202	
Total Short Term Borrowing	2,155,972	2,200,422	
b Long Term Borrowing			
	2016/17	2015/16	
	£	£	
Between 1 and 2 years	2,089,422	2,116,099	
Between 2 and 5 years	5,805,997	5,991,165	
Between 5 and 10 years	13,720,769	12,961,170	
In more than 10 years	21,264,047	24,001,546	
Analysed over:			
Finance Lease Principal	-	35	
Loans	5,000,000	5,000,000	
Government Loans fund	37,880,235	40,069,945	

Interest rates on Government Loans and Lender Option Buyer Option (LOBO) Loans range from between 3% and 11.125%

Government Loans Fund	42,880,235	45,069,980
Total Borrowing	45,036,207	47,270,402

17 Creditors				
a Short Term Creditors				
	2016/17	2015/16	2014/15	
	£	£	£	
Government Departments	743,117	240,477	-	
Other Councils	238,899	39,699	1,567,660	
Public corporations and trading funds	-	-	-	
Bodies external to general government	45,791	-	-	
Rates clawback	-	-	-	
VAT	121,243	174,388	-	
Remuneration due to employees	498,024	530,561	-	
Accumulated Absences	698,174	495,682	7,643	
Receipts in advance	728,684	720,601	-	
Trade creditors	-	-	7,818	
Other	5,816,061	6,929,684	-	
Total Short Term Creditors	8,889,993	9,131,092	1,583,121	
b Long Term Creditors				
Other creditors falling due after more than one year	2016/17	2015/16	2014/15	
	£	£	£	
Government Departments	-	-	-	
Other Councils	-	-	-	
Public corporations and trading funds	-	-	-	
Bodies external to general government	-	-	-	
Rates clawback	-	-	-	
Remuneration due to employees	-	-	-	
Accumulated Absences	-	-	-	
Receipts in advance	-	-	-	
Trade creditors	-	-	-	
Other	-	-	-	
Total Long Term Creditors	-	-	-	
Total Creditors	8,889,993	9,131,092	1,583,121	

The Creditor Balance for "Other" includes payments due to HMRC and the Council Suppliers

c Payment of Invoices

The Council has a target of paying supplier invoices within 30 calendar days. During the year the Council paid 29,179 invoices totalling £41,241,750 (2015/16 25,057 invoices totalling £38,946,470)

The Council paid:

19,378 invoices within the 30 day target (66%);
7,148 invoices within the 10 day target (24.5%); and
9,801 invoices outside of the 30 day target (34%).

The average number of days taken to pay suppliers during the year was 28.5 days.

Provisions	Balance as	Increase in	Utilised during year	Unused amounts	Interest cost	Balance as at 31
	at 1 April	provision				
	2016	during year			rate changes	
	£	£	£	£	£	£
Landfill - Craigavon	2,683,782	-	(65,440)	-	(53,847)	2,564,495
Single Status	472,436	228,644	(284,159)	-	-	416,921
Landfill - Armagh	246,019	-	-	(105,000)	-	141,019
Legal Issues	400,000	-	-	-	-	400,000
Total	3,802,237	228,644	(349,599)	(105,000)	(53,847)	3,522,435
Current Provisions	472,436	228,644	(284,159)	-	-	416,921
Long Term Provisions	3,329,801	-	(65,440)	(105,000)	(53,847)	3,105,514
Total	3,802,237	228,644	(349,599)	(105,000)	(53,847)	3,522,435

Comparative Year

Provisions	Balance as	Increase in	Utilised during year	Unused amounts	Interest cost	Balance as at 31
	at 1 April	provision				
	2015	during year			rate changes	
	£	£	£	£	£	£
Landfill - Craigavon	2,877,842	-	-	-	(194,060)	2,683,782
Single Status	1,563,302	619,805	(1,710,671)	-	-	472,436
Landfill - Armagh	246,019	-	-	-	-	246,019
Legal Issues	400,000	-	-	-	-	400,000
Total	5,087,163	619,805	(1,710,671)	-	(194,060)	3,802,237
Current Provisions	1,563,302	619,805	(1,710,671)	-	-	472,436
Long Term Provisions	3,523,861	-	-	-	(194,060)	3,329,801
Total	5,087,163	619,805	(1,710,671)	-	(194,060)	3,802,237

Landfill - Craigavon

Ni Environment Agency required that an adequate provision is made for landfill aftercare costs. This was formally revalued in 2016/17 by an external agency to ensure that the provision is an adequate estimate for the landfill cost liability.

During 2016/17 the Council sought independent external professional advice from its financial advisors, Arlingclose regarding discount rates for landfill. Based on the advice provided, discount rates based on National Loan Funding borrowing rates have been applied.

Single Status

This provision is set aside to provide for costs associated with a review of salaries and wages. This process should be completed during the 2017/18 financial year.

Landfill - Armagh

This represents estimated restoration and aftercare costs in respect of a former landfill site which closed a number of years ago.

Legal Issues

The provision is set aside for potential legal costs and repayment claims that are currently on-going.

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 and invoiced Government debt, inclusive of VAT, can be analysed by age as follows:

Trade debtors and invoiced Government debt, inclusive of VAT, can be analysed by age as		£
Less than one month		645,324
Two to 3 months		62,237
More than 3 months		387,076
		1,094,637

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'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 15 to 17. 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 interest rate movements on its investments and deposits but the potential risk and exposure is minimal in 2016/17.

Foreign Exchange Risk

The Council has a Euro bank account for payments however due to the size of the bank balance this would not be considered a material exposure to loss arising from movements in exchange rates.

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £64,132,770 broken down as follows:

	£
Government Loans	58,991,404
Market Loans	5,141,366
Total	64,132,770

The Council has not made any loans to voluntary organisations or other external bodies.

20 Retirement Benefits

a 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.

b 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	2016/17 £	2015/16 £
Net cost of services:			
Current service cost		6,655,000	7,572,000
Past service cost/(gain)		404,000	117,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net interest on net defined benefit Liability (asset)		1,030,000	1,285,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		8,089,000	8,974,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(8,089,000)	(8,974,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		6,231,000	6,114,000
Net Adjustment to the General Fund		(1,858,000)	(2,860,000)

The service cost figures include an allowance for administration expenses of £0.115M (1.73%).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2016/17 £	2015/16 £
Liability gains/(losses) due to change in assumptions		51,101,000	(11,901,000)
Liability gains/(losses) due to change in demographic assumptions		(1,544,000)	-
Liability experience gains/(losses) arising in the year		(11,831,000)	(1,216,000)
Actuarial gains/(losses) on plan assets		(22,140,000)	728,000
Other - (if applicable)		-	(1,188)
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		15,586,000	(12,390,188)

C Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:		Note	2016/17 £	2015/16 £
Balance as at 1 April			188,704,000	190,321,188
Current service cost			6,655,000	7,572,000
Interest cost			6,564,000	6,241,000
Contributions by members			1,812,000	1,656,000
Remeasurement (gains) and losses:				
	Actuarial gains/losses arising from changes in financial assumptions		51,101,000	(11,901,000)
	Actuarial gains/losses arising from demographic changes		(1,544,000)	-
	Actuarial gains/losses arising on liabilities from experience		(11,831,000)	(1,216,000)
	Other (if applicable)		-	(1,188)
Past service costs/(gains)			404,000	117,000
Losses/(gains) on curtailments			-	-
Liabilities extinguished on settlements			-	-
Estimated unfunded benefits paid			(91,000)	(92,000)
Estimated benefits paid			(4,245,000)	(3,993,000)
Balance as at 31 March			237,529,000	188,704,000

Reconciliation of present value of the scheme assets:		Note	2016/17 £	2015/16 £
Balance as at 1 April			156,218,000	148,305,000
Interest Income			5,534,000	4,956,000
Contributions by members			1,812,000	1,656,000
Contributions by employer			6,140,000	6,022,000
Contributions in respect of unfunded benefits			91,000	92,000
Remeasurement gain/(loss)			22,140,000	(728,000)
Assets distributed on settlements			-	-
Unfunded benefits paid			(91,000)	(92,000)
Benefits paid			(4,245,000)	(3,993,000)
Balance as at 31 March			187,599,000	156,218,000

The actual return on scheme assets in the year was a gain of £27.674M (2015/16 gain of £4.228M).

Fair Value of Plan Assets	31/03/2017 £	31/03/2016 £	31/03/2015 £
Equity investments	139,761,255	112,320,742	-
Bonds	21,573,885	18,902,378	-
Property	19,697,895	20,620,776	-
Cash	4,877,574	3,593,014	-
Other	1,688,391	781,090	-
	187,599,000	156,218,000	-

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):

	31/03/2017	31/03/2016	31/03/2015
	£	£	£
Fair Value of Employer Assets	187,599,000	156,218,000	-
Present value of funded defined benefit obligation	(236,133,000)	(187,451,000)	-
Pension asset/(liability) of Funded Scheme	(48,534,000)	(31,233,000)	-
Present Value of unfunded defined benefit obligation	(1,396,000)	(1,253,000)	-
Other movement in the liability (asset) (if applicable)	-	-	-
Net asset/(liability) arising from the defined benefit obligation	(49,930,000)	(32,486,000)	-
Amount in the Balance sheet:			
Liabilities	(49,930,000)	(32,486,000)	-
Assets	-	-	-
Net Asset/(Liability)	(49,930,000)	(32,486,000)	-

d Scheme history

Analysis of scheme assets and liabilities	31/03/2017	31/03/2016	31/03/2015
	£	£	£
Fair Value of Assets in pension scheme	187,599,000	156,218,000	-
Present Value of Defined Benefit Obligation	(237,529,000)	(188,704,000)	-

Surplus/(deficit) in the Scheme	(49,930,000)	(32,486,000)	-
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Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2017	31/03/2016	31/03/2015
	£	£	£
Actuarial gains/(losses)	15,586,000	(12,390,188)	-
Expected Return on Plan Assets	-	-	-
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	15,586,000	(12,390,188)	-
Cumulative actuarial gains and losses	3,195,812	(12,390,188)	-
History of experience gains and losses:			
Experience gains and (losses) on assets	(22,140,000)	728,000	-
Experience gains and (losses) on liabilities	(11,831,000)	(1,216,000)	-

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £49.93M has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £49.93M.

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 2018

	31/03/2018 £	31/03/2018 %
Projected current cost	9,564,000	32.2%
Net Interest on the net defined benefit liability (asset)	1,221,000	4.1%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	10,785,000	36.3%

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 2018 is £5.934M. £0.092M of which relates to unfunded benefits

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2017.

	31/03/2017 %	31/03/2016 %	31/03/2015 %
Experience gains and (losses) on Assets	-11.80%	-0.47%	0.00%
Experience gains and (losses) on Liabilities	4.98%	0.64%	0.00%

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2016 for funded benefits and 31 March 2017 for unfunded benefits.

Long-term expected rate of return on assets in the scheme:	2016/17 %	2015/16 %
Equity investments	74.5%	71.9%
Bonds	11.5%	12.1%
Property	10.5%	13.2%
Cash	2.6%	2.3%
Other	0.9%	0.5%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	23.2	22.3
Women	25.8	24.8
<i>Longevity at 65 for future pensioners:</i>		
Men	25.4	24.5
Women	28.1	27.2
Inflation/Pension Increase Rate	2.00%	1.80%
Salary Increase Rate	3.50%	3.30%
Expected Return on Assets	17.70%	2.80%
Discount Rate	2.60%	3.50%
Pension accounts revaluation rate	2.00%	1.80%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

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 2017 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		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	231,228,000.00	241,142,000.00
% change in the present value of the total obligation	-2.10%	2.10%
Projected service cost	9,276,000.00	9,859,000.00
Approximate % change in projected service cost	-3.00%	3.10%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	237,730,000	234,553,000
% change in the present value of the total obligation	0.70%	-0.70%
Projected service cost	9,564,000.00	9,564,000.00
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	239,526,000.00	232,791,000.00
% change in the present value of the total obligation	1.40%	-1.40%
Projected service cost	9,859,000.00	9,276,000.00
Approximate % change in projected service cost	3.10%	-3.00%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	243,040,000.00	229,265,000.00
% change in the present value of the total obligation	2.90%	-2.90%
Projected service cost	9,900,000.00	9,230,000.00
Approximate % change in projected service cost	3.50%	-3.50%

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

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

	31/03/2017	31/03/2016	31/03/2015
	%	%	%
Equity investments	74.50%	71.90%	0.00%
Government Bonds	5.40%	5.70%	0.00%
Corporate Bonds	6.10%	6.40%	0.00%
Property	10.50%	13.20%	0.00%
Cash	2.60%	2.30%	0.00%
Other	0.90%	0.50%	0.00%
Total	100.00%	100.00%	0.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

21	Donated Assets Account	Note	2016/17 £	2015/16 £
	Opening balance		0	0
	Add: new donated assets received (condition of use not met)		0	0
	Less: amounts released to the District Fund - Comprehensive Income and Expenditure		0	0
			0	0

Analysis of Donated Assets Account

The Council has no donated assets.

22	Capital Grants Received in Advance	Note	2016/17 £	2015/16 £
	Opening balance		0	0
	Add: new capital grants received in advance (condition of use not met)		0	0
	Less: amounts released to the Comprehensive Income and Expenditure Statement		0	0
			0	0

Analysis of Capital Grants Received in Advance

The Council utilised all Capital Grants received in year.

23 Contingencies

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Until it is known how GMP equalisation will be carried out, the impact of allowing for it in the pension liabilities is uncertain and no allowance for GMP equalisation has been made.

The Council has no other contingencies to disclose.

Armagh City Banbridge and Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2017

24 Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2016/17	2015/16
		£	£
Depreciation	10	7,188,683	9,515,092
Impairment & downward revaluations (& non-sale derecognitions)	10	1,567,683	-
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock	13	102,375	(430,264)
(Increase)/Decrease in Debtors	14	1,210,277	(8,104,036)
Increase/(decrease) in impairment provision for bad debts	14	160,397	71,528
Increase/(Decrease) in Creditors	17	(241,099)	7,552,521
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	1,858,000	2,860,000
Carrying amount of non-current assets sold	10	170,992	85,000
AIC/WIP written off to Net Cost of Services	10	7,062	-
Contributions to Other Reserves/Provisions	18	(279,801)	(1,284,926)
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account	21	-	-
		11,744,569	10,264,915

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2016/17	2015/16
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	7	(116,740)	(92,528)
Capital grants included in "Taxation & non-specific grant income"	9	(167,978)	(3,342,773)
		(284,718)	(3,435,301)

b 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:

	Notes	2016/17	2015/16	2014/15
		£	£	£
Cash and Bank balances		7,640,775	6,872,607	9,869,085
Short Term Deposits (considered to be Cash Equivalents)		2,000,000	-	-
Short Term Investments (considered to be Cash Equivalents)		-	-	-
Bank Overdraft		-	-	-
		9,640,775	6,872,607	9,869,085

c Cash Flow Statement: Operating Activities

	Notes	2016/17	2015/16
		£	£
The cash flows from operating activities include:			
Interest received	8	138,717	144,655
Interest paid	8	2,618,262	2,611,804

d Cash flows from Investing Activities

	Notes	2016/17	2015/16
		£	£
Purchase of PP&E, investment property and intangible assets	10	(3,711,430)	(9,933,158)
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		-	-
Other Payments for Investing Activities		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	7	116,740	92,528
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received	9	167,978	3,342,773
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		(3,426,712)	(6,497,857)

e Cash flows from Financing Activities

	Notes	2016/17	2015/16
		£	£
Cash Receipts from Short and Long Term Borrowing		-	-
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		-	-
Repayment of Short and Long Term Borrowing	5c, 16	(2,152,235)	(2,384,396)
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		(2,152,235)	(2,384,396)

25 Usable Reserves

a 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).

Capital Receipts Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		421,694	329,166
Movement			
Transfers between statutory & other reserves & the General Fund		-	-
Disposal of Non Current Assets/ Capital Sales	3, 7, 25	116,740	92,528
Capital Receipts used to finance capital expenditure		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	-
At 31 March		538,434	421,694

b 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.

Capital Grants Unapplied account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Movement			
Unapplied Capital Grants received in year		-	-
Unapplied Capital Grants transferred to CAA in year		-	-
At 31 March		-	-

c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Capital Fund		Notes	31/03/2017	31/03/2016
			£	£
At 1 April			4,074,097	4,074,097
Transfers between statutory & other reserves & the General Fund			-	-
Transfers between Capital Fund & CAA to finance Capital Expenditure	11		-	-
At 31 March			4,074,097	4,074,097
				£
Craigavon Leisure Centre				3,689,097
Banbridge Legacy Projects				385,000
Total				4,074,097

d Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Renewal and Repairs Fund		Notes	31/03/2017	31/03/2016
			£	£
At 1 April			150,298	150,298
Transfers between statutory & other reserves & the General Fund			(150,298)	-
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	11		-	-
At 31 March			-	150,298
				£
				-
Total				-

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		3,630,599	4,811,482
Transfers between statutory & other reserves & the General Fund	3b	1,893,197	(1,180,883)
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	-	-
At 31 March		5,523,796	3,630,599

	£	£
Armagh Economic Regeneration	463,977	813,100
Keady & Richill Environmental Improvements	220,595	1,000,000
Armagh Gaol	443,090	500,000
Banbridge Old Tech	-	38,000
Craigavon Public Realm	78,737	635,000
General Repairs & Renewals	677,397	644,499
Development Fund	1,000,000	-
Backlog Maintenance Fund	1,000,000	-
Financial Assistance	440,000	-
Organisational Realignment	1,200,000	
Total	5,523,796	3,630,599

This reserve is used to fund projects from the Legacy Councils, Back log maintenance, Development Fund and Financial Assistance. During the year there was a redistribution of funds between projects based on revised cost estimates.

f 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.

General Fund	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		16,750,212	12,134,938
Applied Capital Grants	3, 11, 26	(167,978)	(3,342,773)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	3, 11, 26	(1,022,593)	-
Depreciation and Impairment adjustment	3	8,756,366	9,515,092
Statutory Provision for financing Capital Investment	3, 11	(4,650,671)	(4,684,451)
Net Revenue expenditure funded from capital under statute	3, 11	171,656	-
Surplus/(Deficit) on the Provision of Services	CIES	(3,112,735)	(943,840)
Transfers between Statutory and Other Reserves and the General Fund	3	(1,742,899)	1,180,883
Net movements on Pension Reserve	3, 20	1,858,000	2,860,000
Disposal of Fixed Assets/Capital Sales	3, 10, 23	54,252	(7,528)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	3	202,492	37,890
Other Movements		-	-
At 31 March		17,096,102	16,750,212

g Other Usable Reserves

Other Usable Reserves	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Applied Capital Grants		-	-
Unapplied Capital Grants received in year		-	-
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing		-	-
Depreciation and Impairment adjustment		-	-
Statutory Provision for financing Capital Investment		-	-
Net Revenue expenditure funded from capital under statute		-	-
Surplus/(Deficit) on the Provision of Services		-	-
Transfers between Statutory and Other Reserves and the		-	-
Net movements on Pension Reserve		-	-
Disposal of Fixed Assets/Capital Sales		-	-
Capital Receipts used to finance capital expenditure		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Revaluation & Impairment		-	-
Other Movements		-	-
Transfers between Capital Fund/ Renewal & Repair Fund & CAA to finance Capital Expenditure		-	-
		-	-
At 31 March		-	-

26 Unusable Reserves
a 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.

The 'Other Movements' between the Revaluation Reserve and the Capital Adjustment Account include £3.1m of 'Backlog' and 'Realised' Depreciation i.e. the difference between the current and historic depreciation annual charge. It also includes a reconciling adjustment of £9.6m to agree the Revaluation Reserve balance to the Fixed Asset Register.

Capital Adjustment Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		68,037,286	67,498,477
Applied Capital Grants	3, 9	167,978	3,342,773
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	3, 11	1,022,593	-
Depreciation & Impairment adjustment	3	(8,756,366)	(9,515,092)
Statutory Provision for financing Capital Investment	3, 11	4,650,671	4,684,451
Net Revenue expenditure funded from Capital under statute	3, 11	(171,656)	-
Disposal of Fixed Assets/ Capital Sales	3	(170,992)	(85,000)
Capital Receipts used to finance capital expenditure	3, 11	-	-
Other Movements		(6,430,256)	2,111,677
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	-	-
At 31 March		58,349,258	68,037,286

b Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
At 31 March		-	-

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

c Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & 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.

Revaluation Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		51,325,234	43,607,216
Revaluation & Impairment	10	10,449,196	9,829,695
Movements from associates & joint ventures		-	-
Other Movements		6,430,256	(2,111,677)
At 31 March		68,204,686	51,325,234

d Available for Sale Financial Instruments Reserve

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

Available for Sale Financial Instruments Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Revaluation & Impairment		-	-
At 31 March		-	-

e Pension Reserve

Pension Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		(32,486,000)	(42,016,188)
Net Movements on Pension Reserve	3, 20	(1,858,000)	(2,860,000)
Revaluation & Impairment	20	(15,586,000)	12,390,188
At 31 March		(49,930,000)	(32,486,000)

f 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.

Capital Receipts Deferred Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Other Movements		-	-
At 31 March		-	-

g 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.

Accumulated Absences Account	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		(495,682)	(457,792)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(202,492)	(37,890)
At 31 March		(698,174)	(495,682)

h Provisions Discount Rate Reserve

Provisions Discount Rate Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	-
At 31 March		-	-

i Landfill Regulations Reserve

The Council has no transaction in this reserve.

Landfill Regulations Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
At 31 March		-	-

27 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2, namely Income of £917,077 and costs of £732,402.

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

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

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

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

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.
- the exposure of the Council to service reputational loss risk by providing the service.
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

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

Significant Trading Operations	2016/17		2015/16	
	Turnover £	Profit/(Loss) £	Turnover £	Profit/(Loss) £
Off-street Parking Services	917,077	184,676	789,122	272,588
Total	917,077	184,676	789,122	272,588

28 Agency Services

The Council does not engage in any agency services.

29 Investment in Joint Ventures & Associates

The Council does not have any transactions in this area.

30 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.

Council receives an annual operating grant from the Department for Communities (formerly known as the Department of Environment). During 2016/17 it received £7.9m (2015/16 £8.0m) as reported in note 9a.

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

The Council paid grants of £136,551 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

Membership of External Bodies	Councillors	Grants	Other Payments (Gross)
	No	£	£
East Border Region Board	3	20,000	6,643
ICBAN	4	10,000	
PCSP	10	174,025	
Portadown 2000	2	95,311	
National Association of Councillors	8	3,280	
NI Amenity Council	2		2,840
NI Local Government Partnership On Traveller Issues	3		500
NILGA	8		63,021
Somme Advisory Council	2	7,960	780
	42	310,576	73,784

Council is represented by 10 Councillors on the Policing & Community Safety Partnership, one of which acts as Chairperson. During 2016/17 Council provided £174k of funding to the Partnership and annually provides legal, financial and personnel services for which it received £nil grant in 2016/17 (2015/16 £nil).

Councillors were also associated with the following organisations to which no payments were made during 2016-17.

Membership of External Bodies	No
Armagh City Centre Management Committee	3
Armagh City Centre Townscape Heritage Partnership	4
Armagh, Banbridge and Craigavon Sports Forum	6
Community Development Member Reference Group	10
Craigavon Heartown Initiative	1
East Border Region Members Forum	6
Elected Member Development Charter	5
Local Action Group (LAG)	12
Mall Steering Group	4
NILGA Community Planning and Well-Being Elected Member Network	2
NILGA Planning and Regeneration Elected Member Network	2
Northern Ireland Housing Council	1
Partnership Panel For Northern Ireland	1
Peace IV Partnership	9
Portadown 2000	2
Portadown People's Park Reference Group	3
Refugee Working Group	5
Reserve Cadet Forces and Cadets Association for NI	1

Payments were also made During 16/17 to the following Local Authorities

Ards and North Down Borough Council
Mid and East Antrim Borough Council
Lisburn and Castlereagh City Council
Mid Ulster District Council
Newry Mourne & Down District Council
Belfast City Council
Fermanagh and Omagh District Council

31 Prior Year Re-statement

The Council have no prior year restatements.

32 Events After the Reporting Period

There were no events occurring after 31 March 2017 which require adjustment to the Council's financial statements or additional disclosures.

Authorised for Issue Certificate

The Chief Financial Officer authorised these financial statements for issue on 27 September 2017.