

DERRY CITY COUNCIL
COMHAIRLE CATHRACH DHOIRE
DERRY CITTIE COONCIL

FINANCIAL STATEMENTS



FOR THE YEAR ENDED
31 MARCH 2014

**DERRY CITY COUNCIL
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FOR THE YEAR ENDED 31 MARCH 2014**

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Explanatory Foreword

Introduction

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

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) and the Department of the Environment Accounts Direction, Circular LG 11/14 dated 7th April 2014. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council. Comparative figures have been re-stated to take account of changes in accounting requirements as a result of the introduction of the Code.

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

The Explanatory Foreword is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements. In addition, the Explanatory Foreword does not purport to comment on Council policies.

The purpose of the Explanatory Forward is to make the financial statements understandable to as wide an audience as possible. Consequently, non-technical language should be used in the main and care should be taken not to overwhelm the user with too much detail or to obscure the real meaning of 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. Derry City Council owns 100% of the shares in City of Derry Airport (Operations) Limited, which commenced trading on 1st April 2010, and accordingly Council is required to prepare Group Financial Statements incorporating the Airport. Derry City Council continues to provide support to CODA (Operations) Limited to ensure it meets its day to day working and fixed capital requirements. Derry City Council has confirmed that this support will continue for a period of at least 12 months from the date of signing the group financial statements, and as such, the Council consider it appropriate to prepare the group financial statements on the going concern basis. The group financial statements do not include any adjustments that would result from a withdrawal of the support outlined. The external auditors of CODA (Operations) Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2014 drawing attention to this issue.

Council has also set up Culture Company 2013 to act as the Council's agent in delivering the UK City of Culture 2013. It is a company limited by guarantee not having a share capital but Council is deemed to have effective control of the Company and its results are also now included in the Group Financial Statements. On 9th September 2013 the company took the decision to cease trading, effective from 31 March 2014. The external auditors of Culture Company 2013 Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2014 drawing attention to this issue.

The Movement in Reserves Statement

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

The Comprehensive Income and Expenditure Statement

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

The Balance Sheet

The Balance Sheet, as set out on page 23 shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves 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 24 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 2014 the Council increased its General Fund reserve by £131,654 to £2,570,900. The Council's budget of £38,253,900 was supplemented by £312,711 for finalisation payment of district rates and an increase in General Grant of £38,924. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £50,722,728 and includes allocations of £1,600,000 to the Capital Fund and £130,255 to fund capital expenditure.

There was one item classed as Other Operating Expenditure during 2013/2014, which was the increase of £1,913,000 in the Reorganisation Provision to provide for costs associated with the future implementation of Single Status.

Expenditure on capital projects during the year amounted to £11,562,651. The breakdown of this expenditure is shown in Note 13 (Fixed Assets Schedules) to the Financial Statements. The major items of expenditure, including work in progress, were as follows:-

	£
Guildhall & Harbour Museum Restoration	2,057,174
Arena at St. Columb's Park	1,872,233
City of Derry Airport	1,678,515
Greenways	1,241,432
Lighting Strategy	1,068,171
Parks/Play Areas Development	718,565
Land at Council offices	550,655
St. Columb's Park Stadium	282,937
Brooke Park Restoration	204,958
Creggan Community Centre	145,500

Grants to the value of £6,173,017 were received/or were receivable to partly fund the capital expenditure. A number of disposals took place that raised £72,700 in cash.

The Council can finance Capital Expenditure using:

- Loan Finance (loan or lease)
- Grant Aid
- Capital Receipts- proceeds from the sale of capital assets
- Repairs and Renewals/Capital Funds
- Transfers of funds from revenue resources

Details of the financing of capital expenditure for the year are shown in Note 14 to the Financial Statements.

The total amount outstanding on Government Loans as at 31st March 2014 was £31,537,571. Advances of £7,247,338 were taken up during the year. The cost of servicing these long-term loans during the year was £3,232,092.

Pension Liability

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.

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.

As at 31st March 2014 the actuary estimates that £19,682,000 is Derry City Council's share of the Net Pension Liability, which in accordance with IAS 19 has been allowed for in the Balance Sheet. Council also has a liability for pension payments for 1 former Gas Works Employee, which stood at £73,047 as at 31 March 2014.

Self Insurance

Council has been operating under a form of partial Self-Insurance since April 2003. Under Council's Combined Public/Employer's Liability Insurance, it is responsible for up to an aggregate of £250,000 claims in any one year. There is also an excess of £10,000 on each and every claim, which does not apply in the calculation of the annual aggregate amount of £250,000.

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

The Council's Responsibilities

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

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

These accounts were approved by resolution of the Audit Committee of Derry City Council on Wednesday 25th June 2014 and have been subject to the amendments set out on page 120.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

DERRY CITY COUNCIL ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Derry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively. The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Derry City 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 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

Derry City Council's governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables 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 Derry City 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 Derry City Council for the year ended 31 March 2014 and up to the date of approval of the financial statements.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements include the following:

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

The Corporate Plan for Derry City Council for the period 2011/2015 has been prepared. Copies of the draft corporate plan were made available in hardcopy, on the website, the email and as presentations during the consultation process. The final document is currently available to the public (and all interested parties) on request and via the Council's website.

Initial work has been undertaken in conjunction with Strabane District Council in preparing the vision and first corporate plan for the new Derry City and Strabane District Council. Work on this will be progressed by the new Council in shadow form during 2014/2015.

The Council has a specific communication plan for the rates information and a dedicated website to support this. In addition to this, the Council provides a daily media service for updating the public on corporate initiatives and achievements.

- **reviewing the Council's vision and its implications for the local authority's governance arrangements.**

Under normal circumstances, the Council's corporate plan is reviewed / updated following the election of a new Council, to reflect the priorities of this body.

Under the leadership of the Voluntary Transition Committee and subsequently the Statutory Transition Committee, work has been initiated in respect of the preparation of a draft Corporate Plan for the Derry City and Strabane District Council. Further work will be progressed by the new Council in shadow form during 2014/2015.

- **measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with [the local government body's] objectives and for ensuring that they represent the best use of resources.**

The Council has a Customer Service Charter, which sets the standards of customer service the public can expect when contacting the Council. There is also a procedure in relation to making comments, compliments or complaints. These documents have been reviewed in light of the Ombudsman's Publication – Rights and Responsibilities and Readdress, A Framework for Effective Complaint and Handling.

Service delivery standards will continue to be reported / monitored on a quarterly basis in line with service plan commitments. In particular, the corporate scorecard identified targets in respect of increasing public participation, public satisfaction and awareness of Council services.

- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The Northern Ireland Local Government Code of Conduct for Councillors came into force on 28th May 2014. All Elected Members within Derry City Council have signed up to the Code of Conduct.

A Code of Governance was developed for the Council for the year 2013/2014, based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework.'

Terms of Reference have been documented and approved for the Audit Committee, detailing their scrutiny function.

Job descriptions and job specifications have been developed for all Senior Manager roles, which clearly define and document the roles and responsibilities of officers.

Organisation Charts are in place in each Department, showing clear delegation arrangements. Each department has their own arrangements in place for effective communication e.g. departmental meetings, Senior Manager meetings etc...

- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.**

The Northern Ireland Local Government Code of Conduct for Councillors came into force on 28th May 2014. All Elected Members within Derry City Council have signed up to the Code of Conduct.

All employees have a Contract of Employment and all Contracts include a Code of Conduct, which must be followed.

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

The standing orders, standing financial instructions, scheme of delegation etc are all currently being considered for the new Derry City & Strabane District Council operating in shadow form.

A Governance Group has been established consisting of officers from both Strabane Council and Derry City, chaired by the new Chief Executive to consider how decisions are taken and the processes and controls required to manage risks.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- Budgetary Control Procedures;
- Credit Control Procedures;
- Treasury Management Procedures;
- Procedure for the Purchase of Supplies & Services;
- Risk Management Strategy;
- Corporate and Budgetary Planning;
- Preparation of relevant regular financial reports; and
- Regular reviews of periodic and annual financial reports which indicate financial performance.

Continued effort has been put into developing and implementing the key elements of an assurance framework within Derry City Council with the key elements being:

- A process whereby Chief Officers sign Annual Assurance Statements.
- Embedding Risk Management.
- Review and update of the Code of Governance.

In addition to this, the Town Clerk & Chief Executive has delegated authority for all decisions at all times when the Council is in recess.

- **reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability.**

Derry City Council's Risk Management Strategy forms part of the organisation's internal control and corporate governance framework. It has been developed to provide clarity and direction on current and future risk management activity across the Council to ensure a consistent approach is taken to risks, which may have an adverse impact on the Council's ability to achieve its strategic aims and objectives.

The Strategy defines the roles and responsibilities for risk identification and management and sets out how this is delivered.

A comprehensive database for managing identified risks across all services is maintained by the Insurance & Risk Manager. Every risk within the Council's Risk Management System has been allocated to a Service Manager, Head of Service or Strategic Director. Regular meetings are held with Service Managers, Heads of Service and Strategic Directors to assess the progress made in treating risks and to ascertain if new risks have been identified. Risk Management is reported to the Audit Committee bi-monthly.

A new Corporate Risk Register was developed during 2013/2014. This Risk Register is reviewed and updated by the Strategic Directors quarterly.

Risk Management is embedded across all activities of Derry City Council; however it is important to note that risk management is a continuously evolving process, which is monitored closely by the Insurance & Risk Manager, the Internal Audit Manager and the Head of Corporate Governance & Legal Services.

- **ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.**

Derry City Council's Counter Fraud Policy was reviewed, updated and approved by the Audit Committee in 2013/2014. In addition to this a new Anti-Bribery Policy was developed and approved by the Audit Committee. Both Policies were communicated to all members of staff.

- **ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).**

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Timely, accurate and impartial advice and information is provided to assist in decision making and to ensure that the Council meets its policy and service objectives and provides effective stewardship of public money and value for money in its use. In addition to this, the Council maintains a prudential financial framework, keeps its commitments in balance with available resources, monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary. The Council is compliant with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.

Appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role. Medium term business and financial planning processes are in place to deliver strategic objectives. In addition to this, systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and are continuously monitored.

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

The Council has an Audit Committee in place since 2004. The Audit Committee became a Standing Committee of Council during 2012/2013. Ten elected members and one independent advisor sit on the Audit Committee. All meetings are attended by the Town Clerk & Chief Executive, the Strategic Directors, the Head of Corporate Governance & Legal Services and the Internal Audit Manager. A representative from the Northern Ireland Audit Office is invited to attend all meetings. The following meetings took place in 2013/2014:

- 29th May 2013;
- 26th June 2013;
- 23rd September 2013;
- 25th November 2013;
- 27th January 2014;
- 27th February 2014 (Special Meeting); and
- 24th March 2014.

The Audit Committee received formal audit committee training in November 2013. The Audit Committee oversee the work of the Internal Audit Section including the approval of the annual programme of work. The Internal Audit Service operates to the standards published in the CIPFA Code of Practice for Internal Audit in Local Government. The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

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

- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

The Head of Corporate Governance & Legal Services leads on risk management activities within the Council. These have continued in line with the Council's Risk Management Strategy. Activities have focused on the development, management, monitoring and reporting of risk registers. Corporate, departmental and operational risk registers are in place across the organisation.

Managers are aware of their responsibility for ensuring:

- Compliance with relevant laws and regulations, internal policies and procedures.
- Compliance with statutory responsibilities with regard to Health & Safety.
- That expenditure is lawful within their area of responsibility.
- That staff conduct council business in accordance with the law and proper standards.
- That public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Derry City Council has an in-house Legal team, which contributes to providing assurance that relevant laws and regulations are complied with. The Chief Financial Officer is the designated Officer responsible for ensuring that expenditure is lawful and ensuring the proper administration of the Council's financial affairs.

In addition to this when carrying out audits, Internal Audit will carry out testing to ensure that relevant laws and regulations, internal policies and procedures are in place and adhered to, and that expenditure is lawful. Internal Audit & Risk Services use a system of Risk Based Auditing and all high-risk areas are audited as a matter of priority.

- **whistle-blowing and for receiving and investigating complaints from the public.**

Derry City Council's Whistleblowing Policy was documented and considered by the Audit Committee in April 2008 and approved by the Policy & Resources Committee in June 2008. The Policy has been communicated to all staff and is posted on the Council's Intranet.

The Council has a Customer Service Charter, which sets the standards of customer service the public can expect when contacting the Council. There is also a procedure in relation to making comments, compliments or complaints.

- **identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.**

The Members' Services function in the Corporate Services Directorate is responsible for identifying the development needs of members in relation to their strategic roles and subsequently organising appropriate training. Derry City Council has signed up to the Charter for Elected Member Development and has commenced the process to achieve this standard.

In relation to Senior Officers, the Council has achieved Investors in People in some of its Departments and looks to ensure that Indicators within the Framework are implemented across the Council with the view to achieving Investors in People as one organisation following RPA. Further, during 2013/2014 Council introduced a new performance appraisal process which includes a Personal Development Plan for each employee. This process is linked to the Local Government competency framework. Introduction of this process remains ongoing and it is expected that all employees will have completed the process in 2014/2015.

Going forward training needs will be identified and agreed for senior officers in relation to their strategic role, with their line Manager and recorded accordingly.

- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**

The following controls are in place to establish clear channels of communications with all sections of the community and other stakeholders to ensure accountability and encourage open consultation:

- The Council's website found at www.derrycity.gov.uk
- An audit of data collection and consultation methods for Council was completed.
- Database development for community services and business & cultural organisations.
- Specialist interest database for events and initiatives.
- Service / issue specific engagement including Strategy Board (regeneration), Tourism Sector Groups (Tourism), Branding (Image & Marketing), Event Planning Group (Safety & Events), Civic Alcohol Forum, Airport Transport Users Group, Equality Forum and Consultee listing.
- Media database for local, regional and ROI media.
- Regular e-zine programme of information for database groupings.
- Web development programme to enhance engagement and information.
- Equality forum and consultation list.
- Elected Members.
- Council meetings are open to the public.
- Facebook and Twitter.

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 within Derry City Council has been informed by a governance review completed by the Head of Corporate Governance & Legal Services; the work of the 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 by comments made by the external auditors and other external reviews.

The Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It 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.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- **the Members**

A Committee Structure is in place within Council consisting of the following:

- Policy & Resources Committee
- Development Committee
- Environmental Services (Licensing) Committee
- Environmental Services Committee
- Staff Committee
- Audit Committee
- Planning Committee
- Regional Services Committee

- **the Senior Officers**

Strategic Directors & Heads of Services completed an Annual Assurance Statement for 2013/2014 for their Directorate/Service Area. In signing the Assurance Statements, opinions were informed by the following:

- Assurance from the relevant Department's management team.
- Corporate and Departmental Business Plans including Key Performance Indicators.
- Service Risk Registers.
- Operational policies and procedures.
- Regular management and monitoring information.
- Internal and external audit reports.
- Administrative procedures (including segregation of duties).
- Management supervision.
- A system of delegation and accountability.

A number of significant control issues were identified in the Chief Officer's Assurance Statements as needing improvement; however action plans have been developed to address the issues during 2014/2015.

- **the Audit Committee**

The Audit Committee became a Standing Committee in July 2012 and as a result of this, now meets 6 times per year. The Committee met on the following dates during 2013/2014:

- 29th May 2013;
- 26th June 2013;
- 23rd September 2013;
- 25th November 2013;
- 27th January 2014
- 27th February 2014 (Special Meeting); and
- 24th March 2014.

- **Chief Financial Officer**

The Town Clerk and Chief Executive is the Chief Financial Officer of Derry City Council. In fulfilling this role, the Town Clerk and Chief Executive was supported by the Chief Finance Officer during 2013/2014 who is professionally qualified accountant and leads the promotion and delivery by the whole organisation of good financial management to ensure that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The Chief Finance Officer reports directly to the Chief Executive and is a member of the Management Team. The Council's governance arrangements allow the Chief Finance Officer direct access to the Chief Executive, to other Management Team members, the audit committee and external audit. The Chief Finance Officer has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role and the scope of the Chief Finance Officer responsibilities ensure that financial matters are not compromised.

- **Internal Audit**

In preparing the overall audit opinion the Internal Audit Manager reviewed all audit and risk activity carried out in the period April 2013 to March 2014. The general level of control remains at satisfactory; however Internal Audit's work during 2013/2014 resulted in a Limited Assurance rating being provided in relation to Arts and Cultural Development and Culture Company Credit Cards. However, Internal Audit's recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales. The Arts and Cultural Development audit will be reviewed again in 2014/2015 with a view to hopefully being able to increase the assurance rating. The remaining Council audits completed during 2013/2014 received either a satisfactory or substantial level of assurance and recommendations were made during these audits to strengthen the internal controls already in place. In addition to this, there are a number of critical and high scoring strategic risks facing the Council at 31st March 2014 however these are being continuously monitored and reviewed by Councils Senior Management Team.

During 2013/2014 the Internal Audit team spent a considerable amount of time providing an assurance on the delivery of the City of Culture Programme 2013. The amount of time spent in providing this assurance far exceeded the planned expectations anticipated at the commencement of 2013/2014. As a result of this the 2013/2014 Internal Audit Plan was not delivered in full; however the Internal Audit Manager reprioritised the Plan in accordance with the Public Sector Internal Auditing Standards to ensure that all high risk areas were reviewed and the Audit Committee were provided with an appropriate level of assurance.

- **other explicit review/assurance mechanisms**

Risk Management

Risk Management is embedded across all the activities of Council and is a continuously evolving process, which is monitored closely by the Insurance & Risk Manager. Risk Registers are in place for all Service Areas within the Council and a comprehensive database is maintained for managing risks and action plans. Risk Management Reports are presented quarterly to the Corporate Management Team and the Audit Committee.

External Funding

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

Local Government Audit

Work carried out by the Local Government Auditor during 2013/2014 is also used by the Council as an additional assurance mechanism.

City of Derry Airport

City of Derry Airport (CODA) Operations Ltd became an incorporated entity on 1st April 2010 and is a wholly owned subsidiary of Derry City Council. At this time all assets and employees belonging to the Council were transferred over to the new Company. Derry City Council, as part of the Annual Rates Estimates, approved an annual revenue subvention to CODA Operations Ltd for 2013/2014. CODA Operations Ltd is governed by a Board of Directors, which meets monthly. The Board of Directors consists of 9 directors / members including 3 non-executive directors (including the Chairman), 3 Elected Members from Derry City Council, Derry City Council's Town Clerk & Chief Executive and Head of Finance, and the Airport Manager. The Board meetings are also attended by the Company Secretary and 2 representatives from the Management Company. Derry City Council deliver the Internal Audit Plan and Risk Management Service for CODA Operations Ltd, and all reports are presented to CODA's Audit, Finance & Risk Committee, which meets bi-monthly. Work undertaken at CODA Operations Ltd is also discussed as a standing agenda item at Council's Audit Committee. CODA Operations Ltd have their own external auditors. No significant audit issues were identified during 2013/2014 for CODA Operations Ltd and overall internal audit opinion for the year was substantial. Derry City Council prepared Group Accounts for 2013/2014 to take account for CODA Operations Ltd.

Culture Company 2013

Derry City Council has also prepared Group Accounts for 2013/2014 to take account of the Culture Company 2013. The Council set up a Culture Company on 7th March 2011 to develop and manage the Cultural Programme for City of Culture 2013. Derry City Council is responsible for the oversight of the Culture Company's accountability and governance. A Memorandum of Understanding has been developed between Derry City Council and the Culture Company. The Department of Culture, Arts & Leisure (DCAL) are the lead Department for the provision of support to the City of Culture Cultural Programme. The Council are responsible for financial processing of funds allocated to the Cultural Programme, including receipt and administration of all funding for the Culture Company and the City of Culture 2013 Cultural Programme. The Council undertake legal, procurement support, HR, payroll, management functions for the Culture Company and Cultural Programme. In addition to this all expenditure relating to the City of Culture Programme is included within Derry City Council's Financial Statements.

The Culture Company 2013 ceased trading on 31st March 2014. During 2013/2014 the Company had a Board of Directors consisting of 15 directors / members including 4 Elected Members from Derry City Council and Derry City Council's Strategic Director. The Board met monthly during 2013/2014. Derry City Council delivered the Internal Audit Plan and Risk Management Service for Culture Company, and all reports were presented to Culture Company's Audit Committee which met monthly. Work undertaken at Culture Company was discussed as a standing agenda item at Derry City Council's Audit Committee. Culture Company external auditors for 2013/2014 are Moore Stephens.

In addition to this, Derry City Council is responsible for preparing and presenting a monthly audit report to DCAL providing assurance on the requirements of the Letter of Offer. The monthly audit reports were presented to Culture Company's Audit Committee and Derry City Council's Audit Committee during 2013/2014. Derry City Council also has a number of dedicated staff within the Internal Audit Section responsible for carrying out ongoing verification checks with all 3rd parties prior to payments being made.

The City of Culture project was an extremely successful project and the first of its kind to be delivered in Northern Ireland. In order to reflect on the year, a lessons learned report will be developed during 2014/2015.

We have been advised on the implications of the result of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

In response to the issues raised in the Annual Governance Statement for 2012/2013, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. Actions taken in managing these issues were reported as appropriate to the Audit Committee. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing.

As part of the process of preparing this year's Annual Governance Statement the Town Clerk & Chief Executive, Strategic Directors and Heads of Service have been asked to consider significant governance issues that require action and disclosure. The most significant issues for the Council are detailed below:

Governance Issue	Proposed action
<p>There were a number of high scoring strategic risks facing Council at the end of March 2014.</p>	<p>All risks identified during the risk management process are subject to continuous monitoring and review. Action plans are in place for all high scoring risks and these are reviewed and monitored continuously to ensure that they are being implemented. Risk Management is reported on bi-monthly to Management Team and to the Audit Committee. In addition to this, Internal Audit have a system in place of Risk Based Auditing – essentially meaning that all risk registers are subject to audit as the Strategic & Operational audit plans are being delivered.</p>
<p>The NWRWMG Residual Waste Project was abandoned during 2013/2014. In common with other Councils in Northern Ireland, there is a continuing risk that the Council would incur fines for non-achievement of Waste Management targets.</p>	<p>Derry City Council are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is making 'Best Endeavours' both individually and in collaboration with the NWRWMG to secure adequate waste treatment infrastructure facilities.</p>
<p>Internal Audit Report – Limited Assurance: • Arts & Cultural Development - the main recommendations related to Strategies, Service Level Agreements, Inventories. - City of Culture Credit Cards - the main recommendations related to retention of backup documentation.</p>	<p>Internal audit recommendations, agreed with Management, to be implemented within agreed timeframes. Follow up audit to be completed during 2014/2015.</p>
<p>High levels of absenteeism.</p>	<p>Management are continuously monitoring absenteeism and introducing additional control measures to try to reduce the figures. Absenteeism will be continuously monitored during 2014/2015.</p>
<p>Implementation of Single Status Agreement.</p>	<p>Management are working closely with Trade Unions to ensure successful implementation of the Single Status Agreement in a timely manner.</p>
<p>During 2013/2014 the Internal Audit team spent a considerable amount of time providing an assurance on the delivery of the City of Culture Programme 2013. The amount of time spent in providing this assurance far exceeded the planned expectations anticipated at the commencement of 2013/2014. As a result of this the 2013/2014 Internal Audit Plan was not delivered in full.</p>	<p>The Head of Corporate Governance & Legal Services and the Internal Audit Manager reprioritised the Internal Audit Plan in line with Public Sector Audit Standards, with the approval of the Audit Committee, to ensure that all high risk areas were reviewed and the Audit Committee were provided with an appropriate level of assurance. Audit areas, which were included in the Plan for 2013/2014 and not completed have subsequently been included in the Internal Audit Plan for 2014/2015.</p>
<p>Local Government Reform – a significant amount of work is required to be completed prior to the end of March 2015 to ensure that the new Derry City & Strabane District Council is able to adopt its full range of powers and responsibilities from April 2015.</p>	<p>The Chief Executive of the new Council operating in Shadow Form commenced employment in March 2015 and is leading the Reform process. A new Committee structure has been developed for the new Council. All relevant officers from Derry City Council and Strabane District Council are liaising and working together to ensure the seamless transition of systems and processes.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Local Government Reform
From 1 April 2015, under the Reform of Local Government (RLG), the number of Councils in Northern Ireland will reduce from the 26 existing to 11 new Councils, established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008. From that date the Northern Ireland Executive has agreed to transfer some functions currently carried out by NI Government Departments and give some new responsibilities to the 11 new Councils. The new councils will be stronger, more efficient and will deliver more effective services.
The new councils came into existence on 26th May 2014, operating in shadow form until they take over full responsibility for local government on 1st April 2015 when the 26 existing councils cease to exist. The final accounts for Derry City Council will therefore be for the 2014/15 financial year. The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils.
The Local Government Act (Northern Ireland) 2014 introduced the legislative frame work for Northern Ireland's 11 new councils and has made transitional provisions to provide for the transfer of staff, assets and liabilities from the current 26 councils to the 11 new councils, and from departments transferring functions to the new councils.

Signed: Brenda Stevenson Date: 29th October 2014

Signed: Shaun O'Connell Date: 29/10/14

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

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2014 on pages 21 to 120 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 25 to 48.
- (b) in my opinion the Statement of Accounts 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 ending 31 March 2014.

Shaun O'Connell

.....
Chief Financial Officer

29/10/14

.....
Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee of Derry City Council on Wednesday 25th June 2014 and have been subject to amendments set out on page 120.

Brenda Stevenson

.....
Mayor

29th October 2014

.....
Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY CITY COUNCIL

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

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

Opinion on financial statements

In my opinion:

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

Opinion on other matters

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

Matters on which I report by exception

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

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

Certificate

I certify that I have completed the audit of accounts of Derry City 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

30 October 2014

DERRY CITY COUNCIL

Movement in Reserves Statement

For the current and comparative year (Restated)

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 1 April 2012	2,402,296	12,470,343	7,435,738	207,310	22,515,687	41,156,594	63,672,281
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(8,480,154)	0	0	0	(8,480,154)	0	(8,480,154)
Other Comprehensive Income and Expenditure	0	0	25,000	0	25,000	(2,985,181)	(2,960,181)
Total Comprehensive Income and Expenditure	(8,480,154)	0	25,000	0	(8,455,154)	(2,985,181)	(11,440,335)
Adjustments between accounting basis & funding basis under regulations	9,230,104	(4,090,796)	(3,632,651)	22,259	1,528,916	(1,122,551)	406,365
Net Increase/Decrease before Transfers to Statutory and Other Reserves	749,950	(4,090,796)	(3,607,651)	22,259	(6,926,238)	(4,107,732)	(11,033,970)
Transfers to/from Statutory and Other Reserves	(713,000)	(72,000)	785,000	0	0	0	0
Increase/Decrease in Year	36,950	(4,162,796)	(2,822,651)	22,259	(6,926,238)	(4,107,732)	(11,033,970)
At 31 March 2013	2,439,246	8,307,547	4,613,087	229,569	15,589,449	37,048,862	52,638,311
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(6,511,458)	0	0	0	(6,511,458)	0	(6,511,458)
Other Comprehensive Income and Expenditure	0	0	0	0	0	45,572,350	45,572,350
Total Comprehensive Income and Expenditure	(6,511,458)	0	0	0	(6,511,458)	45,572,350	39,060,892
Adjustments between accounting basis & funding basis under regulations	6,952,846	2,083,785	2,026,458	72,700	11,135,789	(11,098,547)	37,242
Net Increase/Decrease before Transfers to Statutory and Other Reserves	441,388	2,083,785	2,026,458	72,700	4,624,331	34,473,803	39,098,134
Transfers to/from Statutory and Other Reserves	(309,734)	287,878	21,856	1,500	1,500	0	1,500
Increase/Decrease in Year	131,654	2,371,663	2,048,314	74,200	4,625,831	34,473,803	39,099,634
At 31 March 2014	2,570,900	10,679,210	6,661,401	303,769	20,215,280	71,522,665	91,737,945

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL

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

	Notes	Restated			
		2013/14	2012/13	Net Cost	Net Cost
		Gross Expenditure	Gross Expenditure	Gross Income	Gross Income
		£	£	£	£
Services Expenditure					
Leisure and Recreational Services		31,472,131	28,065,826	11,167,491	16,918,335
Environmental Services		16,119,516	16,095,447	1,402,656	14,692,791
DRM and Corporate Management		2,628,772	2,020,917	12,506	2,008,411
Other Services		12,983,913	10,787,474	2,336,915	8,450,559
Cost of Services on Continuing Operations	2-6	63,204,332	56,969,664	14,919,568	42,070,086
Other Operating Expenditure	7	1,682,473	1,193,310	0	1,193,310
Financing and Investment Income and Expenditure	8	5,151,511	4,839,266	805,810	4,033,456
Surplus or Deficit on Discontinued Operations		0	0	0	0
Net Operating Expenditure		70,038,315	63,022,240	15,725,378	47,296,962
Taxation and Non-Specific Grant Income	9	0	0	38,816,708	(38,816,708)
Surplus/(Deficit) on the Provision of Services		70,038,315	63,022,240	54,542,086	(8,480,154)
Surplus/(Deficit) on revaluation of non-current assets	13a/13b				(1,018,194)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27a/27b			0	0
Remeasurements of the Net Defined Benefit Liability (Asset)					(1,966,987)
Other Comprehensive Income and Expenditure					(2,985,181)
Total Comprehensive Income and Expenditure					(11,465,335)

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL
Balance Sheet As At 31 March 2014

		2013/14	Restated 2012/13
	Notes	£	£
Land & Buildings	13a/13b	68,311,808	43,803,971
Infrastructure Assets	13a/13b	33,895,462	14,763,914
Landfill Site	13a/13b	0	0
Vehicles, Plant, Furniture and Equipment	13a/13b	11,105,929	9,542,445
Community Assets	13a/13b	4,599,639	4,268,863
PP&E under Construction	13a/13b	8,300,029	15,498,315
Surplus Assets	13a/13b	0	0
Heritage Assets	13d	1,877,590	1,877,590
Investment Properties	13a/13b	0	0
Intangible Assets	13a/13b	4,500	9,000
Assets Held for Sale	13e	0	0
Long Term Investments	18a	0	0
Long Term Debtors	17a	1,077,157	1,196,799
LONG TERM ASSETS		129,172,113	90,960,897
Short Term Investments	18b	0	0
Inventories	16	101,221	99,153
Short Term Debtors	17b	20,363,186	15,348,634
Cash and Cash Equivalents	26b	19,675,141	24,449,446
Assets Held for Sale	13d	0	0
CURRENT ASSETS		40,139,547	39,897,233
Bank Overdraft		0	0
Short Term Borrowing	19a	1,685,324	1,519,892
Short Term Creditors	20a	13,682,856	12,037,000
Provisions	21	0	0
CURRENT LIABILITIES		15,368,180	13,556,892
Long Term Creditors	20b	0	0
Provisions	21	12,598,249	16,023,349
Long Term Borrowing	19b	29,852,240	24,290,226
Other Long Term Liabilities	23	19,755,047	24,349,352
Donated Assets Account	24	0	0
Capital Grants Receipts in Advance	25	0	0
LONG TERM LIABILITIES		62,205,536	64,662,927
NET ASSETS		91,737,945	52,638,311
USABLE RESERVES	27a/27b	20,215,280	15,589,449
Capital Receipts Reserve	27a/27b	303,769	229,569
Capital Grants Unapplied Account	27a/27b	5,763,051	3,736,593
Capital Fund	27a/27b	8,617,367	6,031,732
Renewal and Repairs Fund	27a/27b	2,061,843	2,275,815
Other Balances and Reserves	27a/27b	898,350	876,494
General Fund	27a/27b	2,570,900	2,439,246
UNUSABLE RESERVES	27a/27b	71,522,665	37,048,862
Capital Adjustment Account	27a/27b	47,093,499	54,861,206
Financial Instruments Adjustment Account	27a/27b	0	0
Revaluation Reserve	27a/27b	44,347,149	6,699,943
Available for Sale Financial Instruments Reserve	27a/27b	0	0
Pensions Reserve	27a/27b	(19,755,047)	(24,349,352)
Capital Receipts Deferred Account	27a/27b	0	0
Rates Claw-Back Reserve	27a/27b	0	0
Accumulated Absences Account	27a/27b	(162,935)	(162,935)
NET WORTH		91,737,945	52,638,311

CHANGE IN NET WORTH

39,099,634

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL
Cash Flow Statement at 31 March 2014

	Notes	2013/14 £	Restated 2012/13 £
Net surplus or (deficit) on the provision of services		(6,511,458)	(8,480,154)
Adjustment to surplus or deficit on the provision of services for noncash movements	26a)	11,373,817	14,697,052
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a)	(6,245,717)	(1,607,081)
		<hr/>	<hr/>
Net cash flows from operating activities	26a), 26c)	(1,383,358)	4,609,817
Net Cash flows from Investing Activities	26d)	(9,118,393)	(4,994,307)
Net Cash flows from Financing Activities	26e)	5,727,446	333,971
Net increase or decrease in cash and cash equivalents		(4,774,305)	(50,519)
Cash and cash equivalents at the beginning of the reporting period		24,449,446	24,499,965
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		<u>19,675,141</u>	<u>24,449,446</u>

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL

Notes to the Financial Statements

1A Accounting Policies

General Principles

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

The Council has made a provision for the estimated costs of implementing Single Status along with a number of other organisational changes that have been proposed.

iii) 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 less than 3 months from the date of investment and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. Bank overdrafts are shown within current liabilities on the balance sheet.

iv) 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.

v) 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.

vi) Employee Benefits

Short-term employee benefits payable during employment, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

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 when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (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:

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

Past Service Cost – 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 – arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

vii) Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

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

viii) 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.

ix) 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.

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

Where soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xi) 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 where material.

xii) Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and

- the grants or contributions will be received.

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

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

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

xiii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

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

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

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

xiv) 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.

xv) Investment Property

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

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

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

xvi) Landfill Allowance Schemes

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

xvii) Leases

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

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

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

The Council as Lessee

Finance Lease:

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease asset (long term debtor) together with any premiums received, and

- finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xviii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

This differs from the treatment of the disposal of assets by Council to CODA (Operations) Limited where shares in the company are issued to Council as consideration for the carrying value of the Assets transferred. The shares are deemed to have a nil value and are treated as a fall in market value of investments by the Council.

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.

xix) 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 Service Reporting *Code of Practice 2012/13* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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

xx) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

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

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

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

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

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

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement.

- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

Depreciation

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

The useful lives of assets are estimated on a realistic basis, reviewed regularly and if necessary, revised. If the useful life of a fixed asset is revised, the carrying amount will be depreciated over the revised remaining useful life. Freehold Land (both operational and non-operational) is not depreciated.

Depreciation is based on the amount at which the asset is included in the Balance Sheet, whether at net current replacement cost or historical cost.

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

- Buildings, installations and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 10 to 60 years.
- Plant, vehicles and equipment (excluding IT equipment) are depreciated on historic cost using a standard life of between 5 and 20 years. IT equipment is depreciated using a standard life of 5 years.
- Intangible Assets are amortised over the estimated lives of the assets.

Componentisation

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

Revaluations

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

xxi) 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.

The Council has a large number of items which are deemed to be classed as Heritage Assets under the definition in IFRS. These have been categorised into a range of different classes and are located in a number of Council owned facilities.

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 appointed to determine values for Insurance purposes and with reference to appropriate commercial markets where they exist. These assets are valued at periods of 5 years by suitably qualified professional valuers to ensure they are correctly valued for Insurance purposes. Assets on loan from the Council are deemed to remain as part of Council's assets while items on loan to the Council are deemed to remain in the ownership of the loaning body.

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 Authority's general policies on impairment – see note 1xx) in this summary of significant accounting policies.

xxii) 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.

xxiii) 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.

xxiv) Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise District Rates to cover depreciation, revaluation & impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, or loans fund principal charges]. Depreciation, revaluation & impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision charge 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.

xxv) Value Added Tax

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

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

IFRS 13 Fair Value (2011)

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

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

CIPFA/LASAAC is of the view that the IFRS 13 provisions should not have a significant impact on local authority liability measurement.

The disclosure requirements of IFRS 13 are designed to enable users of the financial statements to understand the valuation inputs and techniques used to measure fair value. CIPFA/LASAAC asked for views on the possibility of an adaptation for some of the disclosure requirements for assets and liabilities where measurements of assets or liabilities use unobservable inputs eg Depreciated Replacement Cost (DRC) measurements.

The Group Accounting Standards - IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (as amended in 2011) and IAS 28 Investment in Associates and Joint Ventures (as amended in 2011).

A suite of Group Accounting standards were issued or amended by the IASB in 2011.

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

Transitional provisions are included in the Code ITC Exposure Draft for authorities whose consolidation decisions are affected by the change in the principle of control.

IFRS 11 Joint Arrangements which now defines only two types of arrangements that must be accounted for consistently with the rights and obligations that parties have in an arrangement ie:

joint operations which require that an entity accounts for its share of the rights to assets and obligations for liabilities of the underlying arrangement, or

joint ventures which require that an entity only has rights to the net assets of the arrangement.

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

It is not anticipated that these standards will require significant changes in accounting or consolidating of other entities into the Authorities financial statements. There may be a requirement to review bodies and relationships that the Authority is involved in to assess the new control criteria.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The 2013/14 Code included new disclosure requirements where financial assets and financial liabilities are offset (under the criteria defined in IAS 32 Financial Instruments: Presentation).

It is not anticipated that changes resulting from amendments to IAS 32 will impact this Authority

Annual Improvements to IFRSs 2009 – 2011 Cycle

The IASB carries out cyclical work to identify and implement improvements in IFRSs. Of the latest issued cycle (Annual Improvements to IFRS s 2009-2011 Cycle) the only issue requiring amendment to the Code is clarification relating to comparative information; and this amendment is not anticipated to have a material impact on the authorities financial statements.

1C Assumptions Made About the Future and Other Major Sources of Estimation

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

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

i) Provisions

A provision of £4,591,964 has been recognized by Council in relation to costs associated with the implementation of Single Status and costs associated with a planned organisational restructure (note 21). In line with IAS 37 and the Code of Accounting Practice this is the best estimate of the liabilities at present. In relation to the job evaluation element of Single Status, negotiations on back pay will be based on affordability.

ii) Pensions Liability

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

iii) Arrears

At 31 March 2014, the Council had a balance of trade receivables for £614,760. A review of significant balances suggested that an allowance for doubtful debts of £121,035 was appropriate. However, in the current economic climate it is not certain that all the remaining debts will be collected in full.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

2a Segmental Reporting Analysis - Current Year

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statements 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 District Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

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

Services	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	16,060,248	11,615,024	4,445,224
Recreation and Sport	10,241,389	1,659,487	8,581,902
Tourism	2,374,982	230,326	2,144,656
Community Services	2,795,512	1,434,257	1,361,255
Leisure and Recreational Services	31,472,131	14,939,094	16,533,037
Cemetery, Cremation and Mortuary	1,110,787	135,297	975,490
Environmental Health	1,869,018	163,511	1,705,507
Flood Defence and Land Drainage	0	0	0
Public Conveniences	55,577	0	55,577
Licensing	147,775	62,852	84,923
Other Cleaning	3,190,997	109,005	3,081,992
Waste Collection	4,331,216	395,830	3,935,386
Waste Disposal	4,403,032	231,277	4,171,755
Building Control	1,011,114	664,971	346,143
Other Community Assets	0	0	0
Minor Works	0	0	0
Environmental Services	16,119,516	1,762,743	14,356,773
Democratic Representation and Management	1,388,111	49,200	1,338,911
Corporate Management	1,240,661	35,817	1,204,844
DRM and Corporate Management	2,628,772	85,017	2,543,755
Economic Development	3,462,772	1,681,082	1,781,690
Trading Services	6,450,354	6,259	6,444,095
Non Distributed Costs	2,225,691	126,924	2,098,767
Central Services to the Public	845,096	447,799	397,297
Other Services	12,983,913	2,262,064	10,721,849
CONTINUING OPERATIONS	63,204,332	19,048,918	44,155,414

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

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

	£	£
Net Cost of Services in Service Analysis		44,155,414
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
		0
Cost of Services on Continuing Operations in Comprehensive Income and Expenditure Statement		44,155,414
<i>Items included in Net Operating Expenditure excluded from Service</i>		
Other Operating Expenditure	1,682,473	
Financing and Investment Income and Expenditure	4,884,841	
Surplus or Deficit on Discontinued Operations	0	
		6,567,314
Net Operating Expenditure per Comprehensive Income and Expenditure Statement		50,722,728

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

2b Segmental Reporting Analysis - Comparative Year

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

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

Services	Restated		
	2012/13		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	11,762,057	7,192,939	4,569,118
Recreation and Sport	9,990,558	1,526,714	8,463,844
Tourism	3,735,653	1,311,557	2,424,096
Community Services	2,607,558	1,136,281	1,471,277
Leisure and Recreational Services	28,095,826	11,167,491	16,928,335
Cemetery, Cremation and Mortuary	944,055	126,962	817,093
Environmental Health	1,729,421	180,043	1,549,378
Flood Defence and Land Drainage	0	0	0
Public Conveniences	35,331	0	35,331
Licensing	124,847	55,317	69,530
Other Cleaning	2,868,409	79,476	2,788,933
Waste Collection	3,708,778	163,639	3,545,139
Waste Disposal	5,652,024	113,521	5,538,503
Building Control	1,028,641	683,698	344,943
Other Community Assets	0	0	0
Minor Works	3,941	0	3,941
Environmental Services	16,095,447	1,402,656	14,692,791
Democratic Representation and Management	1,075,323	0	1,075,323
Corporate Management	945,594	12,506	933,088
DRM and Corporate Management	2,020,917	12,506	2,008,411
Economic Development	3,378,673	1,764,452	1,614,221
Trading Services	4,779,258	28,945	4,750,313
Non Distributed Costs	1,778,998	47,318	1,731,680
Central Services to the Public	850,545	496,200	354,345
Other Services	10,787,474	2,336,915	8,450,559
CONTINUING OPERATIONS	56,989,664	14,919,566	42,070,098

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

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

	£	£
Net Cost of Services in Service Analysis		42,070,096
Items excluded from Service Analysis:		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	0
Cost of Services on Continuing Operations in Comprehensive Income and Expenditure Statement		42,070,096
Items included in Net Operating Expenditure excluded from Service Analysis:		
Other Operating Expenditure	1,193,310	
Financing and Investment Income and Expenditure	4,033,456	
Surplus or Deficit on Discontinued Operations	0	5,226,766
Net Operating Expenditure per Comprehensive Income and Expenditure Statement		47,296,862

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

3a Adjustments between accounting basis and funding basis under regulations

	Notes	Restated			
		2013/14 £	2013/14 £	2012/13 £	2012/13 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets	13a/13b/13d	0		0	
Derecognition (other than disposal) of non-current assets	13a/13b/13d	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	13a/13b/13d	5,845,835		2,882,563	
Depreciation charged in the year on non-current assets	13a/13b,26	6,321,066	12,166,901	6,926,352	9,808,915
Net Revenue expenditure funded from capital under statute			1,563,269		1,529,676
Carrying amount of non current assets sold		281,727		215,569	
Proceeds from the sale of PP&E, investment property and intangible assets		(72,700)	209,027	(22,259)	193,310
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			0		0
Net charges made for retirement benefits in accordance with IAS 19	23b		4,264,000		3,575,000
Direct revenue financing of Capital Expenditure	14,27		(130,255)		(174,497)
Capital Grants and Donated Assets Receivable and Applied in year	9		(1,679,673)		(1,267,394)
Capital Grants Receivable and Unapplied in year	9		(4,493,345)		(317,428)
Rates Claw-Back Reserve	27a/27b		0		0
Adjustments in relation to Short-term compensated absences	20		0		(7,366)
Adjustments in relation to Lessor Arrangements			0		0
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	27a/27b		(2,444,289)		(1,694,706)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	23b,23g		(2,502,790)		(2,415,406)
			6,952,846		9,230,104

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

		2013/14 £	2013/14 £	2012/13 £	2012/13 £
Capital Fund					
Interest		0		0	
Other	27a/27b	(300,000)	(300,000)	0	0
Renewal and Repairs Fund					
Interest		0		0	
Other	27a/27b	12,122	12,122	72,000	72,000
Other Funds and earmarked reserves					
Interest		0		0	
Other - Election Expenses & ED Reserve	27a/27b	(21,856)	(21,856)	(785,000)	(785,000)
			(309,734)		(713,000)

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Cost of Services on Continuing Operations

4a Miscellaneous Powers to make payments

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

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

Limits on special payments are calculated by reference to section 40 of the Local Government Finance Act (Northern Ireland) 2011 and for this council the resulting limit was £70,386 for 2013/14 (£69,982 in 2012/13).

The actual expenditure during 2013/14 amounted to £0, (£0 in 2012/13).

4b External Audit Fees

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

	2013/14	2012/13
	£	£
External Audit Fees *	48,944	33,759
Grant Claim Certification Fees	0	0
Other Fees	0	1,119
	48,944	34,878

* The figure of £48,944 includes an amount of £6,444 in respect of 2012-13 audit fees.

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

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Cost of Services on Continuing Operations (Continued)

5 Operating and Finance Leases

Council as Lessor:

5a Finance Leases (Council as lessor)

The Council does not have any Leases that would be classified as Finance Leases under the IFRS Code.

5b Operating Leases (Council as lessor)

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

- for the provision of community services, such as sports facilities, tourism services and community centres

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £36,000 (previous year: £36,000). No contingent rents were recognised.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 15 years. Future minimum lease income is set out below:

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	36,000	0	36,000	0
Later than 1 year and no later than 5 years	144,000	0	144,000	0
Later than 5 years	108,000	0	144,000	0
	288,000	0	324,000	0

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

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	997,564	0	997,564	0
Accumulated depreciation and impairments at 1 April	(84,746)	0	(84,746)	0
Depreciation charge for the year	(31,034)	0	(12,955)	0
Impairments	(364,145)	0	(364,145)	0
Revaluations	313,994		21,339	
	831,633	0	557,057	0

Council as Lessee:

5c Finance Leases (Council as lessee)

The Council does not have any Leases that would be classified as Finance Leases under the IFRS Code.

5d Operating Leases (Council as lessee)

The Council has a number of office photocopiers acquired by entering into operating leases with typical lives of 5 years. It also has leased 4 sites for Recycling Centres and 3 properties used by Museum Services, all of which are treated as Operating Leases due to their short terms.

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

	2013/14		2012/13	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	140,737	8,280	140,027	13,671
Contingent rentals	0	0	0	0
Less: Sublease payments receivable	0	0	0	0
	140,737	8,280	140,027	13,671

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

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

	2014		2013	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	77,050	6,509	134,237	8,280
Later than 1 year and no later than 5 years	132,950	11,266	137,200	17,774
Later than 5 years	93,900	0	155,700	0
	303,900	17,775	427,137	26,054

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6a Staff Costs

	2013/14	2012/13
	£	£
Salaries and wages	14,213,952	13,373,515
Employers National Insurance	952,180	931,423
Employers pension costs	2,367,790	2,098,800
	17,533,921	16,403,738

The above figures include staff costs of group building control of £83,475 (2012/13: £119,677).
 In addition, agency costs during the year amounted to £884,928 (2012/13 £390,338).

The Council's current contribution rate to the NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% (2010: 82%) of the liabilities accrued up to that date. Council also paid £395,930 during 2013/14 (2012/13: £220,325) in respect of former employees who were granted early retirement or redundancy or Employees who continued to pay their contributions during periods of absence such as career breaks.

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

	2013/14	2012/13
	FTE	FTE
Full-time numbers employed	521	510
Part-time numbers employed	68	64
	589	574
	Actual Numbers	Actual Numbers
Full-time numbers employed	510	512
Part-time numbers employed	147	125
	657	637

6c Senior Employees' Remuneration

	2013/14	Restated 2012/13
£50,001 to £60,000	11	7
£60,001 to £70,000	2	3
£70,001 to £80,000	2	2
£80,001 to £90,000	1	0
£90,000 to £100,000	0	0
£100,000 to £110,000	1	1
£110,000 to £120,000	0	0
	17	13

6d Members' Allowances

During the year Members' allowances (paid under Sections 31 and 32 of the Local Government Act (NI) 2011), including Employer's costs, totalled £526,857 (2012/13 £448,449) and are as follows:

	2013/14	2012/13
	£	£
Salaries	0	0
Basic allowance	308,227	298,672
Mayor's & Deputy Mayor's Allowance	37,746	37,641
Dependents' carers allowance	1,582	754
Statutory Transition Committee Allowances	20,557	0
Employers National Insurance	18,302	15,697
Employers pension costs	8,047	7,995
Mileage	15,776	14,974
Conferences and Courses	3,396	9,985
Travel Costs	1,327	722
Subsistence	442	800
Special responsibility allowances	62,256	61,017
Miscellaneous	0	192
Severance Payments*	49,200	0
	526,857	448,449

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

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6e Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
£0 to £20,000	0	0	0	1	0	1	0	1,655
£20,001 to £40,000	0	0	0	2	0	2	0	72,964
£40,001 to £60,000	0	0	0	1	0	1	0	58,263
£60,001 to £80,000	1	0	0	0	1	0	75,537	0
£80,001 to £100,000	1	0	0	0	1	0	90,056	0
£100,001 to £150,000	2	0	0	0	2	0	246,326	0
£150,000 and over	2	0	0	0	2	0	364,766	0
Total	6	0	0	4	6	4	776,685	132,882

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

7 Other Operating Expenditure

	2013/14 £	2012/13 £
Surplus/Deficit on Non-Current Assets	209,027	193,310
Other Operating Income/Expenditure	1,473,446	1,000,000
Total Other Operating Expenditure	<u>1,682,473</u>	<u>1,193,310</u>

The figure of £1,473,446 above relates to the increase in the Reorganisation Provision for Single Status for 2013-2014 (2012-13 £1,000,000)

8 Financing and Investment Income and Expenditure

	2013/14			Restated 2012/13		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,750,311	0	1,750,311	1,701,166	0	1,701,166
Interest and Investment Income	0	266,670	(266,670)	0	805,810	(805,810)
Pensions interest cost and expected return on pensions assets	1,037,000	0	1,037,000	943,000	0	943,000
Surplus/(Deficit) on trading operations	0	0	0	0	0	0
Writedown of value of shares purchased in CODA (Operations) Limited	2,364,200	0	2,364,200	2,195,100	0	2,195,100
Changes in Fair Value of Investment Properties	0	0	0	0	0	0
Other investment income	0	0	0	0	0	0
	5,151,511	266,670	4,884,841	4,839,266	805,810	4,033,456

The difference between the value above of £2,364,200 for the writedown of value of shares purchased in CODA and the value of £2,643,827 in Note 18a is £279,627 which relates to CODA fixed asset additions purchased in 2013-14 and disposed of to CODA for 'nil' consideration which is reflected in the Capital Adjustment Account.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

9 Taxation and Non-Specific Grant Income

9a Revenue Grants

	2013/14	2012/13
	£	£
General Grant	2,851,875	2,862,607
Other	0	0
Other	0	0
Other	0	0
	2,851,875	2,862,607

9b Capital Grants and Donated Assets-Applied

	2013/14	2012/13
	£	£
Government & Other Grants-Conditions met and applied in year	1,679,673	1,267,394
Government & Other Grants-transfer from receipts in advance	0	0
Donated Assets-Conditions met	0	0
Donated Assets-transfer from donated assets creditor	0	0
	1,679,673	1,267,394

9c Capital Grants-Unapplied

	2013/14	2012/13
	£	£
Government & Other Grants-Conditions met and not applied in year	4,493,345	317,428
Other	0	0
	4,493,345	317,428

9d District Rates

	2013/14	2012/13
	£	£
Current year	35,186,377	34,369,279
Finalisation - previous year	0	0
Transitional Relief	0	0
Finalisation - other years	0	0
	35,186,377	34,369,279

Summary of Taxation and Non-Specific Grant Income:

	2013/14	2012/13
	£	£
District Rates Income	35,186,377	34,369,279
Revenue Grants	2,851,875	2,862,607
Capital Grants and Contributions	6,173,017	1,584,822
Total Taxation and Non-Specific Grant Income	44,211,270	38,816,708

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

10 Statutory Transition Committees

Statutory Transition Committees were formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013. The Derry City and Strabane Statutory Transition Committee was established on 02 July 2013 in accordance with this legislation. Derry City Council acted as lead Council for the Statutory Transition Committee. Separate accounts have been prepared which are subject to a separate audit and the Income and Expenditure of the Committee was as follows:

	2013/2014	2012/2013
	£	£
Income		
Funding provided by the DOE	67,440	0
Income from Participating Councils - Derry City Council & Strabane District Council	12,851	0
Total Income	80,291	0
Expenditure		
Allowances to Members	0	0
Other Member Expenses	0	0
Change Management Officer	45,455	0
Change Management Team Support Costs	0	0
Other Costs	34,836	0
	80,291	0

11 Building Control Group Account

Derry City Council is the Employer Council for the Building Control staff in the Northern Group. Group Headquarters staff costs and other administration costs are apportioned to Group Member Councils in accordance with their Net Annual Valuations (N.A.V.).

The Group Cost of £134,546 for 2013/2014 (2012/2013: £203,732) has been apportioned as follows:

	2013/2014	2012/2013
	£	£
Ballymoney District Council	9,849	14,913
Coleraine Borough Council	36,422	55,150
Limavady District Council	13,024	19,722
Derry City Council	69,587	105,370
Moyle District Council	5,664	8,577
	134,546	203,732

12 Payment of Invoices

Derry City Council's default target of paying invoices, where no other terms are agreed, is 30 days.

During 2013/2014 the Council paid 26,241 (2012/2013: 23,108) invoices totalling £60,516,018 (2012/2013: £46,427,691).

The Council paid 9,060 invoices within the 10 day target.

The Council paid 16,903 invoices within the 30 day target.

The Council paid 9,338 invoices outside of the 30 day target.

The Council has calculated the payment interval for these invoices and for 2013/2014 it was 29 days (2012/2013: 28 days).

Derry City Council's policy is to pay invoices as quickly as possible and will keep it's performance under review.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

13a Long Term Assets Note - Current Year

	Land		Buildings		Infrastructure Assets		Landfill Site		Property, Plant & Equipment (PPE)		Community Assets		PP&E Under Construction		Surplus Assets		Heritage Assets		Total PP&E		Investment Properties		Intangible Assets		TOTAL							
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£					
Cost or Valuation																																
At 1 April 2013	12,069,518	32,879,153	40,775,190	0	27,006,398	4,268,863	15,480,315	0	1,877,590	0	1,877,590	0	1,877,590	0	607,770	135,382,797	0	0	0	0	0	0	0	0	0	0	0	0	0			
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Adjusted opening balance	12,069,518	32,879,153	40,775,190	0	27,006,398	4,268,863	15,480,315	0	1,877,590	0	1,877,590	0	1,877,590	0	607,770	135,382,797	0	0	0	0	0	0	0	0	0	0	0	0	0			
Additions (Note 14)	0	0	0	0	0	0	11,562,661	0	0	0	0	0	0	0	0	11,562,661	0	0	0	0	0	0	0	0	0	0	0	0	0			
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Revaluation increases/decreases to	3,873,039	10,288,802	23,632,572	0	(122,278)	0	0	0	0	0	0	0	0	0	0	37,672,135	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(249,834)	(776,559)	(4,598,949)	0	(222,594)	0	0	0	0	0	0	0	0	0	0	(5,845,835)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(839,774)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Derogation - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Redesignation - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Reclassifications & Transfers	1,039,114	10,542,849	2,018,528	0	4,828,672	330,778	(18,780,937)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adjustment-Landfill Deferred Charge (Note 21)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
At 31 March 2014	17,331,837	52,734,245	61,830,440	0	30,650,424	4,599,638	8,300,029	0	1,877,590	0	1,877,590	0	1,877,590	0	607,770	177,931,974	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depreciation and Impairment	0	1,544,700	26,011,278	0	17,483,853	0	0	0	0	0	0	0	0	0	0	45,919,929	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
At 1 April 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Adjusted opening balance	0	1,544,700	26,011,278	0	17,483,853	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Change	0	1,754,274	1,923,702	0	2,638,569	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out on Revaluation Reserve	0	(1,544,700)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,544,700)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/overseas to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/overseas to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derogation - Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derogation - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	0	1,754,274	27,934,978	0	19,544,485	0	0	0	0	0	0	0	0	0	0	48,233,748	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Book Value	17,331,837	50,979,971	33,895,462	0	11,195,929	4,599,639	8,300,029	0	1,877,590	0	1,877,590	0	1,877,590	0	607,770	126,090,456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	17,331,837	50,979,971	33,895,462	0	11,195,929	4,599,639	8,300,029	0	1,877,590	0	1,877,590	0	1,877,590	0	607,770	126,090,456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	12,069,518	31,134,453	14,763,914	0	9,542,445	4,268,863	15,480,315	0	1,877,590	0	1,877,590	0	1,877,590	0	9,000	89,755,096	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Intangible Assets
The value for intangible Assets relates to various pieces of software purchased by the Council to assist in the delivery of services, and which are being depreciated over their estimated useful lives.

Valuations

A full valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from the Land & Property Service. The continued changes in property prices over the last year has meant applying a further set of indices supplied by LPS to the values of Land & Buildings and comparing this to the carrying value of Assets as at 31 March 2013. The net Revaluation losses and impairments have been reflected in the above figures for 2013/2014.

City of Derry Airport

Council has transferred some additional operational assets at the Airport in the sum of £279,627 to City of Derry Airport (Operations) Limited during 2013/2014 in consideration for shares in the company to the net book values of the Assets transferred. These shares are deemed to have no market value due to the current trading conditions at the Airport, and the transfer has resulted in a loss on disposal of these assets (see note 3). The infrastructure assets have not yet been transferred by Council to the new Company.

13b Long Term Assets Note - Comparative Year

	Property, Plant & Equipment (PPE)										TOTAL		
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E		Investment Properties	Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£	
Cost or Valuation	14,077,237	39,747,545	40,090,457	0	25,501,430	4,288,863	7,639,200	0	1,877,500	133,202,412	0	607,770	133,810,182
At 1 April 2012													
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	14,077,237	39,747,545	40,090,457	0	25,501,430	4,288,863	7,639,200	0	1,877,500	133,202,412	0	607,770	133,810,182
Additions (Note 14)	5	34,375	0	0	850,987	0	11,876,132	0	0	12,761,509	0	0	12,761,509
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to	(433,680)	(7,284,728)	0	0	0	0	0	0	0	(7,698,417)	0	0	(7,698,417)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(2,023,181)	(650,372)	0	0	0	0	0	0	0	(2,682,563)	0	0	(2,682,563)
Derecognition - Disposals	0	(7,893)	0	0	(800,021)	0	0	0	0	(807,914)	0	0	(807,914)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	1,049,150	1,028,226	884,733	0	1,253,982	0	(4,017,107)	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge (Note 21)	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	12,669,518	32,678,153	40,775,190	0	27,008,396	4,288,863	15,485,315	0	1,877,500	134,775,027	0	607,770	135,382,797
Depreciation and Impairment	0	6,680,223	22,980,935	0	15,518,183	0	0	0	0	45,186,351	0	578,564	45,764,915
At 1 April 2012													
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	6,680,223	22,980,935	0	15,518,183	0	0	0	0	45,186,351	0	578,564	45,764,915
Depreciation Charge	0	1,544,700	3,024,341	0	2,337,105	0	0	0	0	6,906,146	0	29,298	6,926,322
Depreciation written out on	0	(6,680,223)	0	0	0	0	0	0	0	(6,680,223)	0	0	(6,680,223)
Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out on	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	(392,345)	0	0	0	0	(392,345)	0	0	(392,345)
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	1,544,700	26,011,276	0	17,483,893	0	0	0	0	45,019,529	0	598,770	45,618,699
Net Book Value	12,669,518	31,134,453	14,763,914	0	9,524,445	4,288,863	15,485,315	0	1,877,500	89,755,099	0	9,000	89,764,099
At 31 March 2013													
At 31 March 2012	14,077,237	33,087,322	17,103,522	0	9,982,237	4,288,863	7,639,200	0	1,877,500	86,018,061	0	28,298	86,046,359

Intangible Assets
The value for Intangible Assets relates to various pieces of software purchased by the Council to assist in the delivery of services, and which are being depreciated over their estimated useful lives.

Valuations

The last full valuation of freehold and leasehold properties was carried out as at 1 April 2008 by an independent valuer from the Land & Property Service. The next full valuation is not due to take place until 2013/2014, with a valuation date of 1 April 2013. However due the fall in property prices over the past few years a review of values of land & buildings was carried out by applying indices supplied by the LPS to their valuations from 2008 and comparing this to the carrying value of Assets as at 31 March 2012. The net Revaluation losses and impairments have been reflected in the above figures for 2012/2013.

City of Derry Airport

Council has transferred some additional operational assets at the Airport in the sum of £213,459 to City of Derry Airport (Operations) Limited during 2012/2013 in consideration for shares in the company to the net book values of the Assets transferred. These shares are deemed to have no market value due to the current trading conditions at the Airport, and the transfer has resulted in a loss on disposal of these assets (see note 3). The infrastructure assets have not yet been transferred by Council to the new Company.

DERRY CITY COUNCIL
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13c. Long Term Assets - Leased Assets
At 31 March 2014

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

Comparative Year

LEASED ASSETS (included within vehicles, plant and equipment)	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2012	0	0	0
Additions	0	0	0
Disposals	0	0	0
At 31 March 2013	0	0	0
Depreciation			
At 1 April 2012	0	0	0
Disposals	0	0	0
Provided for year	0	0	0
At 31 March 2013	0	0	0
Net Book Value			
At 31 March 2013	0	0	0
At 31 March 2012	0	0	0

DERRY CITY COUNCIL
Notes to the Financial Statements
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Heritage Assets

Cost or Valuation	Cannons £	Civic Treasures	Furniture	Glass	Mayoral Regalia	Misc.	Pictures & Paintings	Sculptures	Silver & Plated Wares	Works of Art	Total Assets £
At 1 April 2012	500,000	234,490	32,500	2,750	47,500	54,500	167,550	581,000	107,300	150,000	1,877,590
Additions	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	500,000	234,490	32,500	2,750	47,500	54,500	167,550	581,000	107,300	150,000	1,877,590
Cost or Valuation											
At 1 April 2013	500,000	234,490	32,500	2,750	47,500	54,500	167,550	581,000	107,300	150,000	1,877,590
Additions	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	500,000	234,490	32,500	2,750	47,500	54,500	167,550	581,000	107,300	150,000	1,877,590

All the above Heritage Assets are valued for insurance purposes with the last valuation having taken place as at 31st March 2009. Independent valuations will be commissioned by Council in 2014-15.

Additions of Heritage Assets

There were no additions during 2013/2014.

DERRY CITY COUNCIL
Notes to the Financial Statements
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13e Assets Held for Sale

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

Comparative Year

At 31 March 2013	Assets Held for Sale-Current	Assets Held for Sale-Non-Current	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2012	0	0	0
Transferred from Non-Current Assets during year	0	0	0
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
At 31 March 2013	0	0	0
Impairment			
At 1 April 2012	0	0	0
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	0	0	0
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
At 31 March 2013	0	0	0
Net Book Value			
At 31 March 2013	0	0	0
At 31 March 2012	0	0	0

DERRY CITY COUNCIL
Notes to the Financial Statements
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13f Investment Properties

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

	2013/14	2012/13
	£	£
Rental income from investment property	0	0
Direct operating expenses arising from investment property	0	0
Net gain/(loss)	0	0

DERRY CITY COUNCIL
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14 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.

	2013/14	2012/13
	£	£
Opening Capital Financing Requirement	28,202,949	25,089,236
<i>Capital Investment</i>		
Property, Plant and Equipment	11,562,651	12,761,509
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	2,863,269	1,529,676
<i>Sources of Finance</i>		
Capital Receipts	0	0
Government Grants and Other Contributions	(4,183,697)	(5,217,473)
Transfers from Earmarked Reserves	783,680	(4,090,796)
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(130,255)	(174,497)
Minimum Revenue Provision	(2,444,289)	(1,694,706)
Closing Capital Financing Requirement	36,654,308	28,202,949

Explanation of Movements in Year		
Increase in underlying need to borrow	8,451,359	3,113,713
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	8,451,359	3,113,713

DERRY CITY COUNCIL
Notes to the Financial Statements
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15 Future Capital Commitments

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

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	24,535,912	7,365,539	17,170,373
Total	24,535,912	7,365,539	17,170,373

The estimated cost of new proposal schemes is £57,492,300 gross with estimated grant aid of £8,000,000.

16 Inventories

	2013/14	2012/13
	£	£
Central Stores	101,221	99,153
Other	0	0
Total	101,221	99,153

The cost of inventories recognised as expense and included in 'services' amounted to £0 (2012/13: £0)

DERRY CITY COUNCIL
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FOR THE YEAR ENDED 31 MARCH 2014

17 Debtors

	2013/14	2012/13
	£	£
17a) Long Term Debtors		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	26,059	40,419
Grants	0	0
Loans and advances	0	0
Finance lease debtors	0	0
Trade debtors	0	0
Income from Landfill Site Gas	1,051,098	1,156,380
Impairment of loans and receivables	0	0
Total Long-Term Debtors	1,077,157	1,196,799
17b) Short Term Debtors		
Government Departments	12,709,809	8,565,168
Other Councils	121,983	70,121
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	28,454	29,014
Grants	4,573,699	3,744,913
Value Added Tax	1,505,490	1,672,435
Income from Landfill Site Gas	31,046	0
Prepayments	212,098	174,349
Finance lease debtors	0	0
Other	686,882	715,951
Trade receivables	614,760	408,445
Impairment loss - Trade receivables	(121,036)	(31,762)
Total Short-Term Debtors	20,363,185	15,348,634
Total Debtors	21,440,343	16,545,433

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

18a Long-Term Investments

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

Analysed over:

	2013/14	2012/13
	£	£
Shares purchased in CODA (Operations) Limited	2,643,827	2,408,559
Writedown of value of shares purchased in CODA (Operations) Limited	(2,643,827)	(2,408,559)
Net value of shares in CODA (Operations) Limited	0	0
Money market deposits	0	0
Other deposits	0	0
Total Long-term Investments	0	0

The difference between the value above of £2,643,827 for the writedown of value of shares purchased in CODA and the value of £2,364,200 in Note 8 is £279,627 which relates to CODA fixed asset additions purchased in 2013-14 and disposed of for 'nil' consideration to CODA which is reflected in the Capital Adjustment Account.

18b Short-Term Investments

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

Analysed over:

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

Total Long Term and Short-term Investments **0** **0**

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

19 a Short Term Borrowing

	2013/14	2012/13
	£	£
Loans re-payable within one year	1,685,324	1,519,892
Finance Lease Principal	0	0
Total Short Term Borrowing	1,685,324	1,519,892

19 b Long Term Borrowing

	2013/14	2012/13
	£	£
Between 1 and 2 years	1,617,290	1,433,793
Between 2 and 5 years	4,626,627	3,938,649
Between 5 and 10 years	7,130,131	6,060,944
In more than 10 years	16,478,192	12,856,840
Government Loans Fund	29,852,240	24,290,226

Total Borrowing	31,537,564	25,810,118
------------------------	-------------------	-------------------

Interest rates on Government Loans range between 1.49% and 11.5%.

20 a Short Term Creditors

	2013/14	2012/13
	£	£
Government Departments	1,084,867	405,127
Other Councils	104,633	104,156
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Rates clawback	0	0
Accruals	3,664,781	3,390,318
Loan Interest	301,324	273,899
P.A.Y.E./N.I.	378,721	334,150
Remuneration due to employees	8,066	8,066
Accumulated Absences	162,935	162,935
Receipts in advance	1,762,208	1,415,424
Properties Vested at Airport	370,867	1,084,865
Trade creditors	3,814,503	3,617,629
Other	2,029,952	1,240,431
Total Short Term Creditors	13,682,856	12,037,000

20 b Long Term Creditors

	2013/14	2012/13
	£	£
Other creditors falling due after more than one year		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Other	0	0
Total Long Term Creditors	0	0
Total Creditors	13,682,856	12,037,000

DERRY CITY COUNCIL
Notes to the Financial Statements
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21 Provisions

	At 1 April 2013	Movement in provision during year	Utilised during year	Interest earned	At 31 March 2014
	£	£	£	£	£
City of Culture	1,400,000	0	(1,268,751)	0	131,249
Landfill closure	10,025,181	(35,402)	(3,392,136)	0	6,597,643
Reorganisation	3,118,518	1,913,000	(439,554)	0	4,591,964
Claims management	1,479,650	225,111	(427,369)	0	1,277,392
Other	0	0	0	0	0
	16,023,349	2,102,709	(5,527,809)	0	12,598,249

Current Provisions	0	0	0	0	0
Long Term Provisions	16,023,349	2,102,709	(5,527,809)	0	12,598,249
	16,023,349	2,102,709	(5,527,809)	0	12,598,249

Comparative Year

	At 1 April 2012	Movement in provision during year	Utilised during year	Interest earned	At 31 March 2013
	£	£	£	£	£
City of Culture	0	1,400,000	0	0	1,400,000
Landfill closure	9,855,339	1,261,743	(1,091,901)	0	10,025,181
Reorganisation	2,118,518	1,000,000	0	0	3,118,518
Claims management	1,560,210	134,552	(215,112)	0	1,479,650
Other	0	0	0	0	0
	13,534,067	3,796,295	(1,307,013)	0	16,023,349

Current Provisions	0	0	0	0	0
Long Term Provisions	13,534,067	3,796,295	(1,307,013)	0	16,023,349
	13,534,067	3,796,295	(1,307,013)	0	16,023,349

Note:

(i) Landfill Closure

The restoration of Cutmore Landfill Site has now commenced and it is estimated that the remainder of the restoration costs and the aftercare costs for 54 years will be £6,597,643.

(ii) Reorganisation

At the year end Council is committed to completing the roll out of Single Status. Two dedicated staff have been assigned to work on the calculations and it is expected that payments will start to be made to employees in January 2015.

(iii) Claims Management

This provision relates to the estimated cost to Council under its self-insurance policy of unsettled Public & Employer Liability claims as at 31st March 2014.

(iv) City of Culture

On 9th September 2013 the City of Culture Company took the decision to cease trading with effect from 31 March 2014. There was no increase needed in the City of Culture provision during 2013-14 and the remaining balance of £131,249 at 31 March 2014 will be expended during the 2014-15 year.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

22 Financial Instruments

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

Credit Risk

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

Trade debtors, inclusive of VAT, can be analysed by age

	£
Less than three months	£642,569
Three to six months	£122,255
Six months to one year	£22,146
More than one year	£202,972
**	£989,942

** Includes the government element of trade debtors which is reflected in the Government Department figure in Note 17b.

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

Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 17 to 20. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. The Council is in receipt of loans from the Department of Finance and Personnel, however these loans are at fixed concessionary interest rates that differ from the prevailing market rates.

Foreign exchange risk

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

Fair Value of Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £42,259,235 (31st March 2013: £38,913,721).

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

23 Retirement Benefits

23a 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.

23b 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 Account and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

		Restated	
	Note	2013/14	2012/13
		£	£
Net cost of services:			
Current service cost		3,024,000	2,429,000
Past service cost/(gain)		203,000	203,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net Interest on net defined benefit liability (asset)	8	1,037,000	943,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,264,000	3,575,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the code	3	(4,264,000)	(3,575,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme	3	2,494,000	2,404,000
Net charge to the Comprehensive Income and Expenditure Statement		(1,770,000)	(1,171,000)

The current service cost figure includes an allowance for administration expenses of £0.035M.

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2013/14	2012/13
		£	£
Liability gains/(losses) due to change in assumptions		6,222,000	(9,699,000)
Liability experience gains/(Losses) arising in the year		(678,000)	76,000
Actuarial gains/(losses) on plan assets		824,000	7,599,000
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		6,368,000	(2,024,000)

Reconciliation of present value of the scheme liabilities:

	Note	Restated	
		2013/14	2012/13
		£	£
Balance as at 1 April		95,528,000	81,514,000
Current service cost		3,024,000	2,429,000
Interest cost		4,257,000	3,851,000
Contributions by members		762,000	722,000
Remeasurements (gains) and losses:			
Actuarial gains/losses arising on liabilities from experience		678,000	(76,000)
Actuarial gains/losses arising from demographic changes		(3,716,000)	0
Actuarial gains/losses arising from changes in financial assumptions		(2,506,000)	9,699,000
Other (if applicable)		0	0
Past service costs/(gains)		203,000	203,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(2,675,000)	(2,814,000)
Balance as at 31 March		95,555,000	95,528,000

Reconciliation of present value of the scheme assets:

	Note	Restated	
		2013/14	2012/13
		£	£
Balance as at 1 April		71,248,000	60,429,000
Interest Income		3,220,000	2,908,000
Contributions by members		762,000	722,000
Contributions by employer		2,494,000	2,404,000
Contributions in respect of unfunded benefits		0	0
Remeasurements gain/(loss)		824,000	7,599,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(2,675,000)	(2,814,000)
Balance as at 31 March		75,873,000	71,248,000

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

The actual return on scheme assets in the year was a gain of £4,044,000 (2012/13 gain of £10,507,000).

Fair Value of Plan Assets

	Restated	
	31/03/2014	31/03/2013
	£	£
Equity investments	56,297,766	53,863,488
Property	8,497,776	5,486,096
Government Bonds	4,476,507	7,766,032
Corporate Bonds	4,628,253	356,240
Cash	1,972,698	3,348,656
Other	0	427,488
	75,873,000	71,248,000

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

The bid value of assets for the Fund as a whole as at 31 March 2014 were provided by the Administering Authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £0.

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

	31/03/2014	Restated 31/03/2013
	£	£
Fair Value of Employer Assets	75,873,000	71,248,000
Present value of funded defined benefit obligation	(95,555,000)	(95,528,000)
Pension asset/(liability) of Funded Scheme	(19,682,000)	(24,280,000)
Present Value of Unfunded defined benefit obligation	0	0
Unrecognised Past Service Cost	0	0
Other movement in the liability (asset) (if applicable)	0	0
Net Asset/(Liability) arising from the defined benefit obligation	(19,682,000)	(24,280,000)
<i>Amount in the Balance sheet:</i>		
Liabilities	(19,682,000)	(24,280,000)
Assets	0	0
Net Asset/(Liability)	(19,682,000)	(24,280,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £19,682,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

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

	31/03/2015	31/03/2015
	£	%
Projected current cost	2,951,000	79.0%
Interest on obligation	793,000	21.0%
Expected return on assets	0	0.0%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	3,744,000	100.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2015 is £2,440,000.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014.

	31/03/2014	31/03/2013
	%	%
Experience (gains and (losses) on Assets	1%	11%
Experience gains and (losses) on Liabilities	6%	-10%

23d **Basis for estimating assets and liabilities**

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

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

23e **Pension Assumptions Sensitivity Analysis**

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2014 is set out below.

In each case, only the assumption noted below is altered; all other assumptions remain the same and are summarised in the disclosure above.

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	92.188	95.762
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost (£M's)	2.866	3.038
Approximate % change in projected service cost	-2.90%	2.90%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	94.506	93.415
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost (£M's)	2.992	2.911
Approximate % change in projected service cost	1.40%	-1.40%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	95.198	92.745
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost (£M's)	3.000	2.903
Approximate % change in projected service cost	1.70%	-1.60%

Post Retirement Mortality Assumption

Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation (£M's)	95.995	91.913
% change in the present value of the total obligation	2.20%	-2.20%
Projected service cost (£M's)	3.040	2.862
Approximate % change in projected service cost	3.00%	-3.00%

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

23f Major categories of plan assets as percentage of total plan assets

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

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

23g Pension Liability Former Gasworks Employees

Council also has a liability for a Pension payment for 1 former employee of the City Gasworks. This payment is funded by the Council each year from the Rates Estimates and are not related to a Pension Scheme. Due to the small scale of this liability no Actuarial valuation of the liability has taken place. The liability at the end of each year is calculated using the formula for the capital cost of compensatory added years, which takes into account the age of the person, gender and a market value adjustment.

The Pension Liability is as follows:

	Note	2013/14	2012/13
		£	£
Balance as at 1 April 2013		69,352	137,771
Payments during year	3	(8,790)	(11,406)
Increase/(Decrease) in liability		12,485	(57,013)
Balance as at 31 March 2014		73,047	69,352

DERRY CITY COUNCIL
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24 Donated Assets Account

	Note	2013/14	2012/13
		£	£
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 Account (conditions met)		0	0
		0	0

25 Capital Grants Received in Advance

	Note	2013/14	2012/13
		£	£
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 Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. Council does not have any grants which meet this criteria.

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Notes to the Financial Statements
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26a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

	Notes	<u>2013/14</u> £	<u>Restated</u> <u>2012/13</u> £
Adjustment to surplus or deficit on the provision of services for noncash movements			
Depreciation	13a	6,321,066	6,926,352
Impairment & downward revaluations (& non-sale derecognitions)	13a	5,845,835	2,882,563
(Increase)/Decrease in Inventories	16	(2,068)	64,813
(Increase)/Decrease in Debtors	17	(1,249,834)	(2,032,303)
Increase/(decrease) in impairment provision for bad debts	17	89,274	(2,452)
Increase/(Decrease) in Creditors	20a	1,687,041	2,979,044
Increase/(Decrease) in Interest Creditors	20a	27,425	(10,410)
Payments to NILGOSC/Gas Employees	3a	1,761,210	1,159,594
Carrying amount of non-current assets sold	27a	281,727	215,569
WIP written off to Net Cost of Services		0	0
Contributions to Other Reserves/Provisions		(3,387,859)	2,514,282
Amounts posted to DFS from Donated Assets Account	24	0	0
		<u>11,373,817</u>	<u>14,697,052</u>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from the sale of PP&E, investment property and intangible assets	27a	(72,700)	(22,259)
Capital grants included in "Taxation & non-specific grant income"	9	(6,173,017)	(1,584,822)
		<u>(6,245,717)</u>	<u>(1,607,081)</u>

DERRY CITY
Notes to the Financial Statements
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26b Cash and Cash Equivalents

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

	31/03/2014	RESTATED 31/03/2013
	£	£
Cash and Bank balances	415,468	(1,390,906)
Short Term Investments (considered to be Cash Equivalents)	19,259,673	19,228,087
Short Term Deposits (considered to be Cash Equivalents)	0	6,612,265
Bank Overdraft	0	0
	<u>19,675,141</u>	<u>24,449,446</u>

26c Cash Flow Statement-Operating Activities

	2013/14	2012/13
	£	£

The cash flows from operating activities include:

Interest received	<u>269,661</u>	<u>806,204</u>
Interest paid	<u>1,712,201</u>	<u>1,711,576</u>

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26d Cash flows from Investing Activities

	2013/14 £	2012/13 £
Purchase of PP&E, investment property and intangible assets	(11,631,261)	(12,223,886)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	72,700	22,259
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	2,438,668	7,207,320
Other Receipts from Investing Activities	1,500	0
Net Cash flows from Investing Activities	<u>(9,118,393)</u>	<u>(4,994,307)</u>

2013/14 £	2012/13 £
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26e Cash flows from Financing Activities

Cash Receipts from Short and Long Term Borrowing	7,247,338	1,699,447
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	0	0
Repayment of Short and Long Term Borrowing	(1,519,892)	(1,365,476)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>5,727,446</u>	<u>333,971</u>

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

27a) Analysis of Movement on Reserves - Current Year

	USABLE RESERVES				UNUSABLE RESERVES							TOTAL USABLE RESERVES	UNUSABLE RESERVES				TOTAL UNUSABLE RESERVES				
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Fund Repairs Fund	Renewal & Repairs Fund Balance and Reserves	Other General Fund	Capital Grants Unapplied Account	Financial Instruments Adjustment Account	Capital Adjustment Account	Financial Instruments Reserve	Available for Financial Requirements Reserve	Pensions Reserve		Deferred Rates Charge Back Reserve	Accumulated Absences Account	Capital Adjustment Account	Financial Instruments Reserve		Deferred Rates Charge Back Reserve	Accumulated Absences Account		
At 1 April 2013	220,566	3,730,563	6,031,732	2,275,815	876,484	2,130,246	£	276)	276)	276)	276)	276)	276)	276)	276)	276)	276)	£	37,043,892	62,039,319	
Movements during the year:																					
Applied Capital Grants					(1,879,873)	(1,879,873)		1,879,873													1,879,873
Unapplied Capital Grants received in year		4,403,345				(4,403,345)		2,408,837													2,408,837
Unapplied Capital Grants transferred to CAA in year		(2,408,837)																			0
Direct Revenue Financing						(130,253)		130,255													130,255
Depreciation & Impairment adjustment						12,106,901		(12,106,901)													(12,106,901)
Statutory Provision for financing Capital Investment						(2,444,298)		2,444,299													2,444,299
Net Revenue expenditure funded from capital under statute			(1,383,209)			1,583,209		(8,511,468)													(8,511,468)
Surplus/(Deficit) on the Provision of Services																					0
Transfers between Subsidy and Other Reserves and District Fund			300,000	(12,122)	21,656	(200,734)															0
Net movements on Pension Reserve						1,781,210															(1,781,210)
Disposal of Fixed Assets/Capital Sales	72,700					209,027															(281,727)
Capital Receipts used to finance capital expenditure	0																				0
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	0																				0
Revelation																					0
Other Movements	1,500		0	105	0	0		1,000,706													45,872,358
Transfers between Capital Funds/Retained & Regular Fund & CAA to finance capital expenditure			3,848,804	(201,005)				(3,640,849)													(3,640,849)
Total movements on reserves during the year (Change in Net Worth)	74,206	2,028,658	2,895,035	(215,872)	21,884	131,854		(7,787,707)													34,473,803
At 31 March 2014	303,766	5,769,261	8,927,287	2,081,843	890,268	2,272,066		47,283,896													81,737,845

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

27b) Analysis of Movement on Reserves - Comparative Year Restated

	USABLE RESERVES					UNUSABLE RESERVES					TOTAL USABLE RESERVES	UNUSABLE RESERVES					TOTAL UNUSABLE RESERVES	TOTAL AUTHORITY RESERVE
	Capital Receipts Reserves	Capital Grants Unapplied Account	Capital Fund	Revised & Regular Fund	Other Balances and Reserves	General Fund	Financial Instruments Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve		Deferred Capital Receipts Account	Accumulated Absence Account	Capital Reserve	Other Reserves	TOTAL		
At 1 April 2013	207,310	7,200,244	10,087,028	2,360,315	80,484	2,402,298	55,008,216	7,947,813	0	(21,829,134)	0	(175,301)	0	0	63,672,291			
Movements during the year:																		
Applied Capital Grants		317,428 (3,850,079)				(1,207,204)	1,207,204							1,207,204				
Unapplied Capital Grants transferred to CAA in year						(317,428)								3,548,879				
Direct Revenue Financing						(174,487)	174,487							174,487				
Depreciation & Impairment adjustment						8,008,915	(8,008,915)							(8,008,915)				
Leasehold principal repayments						(1,084,700)	1,084,700							1,084,700				
Net Revenue expenditure funded from capital under statute			(1,528,679)			1,528,679								0				
Surplus (Deficit) on the Provision of Services						(8,480,154)	8,480,154							0				
Transfers between Statutory and Other Reserves and District Fund			0	(72,000)	72,000	(713,000)	1,156,504		(1,156,504)					(8,408,154)				
Net movements on Pension Reserve									(1,156,504)					1,156,504				
Deposit of Fixed Assets/Capital Sales		22,250				193,310	(215,560)		(215,560)					(215,560)				
Capital Receipts used to finance capital expenditure		0				(7,300)				0				7,300				
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements						25,000		(1,016,184)	0	(1,000,007)				(2,016,184)				
Revaluation								(228,670)		400,365				400,365				
Other Movements				0	25,000	0	229,675			0				250,675				
Transfers between Capital Fund/Reserve & Regular Fund & CAA to finance capital expenditure			(2,520,000)	(35,000)		(2,555,000)	2,561,120							6,120				
Total movements on reserves during the year (Change in Net Worth)	22,250	(3,532,651)	(4,835,200)	(187,500)	810,000	26,000	(147,812)	(1,247,870)	0	(2,708,210)				(4,197,723)				
At 31 March 2013	228,560	3,778,593	8,251,732	2,273,615	878,484	2,428,298	54,960,399	8,699,643	0	(24,548,367)	0	(182,033)	0	37,648,642				
														(11,833,979)				
														32,814,663				

DERRY CITY COUNCIL
Notes to the Financial Statements
Usable Reserves
FOR THE YEAR ENDED 31 MARCH 2014

27a) 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).

27b) 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.

27c) Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has been continued by the Council under its new powers under the Local Government Finance Act (Northern Ireland) 2011. The movements in this Fund are as follows:

	<u>31 March 2014</u>	<u>31 March 2013</u>
	£	£
Opening Balance	6,031,732	10,087,028
Transfer from District Fund	300,000	0
Interest on Investments	0	0
Interest on Temporary Borrowing	0	0
Trf Landfill Provision	0	0
Purchase of Fixed Assets	(151,096)	(959,477)
Guildhall Restoration **	0	(1,566,143)
Leisure Development Fund **	4,000,000	0
Clipper 2014 Funding	(473,387)	(762,061)
Legacy 2014	(145,724)	0
City of Culture Funding	(944,158)	(767,615)
Closing Balance	<u><u>8,617,367</u></u>	<u><u>6,031,732</u></u>

The Capital Fund is to be used to fund a number of projects including the Guildhall Restoration, Creggan Community Centre, Brooke Park Restoration, NW Regional Sports Campus, Connect 2 Greenway, and the UK City of Culture 2013.

** In 2009 it was recommended and approved to apply £4M from the Capital Fund towards the Guildhall Renovations project, (£1M in 2010/11, £1.43M in 2011/12 and £1.57M in 2012/13). In 2013 a further recommendation and approval was given to drawdown loans for the Guildhall project and to transfer the £4M earmarked in the Capital Fund to a Leisure Development Capital Fund.

27d) Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972 and has been continued by the Council under its new powers under the Local Government Finance Act (Northern Ireland) 2011. The movements in this Fund are as follows:

	<u>31 March 2014</u>	<u>31 March 2013</u>
	£	£
Opening Balance	2,275,815	2,383,315
Transfer from District Fund	0	3,000
Interest on Investments	105	394
Contributions Received	0	0
Payments in year	(214,077)	(110,894)
Closing Balance	<u><u>2,061,843</u></u>	<u><u>2,275,815</u></u>

The Repairs & Renewals Fund is to be used to fund a number projects relating to Parks Development, Health & Safety in buildings, recycling, Leisure Development, Energy Efficiency and Tourism Development.

27e) Other Balances & Reserves

(i) Election Reserve

This reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve. The details of the movements in the Reserve are outlined below:

	<u>31 March 2014</u>	<u>31 March 2013</u>
	£	£
Opening Balance	91,494	66,494
Transfer from District Fund	60,000	25,000
Interest on Investments	0	0
Payments in year	0	0
Closing Balance	<u>151,494</u>	<u>91,494</u>

(ii) Economic Development Reserve

This Reserve has been set aside to enable the Council to provide match funding for 3 major Economic Development Projects which it is likely to receive Grant Funding in the near future.

	<u>31 March 2014</u>	<u>31 March 2013</u>
	£	£
Opening Balance	785,000	0
Transfer from District Fund	0	785,000
Interest on Investments	0	0
Payments in year	(38,144)	0
Closing Balance	<u>746,856</u>	<u>785,000</u>
GRAND TOTAL (i) and (ii) above	<u>898,350</u>	<u>876,494</u>

27f) 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.

DERRY CITY COUNCIL
Notes to the Financial Statements
Unusable Reserves
FOR THE YEAR ENDED 31 MARCH 2014

27g) 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.

27h) Financial Instruments Adjustment Account

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

27i) Revaluation Reserve

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

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

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

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

27j) Available-for-Sale Financial Instruments Adjustment Reserve

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

27k) Pension Reserve

Refer to note 23.

27l) 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.

27m) 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 District Fund is neutralised by transfers to or from this Accumulated Absences Account

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

28 Contingent Liabilities

A provision of £6,597,643 has been recognised in relation to closure and aftercare costs for Council's former Landfill Site at Culmore (note 21). In line with IAS37 and the Code of Accounting Practice this is the best estimate of the liability at present. Council has produced a Landfill Closure Plan which has been approved by the NIEA. The contract for the closure works has now been awarded so Council's current provision should be adequate to cover the total costs.

A provision of £4,591,964 has been recognised by Council in relation to costs associated with the implementation of Single Status and costs associated with a planned organisational restructure (note 21). In line with IAS 37 and the Code of Accounting Practice this is the best estimate of the liabilities at present. In relation to the job evaluation element of Single Status, negotiations on back pay will be based on affordability.

29 Significant Trading Operations

The Council operates a significant trading operation at City of Derry Airport. The Council transferred the Airport into a separate incorporated company, City of Derry Airport (Operations) Limited with effect from 1st April 2010. This Company has produced it's own Audited Accounts for 2013/2014, the results of which have been incorporated into the Group Accounts produced by the Council for 2013/2014.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

30a Agency Services

The Council does not have any transactions of this nature.

30b City of Culture grants payable

City of Culture grants payable by Council are recognised as and when the liability arises in line with the conditions contained in letters of offer.

The transactions for the year are as follows:-

	2013/14 £	2012/13 £	TOTAL £
Income			
DCAL Grant	5,758,745	6,500,000	12,258,745
Other Misc Grants	1,927,753	1,269,478	3,197,231
Tickets and other Receipts	300,923	115,055	415,978
Sponsorship	457,477	0	457,477
Income for the year	8,444,898	7,884,533	16,329,431
Less Income in Advance	0	(750,499)	(750,499)
Income for the year	8,444,898	7,134,034	15,578,932
Programme Expenditure	10,491,648	7,134,034	17,625,682
Net Expenditure	<u>(2,046,750)</u>	<u>0</u>	<u>(2,046,750)</u>

All costs and income are included within Culture & Heritage Services (see Note 2).

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

31 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 30) these are not deemed to be Related Party Transactions.

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

Community Groups/Associations/Other Bodies

On the basis of information currently available to it, Derry City Council has been involved in the following transactions during 2013/2014:

(A) Payments below £25,000

Council made payments in aggregate of £149,709 (2012/2013: £77,461), each individually below £25,000, to 18 (2012/2013: 11) Community Groups/Associations or other bodies which were deemed to be related parties of Council. This relationship has arisen due to one or more Councillors/Chief Officers being appointed by Council to serve on the Management Committee, acting in a non-beneficial capacity, Councillors/Chief Officers acting in a voluntary capacity as members of the Management Committee or Councillors being an employee of the Community Group/Association involved.

(B) Payments above £25,000

Council made 12 (2012/2013: 14) payments/contributions to running costs above £25,000 to Community Groups/Associations or other bodies on which Councillors/Chief Officers were on the Management Committee, acting in a non-beneficial capacity since these were Council appointments. Details of these payments are as follows:-

	2013/2014	2012/2013
	£	£
Pilot's Row Community Centre	0	146,487
CCTV Partnership	100,750	98,193
City Centre Initiative	143,496	36,220
ERNACT EEIG	36,500	39,283
Citizen's Advice Bureau	335,972	347,906
Local Government Staff Commission	0	32,001
RAPID Limited	54,928	23,851
A-B-C- Research Innovation Facility	451,991	47,769
W.E.L.B.	0	234,217
WHST	48,769	0
Inner City Trust	0	39,100
N.I. Local Government Association	31,161	29,237
Resource Centre Carnhill	0	27,923
Waterside Area Partnership	0	44,644
Groundworks N.I.	0	28,635
Greater Shantallow Community Arts	34,236	0
Dove House	89,980	0
Londonderry Port	114,334	0
Derry Visitor & Convention Bureau	489,395	0

(C) Group Committees

Derry City Council acts as the Employer Council for the Northern Building Control Group. It paid £69,587 to the Group as it's share of Group costs for the year 2013/2014 (2012/2013: £105,370 (See Note 11)). It also charged £6,407 to the Group in return for providing Financial and Administration services (2012/2013: £9,700), and £21,000 for rental of office space in the Council Offices (2012/2013: £21,000).

Derry City Council is also part of the Environmental Health Western Group and made a payment of £203,899 (2012/2013: £219,817) to Omagh District Council, which is the Employer Council for the Group.

(D) Local Government Staff Commission

During 2013/2014 Derry City Council paid £33,135 (2012/2013: £32,001) to the Local Government Staff Commission. Council has appointed three Councillors to represent it on the Committee of this organisation.

(E) Car Loans

Council makes available car loans to employees for whom it is necessary to have access to a car to carry out their work. This applies to all employees, and not just Chief Officers, so no benefits solely apply to this Group. Total Car Loans outstanding as at 31st March 2014 was £54,514 (31st March 2013: £69,433). The total outstanding for Chief Officers was £11,096 (31st March 2013: £5,850).

(F) Department of the Environment

Council receives an annual operating grant from the Department of the Environment. During 2013/2014 it received £2,851,875 (2012/2013: £2,862,607), details of which are given in Note 9.

(G) Derry Visitor & Convention Bureau

Council is represented by 5 Councillors on the Board of Derry Visitor & Convention Bureau (VCB), out of a total of 11 Board Members. It is a company limited by guarantee with no share capital, set up for the promotion of tourism in the Council area.

During 2013/2014 Council paid £489,395 (2012/2013: £365,200) in Management Fees to the Bureau. The Bureau is situated in a Council owned building for which Council received £36,000 (2012/2013: £36,000) from a lease arranged through the Land & Property Services, an independent body. Derry City Council has provided a guarantee to NILGOSC in relation to the pension rights of VCB staff. The Bureau's Accounts are prepared and audited by an independent Audit Firm.

(H) Derry Theatre Trust

Council is represented by 3 Councillors on the Board of Derry Theatre Trust, out of the total Board of 15 Directors. A Chief Officer of Council has also acted as Secretary of the Trust. This is a registered charity in the form of a company limited by guarantee and not having share capital. It has been set up to manage the Millennium Forum, the theatre in the City.

During 2013/2014 Council paid £443,300 (2012/2013: £443,300 in Management Fees to Derry Theatre Trust. Derry City Council has provided a guarantee to NILGOSC in relation to the pension rights of Derry Theatre Trust staff. The Trust's Accounts are prepared and audited by an independent Audit firm. Council paid £105,855 to the Trust during 2013/2014 (2012/2013: £39,084) for Room Hire Charges, Office Box Services and Joint Productions.

(I) ERNACT EEIG

Council is a member of ERNACT EEIG, along with Donegal County Council, and is represented on the Board of Management by 2 Councillors, the Town Clerk & Chief Executive and the Strategic Director of Development. Both Councils have given a commitment to provide deficit funding to ERNACT EEIG and during 2013/2014 a sum of £36,500 (2012/2013: £40,000) was provided by Derry City Council to cover core costs of the organisation. There is also a potential liability that both Councils would have to face if the organisation became insolvent.

(J) Derry Policing and Community Safety Partnership

Council is represented by 10 Councillors on the Derry Policing and Community Safety Partnership, one of which acts as Chairperson. During 2013/2014 Council contributed £76,968 to the running costs of the Partnership (2012/2013 80,237). Council also provides legal, financial and personnel services to the Partnership for which it received £9,300 during 2013/2014 (2012/2013: £9,300).

(K) Other Local Authorities

During 2013/2014 the Council had expenditure of £1,464,805 (2012/2013: £2,373,277) to other District Councils of which £11,150 (Note 20) was outstanding at 31st March 2014 (31st March 2013: £104,156). The Council also received £341,564 (2012/2013: £370,188) from other Councils, of which £121,983 (Note 17) was outstanding as at 31st March 2014 (31st March 2013: £70,121). These amounts mainly related to services provided.

(L) City of Derry Airport (Operations) Limited

With effect from 1st April 2010 the Council transferred the operation of City of Derry Airport to a new company, CODA (Operations) Limited, with Council being the sole shareholder in this new company. Council is represented by 6 Members /Officers out of the total Board of 10 Directors. During 2013/14 further operational assets in the value of £279,627 were transferred to the company in exchange for shares with an issued value of £279,627 (2012/13: £213,459) (please see Notes 8 & 18a). The Infrastructure Assets have not yet been transferred to the company but are being operated by the company under Licence. Council also purchased additional shares during 2013/14 to the value of £2,364,200, which are also deemed to be of minimal value (2012/13: £2,195,100). Council continued to provide support services to the new company which have not been charged to the company but are shown in Council's Cost of Services.

During 2013/14 the Council invoiced CODA (Operations) Limited for £14,129 for expenditure incurred on it's behalf (2012/13: £56,524) and also received invoices from the Company for £992,747 (2013/13: £1,079,960) mainly for capital expenditure paid on behalf of the Company. At 31 March 2014 £149,090 was owed to the company by Derry City Council (2012/13: £147,873) and £13,053 was receivable from the company (2012/13: £34,670).

(M) Culture Company 2013 Limited

The Council has set up the above Company to act as it's agent in delivering the UK City of Culture 2013. It is a company limited by guarantee not having a share capital but Council is deemed to have effective control of the Company and is therefore regarded as a related party. During 2013/14 the Council provided funding in the sum of £944,159 to the Company for running costs (2012/2013: £767,615). During 2013/14 the Company purchased goods and services from the Council in the sum of £691 (2012/2013: £352). Council also provided a range of support services to the Company at no cost to the Company. At 31st March 2014 £169,306 was owed by the Council to the Company. On 9th September 2013 the company took the decision to cease trading, effective from 31 March 2014 and as a result the accounts have been prepared on the 'break-up' basis. The external auditors of Culture Company 2013 Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2014 drawing attention to this issue.

(N) North West Region Waste Management Group Joint Committee

Derry City Council is a member of the NWRWVG Joint Committee, which is a partnership of 7 Councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public. Total expenditure by the Committee during the year was £455,601 (2012/2013: £370,450). The transactions for the Joint Committee are not reflected in the Accounts for Derry City Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2014. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor.

Derry City Council acts as the lead Council for the NWRWVG Joint Committee and deals with all the financial transactions for the Group. The staff are also deemed to be employees of the Council. The Council provides office accommodation and support services to the Joint Committee for which it received £15,000 during 2013/2014 (2012/2013 £15,000). Council paid a sum of £58,015 to the Joint Committee as its share of operating costs for 2013/2014 (2012/2013 £55,291).

As the Joint Committee uses Derry City Council to cashflow its activities there was a balance owed to the Council as 31st March 2014 of £116,245 in relation to 2013/2014 (2012/2013 £81,932).

(O) North West Air Access Consortium

Derry City Council is a member of the North West Air Access Consortium which was set up to develop air access to the North West area of Ireland. The other members include Donegal County Council and Tourism Ireland.

Derry City Council acts as the lead Council and as at 31st March 2014 had a sum of £239,827 both in its bank account and also the receipts in advance balance (31st March 2013 £263,196) which belonged to the Consortium. These funds are to be used for joint marketing campaigns to develop air routes to the region.

(P) North West Peace III Partnership Joint Committee

Derry City Council is a member of the North West Cluster Peace III Joint Committee. Under this arrangement Peace III and INTERREG IVA funding is available from the Special EU Programmes Body. Derry City Council is part of this Joint Committee with Omagh District Council and Strabane District Council. Total expenditure by the Committee during the year was £2,137,096 (2012/2013: £1,733,068). The transactions for the Joint Committee are not reflected in the Accounts for Derry City Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2014. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor.

Derry City Council acts as the lead Council for the North West Peace III Partnership Joint Committee and deals with all the financial transactions for the Group. The staff are also deemed to be employees of the Council. The Council provides office accommodation and support services to the Joint Committee for which it received nil consideration during 2013/2014 (2012/2013 nil). Council incurred costs of £16,082 as match funding for staff and running costs of the Joint Committee for 2013/2014 (2012/2013 £21,934).

As the Joint Committee uses Derry City Council to cashflow its activities there was a balance owed to the Council as 31st March 2014 of £142,375 in relation to 2013/2014 (2012/2013 £673,989).

(Q) ARC North West Rural Development Joint Committee

ARC North West Rural Development Joint Committee is the delivery mechanism for the Northern Ireland Rural Development Programme (NIRDP) 2007-2014. It comprises the Council areas of Omagh, Limavady, Strabane and Derry. The Northern Ireland Rural Development Programme is funded by the European Agricultural Fund for Rural Development and the Department of Agriculture and Rural Development (DARD). Omagh District Council acts as the Administrative Council with responsibility for all financial and administrative matters.

Omagh District Council administers the payments and income for the Joint Committee but these transactions are not reflected in Omagh District Council's Accounts. Instead they are reflected in ARC NW Rural Development Joint Committee's Statement of Accounts for the year ended 31st March 2014. These Statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a Local Government Auditor.

DERRY CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

32 Prior Year Restatement

Note 23 Retirement Benefits

	Note	2013/14	2012/13	Prior to restatement 2012/13
		£	£	£
Net cost of services:				
Current service cost		3,024,000	2,429,000	2,356,000
Past service cost/(gain)		203,000	203,000	203,000
Gains and losses on settlements or curtailments		0	0	0
Net operating expenditure:				
Net Interest on net defined benefit liability (asset)		1,037,000	943,000	3,924,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,264,000	3,575,000	6,483,000
Movement in Reserves Statement:				
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the code		(4,264,000)	(3,575,000)	(6,483,000)
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme		2,494,000	2,404,000	2,200,489
Net charge to the Comprehensive Income and Expenditure Statement		(1,770,000)	(1,171,000)	(4,282,511)

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2013/14	2012/13
		£	£
Liability gains/(losses) due to change in assumptions		6,222,000	(9,699,000)
Liability experience gains/(Losses) arising in the year		(678,000)	76,000
Actuarial gains/(losses) on plan assets		824,000	7,599,000
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		6,368,000	(2,024,000)

Reconciliation of present value of the scheme liabilities:

	Note	2013/14	2012/13	Prior to restatement 2012/13
		£	£	£
Balance as at 1 April		95,528,000	81,514,000	81,514,000
Current service cost		3,024,000	2,429,000	2,356,000
Interest cost		4,257,000	3,851,000	3,924,000
Contributions by members		762,000	722,000	722,000
Remeasurements (gains) and losses:				
Actuarial gains/losses arising on liabilities from experience		678,000	(76,000)	(76,000)
Actuarial gains/losses arising from demographic changes		(3,716,000)	0	
Actuarial gains/losses arising from changes in financial assumptions		(2,506,000)	9,699,000	9,699,000
Other (if applicable)		0	0	
Past service costs/(gains)		203,000	203,000	203,000
Losses/(gains) on curtailments		0	0	
Liabilities extinguished on settlements		0	0	
Estimated unfunded benefits paid		0	0	(92,000)
Estimated benefits paid		(2,675,000)	(2,814,000)	(2,722,000)
Balance as at 31 March		95,555,000	95,528,000	95,528,000

DERRY CITY COUNCIL

Group Movement in Reserves Statement

For the current and comparative year (Restated)

	District Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 31 March 2012	2,013,588	12,470,343	7,435,738	207,310	22,126,979	42,481,173	64,608,152
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(8,518,593)	0	0	0	(8,518,593)	0	(8,518,593)
Other Comprehensive Income and Expenditure	0	0	25,000	0	25,000	(3,755,181)	(3,730,181)
Total Comprehensive Income and Expenditure	(8,518,593)	0	25,000	0	(8,493,593)	(3,755,181)	(12,248,774)
Adjustments between accounting basis & funding basis under regulations	9,016,214	(4,090,796)	(3,632,651)	22,259	1,315,026	(970,386)	344,640
Net Increase/Decrease before Transfers to Statutory and Other Reserves	497,621	(4,090,796)	(3,607,651)	22,259	(7,178,567)	(4,725,567)	(11,904,134)
Transfers to/from Statutory and Other Reserves	(713,000)	(72,000)	785,000	0	0	544,648	544,648
Increase/Decrease in Year	(215,379)	(4,162,796)	(2,822,651)	22,259	(7,178,567)	(4,180,919)	(11,359,486)
At 31 March 2013	1,798,209	8,307,547	4,613,087	229,569	14,948,412	38,300,254	53,248,666
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(6,503,356)	0	0	0	(6,503,356)	0	(6,503,356)
Other Comprehensive Income and Expenditure	0	0	0	0	0	45,789,350	45,789,350
Total Comprehensive Income and Expenditure	(6,503,356)	0	0	0	(6,503,356)	45,789,350	39,285,994
Adjustments between accounting basis & funding basis under regulations	6,745,609	2,083,785	2,026,458	72,700	10,928,552	(10,980,973)	(52,421)
Net Increase/Decrease before Transfers to Statutory and Other Reserves	242,253	2,083,785	2,026,458	72,700	4,425,196	34,808,377	39,233,573
Transfers to/from Statutory and Other Reserves	(309,734)	287,878	21,856	1,500	1,500		1,500
Increase/Decrease in Year	(67,481)	2,371,663	2,048,314	74,200	4,426,696	34,808,377	39,235,073
At 31 March 2014	1,730,728	10,679,210	6,661,401	303,769	19,375,108	73,108,631	92,483,739

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL

Group Comprehensive Income & Expenditure Statement for the year ended 31 March 2014

	Notes	Restated			
		2013/14	2012/13	2011/12	2010/11
		Gross Expenditure	Gross Income	Net Cost	Net Cost
		£	£	£	£
Services Expenditure					
Leisure and Recreational Services		30,529,600	13,998,563	16,531,037	16,918,336
Environmental Services		16,119,516	1,762,743	14,356,773	14,882,791
DRM and Corporate Management		2,828,772	85,017	2,743,755	2,016,411
Other Services		12,863,913	2,282,064	10,721,949	8,450,569
CODA (Operations) Limited		6,107,548	3,468,823	2,638,725	2,433,998
Culture Company 2013 Limited		945,785	945,785	0	0
Cost of Services on Continuing Operations		89,315,134	22,538,995	46,776,139	44,512,954
Other Operating Expenditure		1,402,848	0	1,402,848	979,851
Financing and Investment Income and Expenditure		2,802,311	286,670	2,515,641	1,843,366
Surplus or Deficit on Discontinued Operations		0	0	0	0
Net Operating Expenditure		73,520,291	22,805,665	50,714,626	47,335,361
Taxation and Non-Specific Grant Income		0	44,211,270	(44,211,270)	(38,816,708)
Group Surplus/(Deficit) on the Provision of Services		73,520,291	67,018,935	(6,503,366)	(6,518,983)
Group Surplus/(Deficit) on revaluation of non-current assets				39,216,835	(1,018,194)
Group Surplus/(Deficit) arising on revaluation of available-for-sale financial assets				0	0
Remeasurements of the Net Defined Benefit Liability (Asset)				6,572,515	(2,137,987)
Other Comprehensive Income and Expenditure				45,789,350	(3,176,181)
District Fund Summary				38,285,994	(11,694,774)

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL
Group Balance Sheet as at 31 March 2014

	Notes	Restated	
		2013/14 £	2012/13 £
Land & Buildings	4	68,311,808	43,803,971
Infrastructure Assets	4	33,895,462	14,763,914
Landfill Site	4	0	0
Vehicles, Plant, Furniture and Equipment	4	12,010,646	10,456,162
Community Assets	4	4,599,639	4,268,863
PP&E under Construction	4	8,300,029	15,498,315
Surplus Assets	4	0	0
Heritage Assets	4	1,877,590	1,877,590
Investment Properties	4	0	0
Intangible Assets	4	4,500	9,000
Assets Held for Sale		0	0
Long Term Investments		0	0
Long Term Debtors		1,077,157	1,196,799
LONG TERM ASSETS		130,076,831	91,874,614
Short Term Investments		0	0
Inventories		185,693	172,763
Short Term Debtors		20,848,695	15,759,471
Cash and Cash Equivalents	5b	19,822,104	24,491,489
Assets Held for Sale		0	0
CURRENT ASSETS		40,856,492	40,423,723
Bank Overdraft		0	0
Short Term Borrowing		1,685,324	1,519,892
Short Term Creditors		14,249,724	12,421,454
Provisions		0	0
CURRENT LIABILITIES		15,935,048	13,941,346
Long Term Creditors		0	0
Provisions		12,598,249	16,023,349
Long Term Borrowing		29,852,240	24,290,226
Other Long Term Liabilities	6	20,064,047	24,794,750
Donated Assets Account		0	0
Capital Grants Receipts in Advance		0	0
LONG TERM LIABILITIES		62,514,536	65,108,325
NET ASSETS		92,483,739	53,248,666
USABLE RESERVES		19,375,108	14,948,412
Capital Receipts Reserve		303,769	229,569
Capital Grants Unapplied Account		5,763,051	3,736,593
Capital Fund		8,617,367	6,031,732
Renewal and Repairs Fund		2,061,843	2,275,815
Other Balances and Reserves		898,350	876,494
General Fund		1,730,728	1,798,209
UNUSABLE RESERVES		73,108,631	38,300,254
Capital Adjustment Account		48,988,464	56,557,996
Financial Instruments Adjustment Account		0	0
Revaluation Reserve		44,347,149	6,699,943
Available for Sale Financial Instruments Reserve		0	0
Pensions Reserve	6	(20,064,047)	(24,794,750)
Capital Receipts Deferred Account		0	0
Rates Claw-Back Reserve		0	0
Accumulated Absences Account		(162,935)	(162,935)
NET WORTH		92,483,739	53,248,666

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL**Group Cashflow Statement as at 31 March 2014**

	Notes	2013/14 £	Restated 2012/13 £
Net surplus or (deficit) on the provision of services		(6,503,356)	(8,518,593)
Adjustment to surplus or deficit on the provision of services for noncash movements	5a	11,470,635	14,723,335
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5a	(6,245,717)	(1,617,581)
Net cash flows from operating activities		(1,278,438)	4,587,161
Net Cash flows from Investing Activities	5d	(9,118,393)	(4,994,307)
Net Cash flows from Financing Activities	5e	5,727,446	333,971
Net increase or decrease in cash and cash equivalents		(4,669,385)	(73,175)
Cash and cash equivalents at the beginning of the reporting period	5b	24,491,489	24,564,664
Cash and cash equivalents at the end of the reporting period	5b	<u>19,822,104</u>	<u>24,491,489</u>

The above statement is prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY COUNCIL

Notes to the Group Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

1a Group Accounts

The Group Accounting Policies are the same as the Council policies and have not been repeated again in these Notes. The exception to this is in Pensions which have been treated in the CODA (Operations) Limited Accounts as a Defined Contribution Scheme as the liabilities on transfer remained with Derry City Council. In the Group Accounts the IAS 19 Pension liability has been included in the Group Balance Sheet and the Gains/Losses have also been accounted for. There are no pensions in place for staff employed by Culture Company 2013 Limited.

Since there are no significant changes to the Consolidated Group Balance Sheet as compared to the Council's Balance Sheet, except for Fixed Assets and Pensions, then most of the other supporting notes have not been deemed necessary. The reader should refer to the Council's Balance Sheet notes for further detail on these areas.

(A) City of Derry Airport (Operations) Limited

Derry City Council is the sole shareholder in City of Derry Airport (Operations) Limited and has included the financial results for the company in the Council's Group Accounts.

The Income & Expenditure for the company is included in the cost of Trading Services as part of Other Services in the Group Comprehensive Income & Expenditure Account.

The Fixed Assets which have been transferred from Council to CODA (Operations) Limited have been included in the Group Balance Sheet as have the other Assets/Liabilities of the company. The loss on disposal triggered by the transfer of the Equipment & Vehicles has been removed from the Group Accounts. The remaining Assets in use at the Airport have not yet been transferred but are being operated under licence by the company.

The losses incurred by CODA (Operations) Limited during 2013/2014 have been reflected in the Cost of Services and District Fund Balances. These losses have been mainly offset by the removal of the loss on investment incurred by the Council on the shares purchased during the financial year.

(B) Culture Company 2013 Limited

The Council has formed a new Company, City of Culture 2013 Limited, to act as its agent in delivering the UK City of Culture 2013. It is a company limited by guarantee having no share capital. Council is deemed to have effective control of the company and its financial results are included in the Council's Group Accounts. On 9th September 2013 the company took the decision to cease trading, effective from 31 March 2014. The external auditors of Culture Company 2013 Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2014 drawing attention to this issue.

The income & expenditure of the company is included in the cost of Services in the Group Comprehensive Income & Expenditure Statement.

1b Going Concern of Wholly Owned Subsidiary - CODA (Operations) Limited

Derry City Council continues to provide support to CODA (Operations) Limited to ensure it meets its day to day working and fixed capital requirements. Derry City Council has confirmed that this support will continue for a period of at least 12 months from the date of signing the group financial statements, and as such, the Council consider it appropriate to prepare the group financial statements on the going concern basis. The group financial statements do not include any adjustments that would result from a withdrawal of the support outlined. The external auditors of CODA (Operations) Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2014 drawing attention to this issue.

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

2a Adjustments between accounting basis and funding basis under regulations

	Notes	Restated			
		2013/14 £	2013/14 £	2012/13 £	2012/13 £
Amounts Included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the District Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets	4a, 4b	0		0	
Derecognition (other than disposal) of non-current assets	4a, 4b	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	4a, 4b	5,845,835		2,882,563	
Depreciation charged in the year on non-current assets	4a, 4b	6,321,066	12,166,901	6,926,352	9,808,915
Net Revenue expenditure funded from capital under statute			1,563,270		1,529,676
Carrying amount of non current assets sold		2,100		2,110	
Proceeds from the sale of PP&E, investment property and Intangible assets		(72,700)	(70,600)	(22,259)	(20,149)
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			0		0
Net charges made for retirement benefits in accordance with IAS 19	6b		4,595,000		3,822,000
Direct revenue financing of Capital Expenditure			(130,255)		(174,497)
Capital Grants and Donated Assets Receivable and Applied in year			(1,679,673)		(1,267,394)
Capital Grants Receivable and Unapplied in year			(4,493,345)		(317,428)
Rates Claw-Back Reserve			0		0
Adjustments in relation to Short-term compensated absences			0		(7,366)
Adjustments in relation to Lessor Arrangements			0		0
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be Included when determining the Movement on the District Fund Balance for the year					
Statutory Provision for the financing of Capital Investment			(2,444,289)		(1,694,709)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	6		(2,761,400)		(2,662,837)
			6,745,609		9,016,214

2b Net transfers (to)/from statutory and other earmarked reserves:

		2013/14 £	2013/14 £	2012/13 £	2012/13 £
Capital Fund					
Interest		0		0	
Other		(300,000)	(300,000)	0	0
Renewal and Repairs Fund					
Interest		0		0	
Other		12,122	12,122	72,000	72,000
Other Funds and earmarked reserves					
Interest		0		0	
Other		(21,856)	(21,856)	(785,000)	(785,000)
			(309,734)		(713,000)

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

3 Employee and Directors Costs

3a Staff and Directors Costs

	2013/14	2012/13
	£	£
Salaries and wages	17,161,943	16,352,505
Employers National Insurance	1,182,397	1,174,323
Employers pension costs	2,626,400	2,346,231
	20,970,740	19,873,059

The above figures include staff costs of group building control of £83,475 (2012/13: £119,677).

In addition, agency costs during the year amounted to £992,478 (2012/13 £472,650).

The Council's current contribution rate to the NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% (2010: 82%) of the liabilities accrued up to that date.

Council also paid £395,930 during 2013/14 (2012/13: £220,325) in respect of former employees who were granted early retirement or redundancy or Employees who continued to pay their contributions during periods of absence such as career breaks.

3b Average Number of Employees - where FTE represents fulltime equivalent employees. Only Directors in receipt of remuneration are included in these numbers.

	2013/14	2012/13
	FTE	FTE
Full-time numbers employed	671	650
Part-time numbers employed	68	64
	739	714
	Actual Numbers	Actual Numbers
Full-time numbers employed	660	652
Part-time numbers employed	147	125
	807	777

3c Senior Employees' Remuneration

	2013/14	Restated 2012/13
£50,001 to £60,000	11	9
£60,001 to £70,000	4	4
£70,001 to £80,000	2	4
£80,001 to £90,000	2	1
£90,000 to £100,000	1	1
£100,000 to £110,000	1	1
£110,000 to £120,000	0	0
	21	20

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

3 Employee and Directors Costs (contd.)

3d Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	0	0	0	0	0	0	0	0
£0 to £20,000	11	0	0	1	11	1	11,025	1,655
£20,001 to £40,000	0	0	0	2	0	2	0	72,964
£40,001 to £60,000	0	0	0	1	0	1	0	58,263
£60,001 to £80,000	1	0	0	0	1	0	75,537	0
£80,001 to £100,000	1	0	0	0	1	0	90,056	0
£100,001 to £150,000	2	0	0	0	2	0	246,326	0
£150,000 and over	2	0	0	0	2	0	364,766	0
Total	17	0	0	4	17	4	787,710	132,882

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

4a Fixed Assets Note - Current Year

	Property, Plant & Equipment (PP&E)											TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Property, Plant & Equipment Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E	Investment Properties		Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£	
Cost or Valuation At 1 April 2013	12,669,518	32,679,153	40,775,190	0	31,584,838	4,268,863	15,498,315	0	1,877,590	139,353,487	0	607,770	139,861,237
Adjustments between cost/valuation & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	12,669,518	32,679,153	40,775,190	0	31,584,838	4,268,863	15,498,315	0	1,877,590	139,353,487	0	607,770	139,861,237
Additions	0	0	0	0	0	0	11,562,651	0	0	11,562,651	0	0	11,562,651
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	3,873,039	10,288,802	23,632,572	0	(122,278)	0	0	0	0	37,672,135	0	0	37,672,135
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(249,834)	(776,559)	(4,596,948)	0	(222,594)	0	0	0	0	(5,845,835)	0	0	(5,845,835)
Derecognition - Disposals	0	0	0	0	(560,147)	0	0	0	0	(560,147)	0	0	(560,147)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	1,039,114	10,542,849	2,019,526	0	4,828,672	330,776	(18,760,937)	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge At 31 March 2014	17,331,837	52,734,245	61,830,440	0	35,508,491	4,599,639	8,300,029	0	1,877,590	182,182,271	0	607,770	182,790,041
Depreciation and Impairment At 1 April 2013	0	1,544,700	26,011,276	0	21,128,676	0	0	0	0	48,684,652	0	598,770	49,283,422
Adjustments between cost/valuation & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,544,700	26,011,276	0	21,128,676	0	0	0	0	48,684,652	0	598,770	49,283,422
Depreciation Charge	0	1,754,274	1,923,702	0	2,927,216	0	0	0	0	6,605,192	0	4,500	8,609,692
Depreciation written out on Revaluation Reserve	0	(1,544,700)	0	0	0	0	0	0	0	(1,544,700)	0	0	(1,544,700)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	(558,047)	0	0	0	0	(558,047)	0	0	(558,047)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	0	1,754,274	27,934,978	0	23,497,845	0	0	0	0	53,187,097	0	603,270	53,790,367
Net Book Value At 31 March 2014	17,331,837	50,879,871	33,895,462	0	12,010,646	4,599,639	8,300,029	0	1,877,590	128,995,174	0	4,500	129,999,674
At 31 March 2013	12,669,518	31,134,453	14,763,914	0	10,458,182	4,268,863	15,498,315	0	1,877,590	98,688,815	0	8,000	99,877,815

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

4b Fixed Assets Note - Previous Year

	Property, Plant & Equipment (PP&E)										TOTAL		
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E		Intangible Assets	
£	£	£	£	£	£	£	£	£	£	£	£	£	
Cost or Valuation At 1 April 2012	14,077,237	39,747,545	40,090,457	0	29,884,361	4,268,863	7,639,290	0	1,877,590	137,585,343	0	607,770	138,193,113
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	14,077,237	39,747,545	40,090,457	0	29,884,361	4,268,863	7,639,290	0	1,877,590	137,585,343	0	607,770	138,193,113
Additions	5	34,375	0	0	850,997	0	11,876,132	0	0	12,761,509	0	0	12,761,509
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	(433,689)	(7,264,728)	0	0	0	0	0	0	0	(7,698,417)	0	0	(7,698,417)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(2,023,191)	(859,372)	0	0	(404,512)	0	0	0	0	(2,882,563)	0	0	(2,882,563)
Derecognition - Disposals	0	(7,893)	0	0	0	0	0	0	0	(412,405)	0	0	(412,405)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	1,049,156	1,029,226	684,733	0	1,253,992	0	(4,017,107)	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment/Landfill Deferred Charge	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	12,669,518	32,679,153	40,775,190	0	31,584,336	4,268,863	15,498,315	0	1,877,590	139,353,467	0	607,770	139,961,237
Depreciation and Impairment	0	6,680,223	22,986,935	0	18,827,451	0	0	0	0	48,494,609	0	578,564	49,073,173
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	6,680,223	22,986,935	0	18,827,451	0	0	0	0	48,494,609	0	578,564	49,073,173
Depreciation Charge	0	1,544,700	3,024,341	0	2,716,330	0	0	0	0	7,285,371	0	20,206	7,305,577
Depreciation written out on Revaluation Reserve	0	(6,680,223)	0	0	0	0	0	0	0	(6,680,223)	0	0	(6,680,223)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	(415,105)	0	0	0	0	(415,105)	0	0	(415,105)
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	1,544,700	26,011,276	0	21,128,676	0	0	0	0	48,884,652	0	598,770	49,283,422
Net Book Value	12,669,518	31,134,453	14,763,914	0	10,456,162	4,268,863	15,498,315	0	1,877,590	90,868,815	0	9,000	90,877,815
At 31 March 2013	14,077,237	33,067,322	17,103,522	0	11,056,910	4,268,863	7,639,290	0	1,877,590	89,990,734	0	28,208	89,119,940

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

5a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

	<u>2013/14</u>	<u>Restated</u>
	£	2012/13
		£
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	6,609,693	7,305,577
Impairment & downward revaluations (& non-sale derecognitions)	5,845,835	2,882,563
(Increase)/Decrease in Inventories	(12,930)	42,822
(Increase)/Decrease in Debtors	(1,735,343)	(1,997,124)
Increase/(decrease) in impairment provision for bad debts	89,274	(2,452)
Increase/(Decrease) in Creditors	2,253,909	2,921,315
Increase/(Decrease) in Interest Creditors	27,425	(10,410)
Payments to NILGOSC/Gas Employees	1,833,600	1,159,163
Carrying amount of non-current assets sold	2,100	7,800
WIP written off to Net Cost of Services	0	0
Contributions to Other Reserves/Provisions	(3,361,476)	2,514,282
Amounts posted to DFS from Donated Assets Account		0
Deferred Grant W/O	(81,452)	(100,201)
	<u>11,470,635</u>	<u>14,723,335</u>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	(72,700)	(32,759)
Capital grants included in "Taxation & non-specific grant income"	(6,173,017)	(1,584,822)
	<u>(6,245,717)</u>	<u>(1,617,581)</u>

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

5b Cash and Cash Equivalents

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

	31/03/2014	31/03/2013
	£	£
Cash and Bank balances	562,431	(1,348,863)
Short Term Investments (considered to be Cash Equivalents)	19,259,673	19,228,087
Short Term Deposits (considered to be Cash Equivalents)	0	6,612,265
Bank Overdraft	0	0
	<u>19,822,104</u>	<u>24,491,489</u>

5c Cash Flow Statement-Operating Activities

	2013/14	2012/13
	£	£
<i>The cash flows from operating activities include:</i>		
Interest received	<u>269,661</u>	<u>806,204</u>
Interest paid	<u>1,712,201</u>	<u>1,711,576</u>

5d Cash flows from Investing Activities

	2013/14	2012/13
	£	£
Purchase of PP&E, investment property and intangible assets	(11,631,261)	(12,234,386)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	72,700	32,759
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	2,438,668	7,207,320
Other Receipts from Investing Activities	1,500	0
Net Cash flows from Investing Activities	<u>(9,118,393)</u>	<u>(4,994,307)</u>

5e Cash flows from Financing Activities

	2013/14	2012/13
	£	£
Cash Receipts from Short and Long Term Borrowing	7,247,338	1,699,447
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	0	0
Repayment of Short and Long Term Borrowing	(1,519,892)	(1,365,476)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>5,727,446</u>	<u>333,971</u>

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

6 Retirement Benefits

6a 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 Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Group 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 Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

6b Transactions relating to retirement benefits- Comprehensive Income and Expenditure Statement Charges:

The Group 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 Group is required to make against expenditure 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 Account and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

		Restated	
	Note	2013/14	2012/13
		£	£
Net cost of services:			
Current service cost		3,340,000	2,671,000
Past service cost/(gain)		203,000	203,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net interest on net defined benefit liability (asset)		1,052,000	948,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,595,000	3,822,000
Adjustments between accounting basis & funding basis under regulations:			
Reversal of net charges made for retirement benefits in accordance with IAS 19		(4,595,000)	(3,822,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		2,752,610	2,651,431
Net charge to the Comprehensive Income and Expenditure Statement		(1,842,390)	(1,170,569)

The service cost figures include an allowance for administration expenses of 0.3% of payroll.

Remeasurements recognised in Other Comprehensive Income and Expenditure

		Restated	
	Note	2013/14	2012/13
		£	£
Liability gains/(losses) due to change in assumptions		6,580,000	(10,350,000)
Liability experience gains/(Losses) arising in the year		(1,054,000)	76,000
Actuarial gains/(losses) on plan assets		1,059,000	8,059,000
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		6,585,000	(2,215,000)

6c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Note	Restated	
		2013/14	2012/13
		£	£
Balance as at 1 April		100,449,000	85,276,000
Current service cost		3,340,000	2,671,000
Interest cost		4,479,000	4,032,000
Contributions by members		847,000	810,000
Remeasurements (gains) and losses:			
Actuarial gains/losses arising on liabilities from experience		1,054,000	(76,000)
Actuarial gains/losses arising from demographic changes		(3,923,000)	0
Actuarial gains/losses arising from changes in financial assumptions		(2,657,000)	10,350,000
Other (if applicable)		0	0
Past service costs/(gains)		203,000	203,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(2,741,000)	(2,817,000)
Balance as at 31 March		101,051,000	100,449,000

Reconciliation of present value of the scheme assets:

	Note	Restated	
		2013/14	2012/13
		£	£
Balance as at 1 April		75,724,000	63,935,000
Interest Income		3,427,000	3,084,000
Contributions by members		847,000	810,000
Contributions by employer		2,744,000	2,653,000
Contributions in respect of unfunded benefits		0	0
Remeasurements gain/(loss)		1,059,000	8,059,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(2,741,000)	(2,817,000)
Balance as at 31 March		81,060,000	75,724,000

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

The actual return on scheme assets in the year was a gain of £4,486,000 (2012/13 gain of £11,143,000).

Fair Value of Plan Assets

	Restated	
	31/03/2014	31/03/2013
	£	£
Equity investments	60,146,520	57,247,344
Property	9,078,720	5,830,748
Government Bonds	4,782,540	8,253,916
Corporate Bonds	4,944,660	378,620
Cash	2,107,560	3,559,028
Other	0	454,344
	81,060,000	75,724,000

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

The bid value of assets for the Fund as a whole as at 31 December 2010 were provided by the Administering Authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £0.

The Group's share of the Net Pension Liability (Included in the Balance Sheet):

		Restated	
		2013/14	2012/13
		£	£
Fair Value of Employer Assets		81,060,000	75,724,000
Present value of funded defined benefit obligation		(101,051,000)	(100,449,000)
Pension asset/(liability) of Funded Scheme		(19,991,000)	(24,725,000)
Present Value of Unfunded defined benefit obligation		0	0
Unrecognised Past Service Cost		0	0
Other movement in the liability (asset) (if applicable)		0	0
Net Asset/(Liability) arising from the defined benefit obligation		(19,991,000)	(24,725,000)
<i>Amount in the Balance sheet.</i>			
Liabilities		(19,991,000)	(24,725,000)
Assets		0	0
Net Asset/(Liability)		(19,991,000)	(24,725,000)

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £19,991,000 has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Group 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

		2014/15	2014/15
		£	%
Projected current cost		3,254,000	79.0%
Interest on obligation		801,000	21.0%
Expected return on assets		0	0.0%
Past service cost		0	0.0%
Gains and losses on settlements or curtailments		0	0.0%
		4,055,000	100.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Group in the year to 31 March 2015 is £2,700,000.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014.

		2013/14	2012/13
		%	%
Experience (gains and losses) on Assets		1%	11%
Experience gains and (losses) on Liabilities		5%	-10%

6d 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 Group's Fund liabilities have been assessed by AON Hewitt Limited, an independent firm of actuaries, estimates for the Group Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2013.

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

6e 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

In each case, only the assumption noted below is altered; all other assumptions remain the same and are

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	97.544	101.401
% change in the present value of the total obligation	-4.40%	4.50%
Projected service cost (£M's)	3.158	3.351
Approximate % change in projected service cost	-6.50%	6.20%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	100.068	98.846
% change in the present value of the total obligation	1.80%	-1.80%
Projected service cost (£M's)	3.300	3.208
Approximate % change in projected service cost	3.10%	-3.40%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	100.772	98.164
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost (£M's)	3.308	3.200
Approximate % change in projected service cost	3.40%	-3.60%

Post Retirement Mortality Assumption		
	-1 Year	+1 Year
Adjustment to the mortality age rating assumption *		
Present value of the total obligation (£M's)	101.605	97.294
% change in the present value of the total obligation	4.30%	-4.30%
Projected service cost (£M's)	3.352	3.155
Approximate % change in projected service cost	6.00%	-6.30%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table above

6f Major categories of plan assets as percentage of total plan assets

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

	2013/14	2012/13
	%	%
Equity investments	74.2	75.6
Property	11.2	7.7
Government Bonds	5.9	10.9
Corporate Bonds	6.1	0.5
Cash	2.6	4.7
Other	0.0	0.6
	100.0	100.0

6g Pension Liability Former Gasworks Employees

Council also has a liability for Pension payments for 2 former employees of the City Gasworks. These payments are funded by the Council each year from the Rates Estimates and are not related to a Pension Scheme. Due to the small scale of this liability no Actuarial valuation of the liability has taken place. The liability at the end of each year is calculated using the formula for the capital cost of compensatory added years, which takes into account the age of the person, gender and a market value adjustment.

The Pension Liability is as follows:

	Note	2013/14	2012/13
		£	£
Balance as at 1 April 2013		69,352	137,771
Payments during year	3	(8,790)	(11,406)
Increase/(Decrease) in liability		12,485	(57,013)
Balance as at 31 March 2014		73,047	69,352

DERRY CITY COUNCIL
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Accounts Authorised for Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 25th June 2014 is at today's date hereby authorised for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

IAS 10 sets out

- The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and
- In the event of adjustments the disclosures that should be made.

Material Amendments

- Reduction in the S-T Investments of £19,259,673 and subsequent increase in the cash and cash equivalents for the same value.
- Increase in Creditors of £1,605,613 resulting in a subsequent reduction in the bank overdraft of £1,190,145 and increase in cash and bank balances of £415,468. This change was highlighted by Derry City Council on 1st July 2014.

The net impact upon the Council was no change in the General Fund and no change in the Net Assets.

Signed 
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Chief Financial Officer

Date 29/10/14
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