



Strabane

District Council

Comhairle Ceantair
an tSratha Báin

Stràbane Destrìck Cooncil

FINANCIAL STATEMENTS

YEAR ENDED

31ST MARCH 2015

**STRABANE DISTRICT COUNCIL
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

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Explanatory Foreword

Introduction

The Council's financial performance for the year ended 31 March 2015 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Department of the Environment Accounts Direction, Circular LG 12/15 dated 31 March 2015. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council. Comparative figures have been re-stated to take account of changes in accounting requirements as a result of the introduction of the Code.

This Statement of Accounts explains Council's finances during the financial year 2014/15 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

Group Accounts

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

Financial Report

For the year ended 31 March 2015 the Council reduced its General Fund reserve by £612,722 to £942,207. The Council's budget of £11,096,979 was supplemented by £9,800, expected year-end finalisation payment of district rates. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £11,349,004 and includes allocations of £1,434,343 to fund capital expenditure.

A summary of actual income and expenditure with a comparison to the Estimates for the year can be seen below:

	Actual	Estimated	Variance
	£'000s	£'000s	£'000s
Expenditure	17,771	13,005	4,766
Income from Services	6,422	1,908	(4,514)
Net Cost	11,349	11,097	252
Financed By: De-Rating & Rates Support Grants	2,246	2,241	5
District Rates Deficit	8,490 613	8,479 377	11 236

Expenditure on capital projects during the year amounted to £5,821,977. The most significant spends were on the development of a waste transfer and recycling facility, the extension, alteration and improvement of Melvin Sports Complex, the completion of five Multi Use Games Areas and the refurbishment of pitches and play areas at several locations.

Grants to the value of £1,096,728 were receivable to fund certain items of capital expenditure.

Council can finance capital expenditure using:

- Loan Finance (Loan or Lease)
- Grant Aid
- Capital Receipts i.e proceeds from the sale of fixed assets
- Renewal & Repairs/Depot Capital Fund
- Transfer of funds from revenue resources

Details of the financing of capital expenditure for the year are shown in Note 11

The amount of loans taken out in 2014/15 was £3,200,000. These loans were to fund Melvin Sports Complex and the Waste Transfer and Recycling Facility.

The total amount outstanding on long-term loans at 31 March 2015 was £6,215,348. The cost of servicing these long term loans was £313,756.

Council's Balance sheet includes its share of net pension liability as estimated by the actuaries (£5,122,000 as at 31/3/2015). More detailed information is given in note 19.

Revaluation of Land & Buildings

The Council's accounting policies require a full revaluation of land and buildings assets at least every five years. These valuations are provided by Land and Property Services (LPS). At 1 April 2013, the required full revaluation was carried out. Subsequently indexation was applied to these values as at 31 March 2014 and 31 March 2015. This revaluation does not affect the Council's usable reserves or amounts to be recovered from ratepayers through rates.

Further details can be found in Note 10a.

Post Balance Sheet Events

From 1st April 2015, Strabane District Council will cease to exist and its functions will be transferred to the new Council [Derry and Strabane District Council].

Derry and Strabane District Council combines the previous councils of Derry City and Strabane District into one new body constituted under the framework established by the Local Government Act (Northern Ireland) 2014.

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

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

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

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

The Council's Responsibilities

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

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

These accounts were approved by resolution of the Assurance, Audit & Risk Committee of Derry and Strabane District Council on 29th June 2015.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

**STRABANE DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT 2014/15**

The Governance Framework of the Organisation (including committee structure)

Strabane District Council's Governance Framework is detailed below:

Scope of Responsibility

Strabane District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Strabane District Council also has a duty under the 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, Strabane District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Strabane District Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA / SOLACE framework, "Delivering Good Governance in Local Government" and which is in full compliance with the framework for the year commencing 1st April 2014. This statement explains how Strabane District Council meets these requirements and also 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.

Purpose of the Governance Framework

The governance framework has been in place at Strabane District Council for the year ended 31 March 2015. From the 1 April 2015 to the date of approval of the financial statements, the Governance Arrangements are those of the New Council (Derry City and Strabane District Council). The governance framework comprises the systems and processes and culture and values by which Strabane District Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Strabane District Council's policies, aims and objectives, to evaluate the likelihood of

those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

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

Strabane District Council's Corporate Strategy 2012 to 2015 sets out the Council's vision, objectives and corporate priorities for this period.

Council's vision as highlighted in the Corporate Strategy is:

' a progressive and forward-looking district and council of which everyone can be proud.'

To deliver this vision Strabane District Council focuses on five key objectives:

- o To provide quality services
- o To motivate and develop our staff and our councillors
- o To be a healthier, cleaner and greener district
- o To work with others to improve our quality of life and instil civic and community pride
- o To develop our physical infrastructure and regenerate our district

The corporate objectives were developed following consultation with Councillors, senior Council Officers and open sessions with Strabane district's voluntary and community sector. Each of these objectives has been allocated a number of agreed corporate actions which are featured in a corporate work plan. Performance against these actions is measured through a qualitative and quantitative end of year report which outlines Council's progress against these actions and a set of agreed corporate and departmental key performance indicators.

The corporate strategy was issued for a three month public consultation and also was equality screened. It was reviewed following the consultation responses received. It was publicly launched in May 2012 with a media release. It is also featured on Strabane District Council's website and social media channels. The contents of the strategy were also highlighted in the Council's magazine, "Snapshot".

On an on-going basis Council communicated its vision through other additional means:

- The Council's Snapshot magazine, issue 19 was published in Summer 2014. Page 3 of the document communicates Council's performance report
- On-going dissemination of both corporate and departmental press releases.
- Consultation with stakeholders on projects/policies.
- News updates on the Council's website www.strabanedc.com.

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

The Corporate Plan 2012-2015 sets out the overall commitments, objectives and targets for the period 2012 to 2015. Yearly departmental business plans are developed to reflect and achieve the Corporate Plan commitments. These plans are reviewed twice annually in order to monitor achievement of targets and to ensure continuity for the following year's business plan.

The Corporate Risk Register identifies the major risks to the achievement of corporate commitments. Risks are assessed in terms of likelihood and impact, and measures to address each risk are set out. The register is reviewed monthly by the Senior Management Team. Actions necessary to address these risks are identified and the Risk register is updated accordingly. These reviews also identify new risks arising including their scale and manageability. In addition, departmental risk registers set out risks to the achievement of departmental business plan targets and the measures needed to address these risks.

The Council has the responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment. Each Department supplies the Chief Executive with an assurance statement covering the governance, control and risk management issues within their respective departments. This is done on an ongoing basis through reports produced for the appropriate Council Committees. The Internal Audit annual report and reports carried out by external auditors also assist the Council in discharging this responsibility.

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

The Council's corporate and departmental business plans are subject to an ongoing programme of service reviews, improvement and efficiency plans, as well as external review by local government and internal auditors. Each Head of Department reports to the Chief Executive and is responsible for performance improvement issues.

The Council has a Customer Feedback Policy, the rationale for which is to address the 'providing quality services' strategic objective through continuously improving services. It outlines responsibilities of Elected Members, managers, frontline staff and all employees and includes monitoring and evaluation arrangements. Complaints, comments and compliments are logged, analysed and responded to.

In addition, the Council maintains its Corporate Investor in People and Employer of Choice status. Individual departments/sections maintain ISO 9001, Customer Service Excellence, Disability Equality Charter and Quest (UK Quality Scheme for Sport and Leisure) accreditation.

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 full Council meeting is the main decision making committee. It is supported by a range of committees:

- Environment Committee
- Corporate and Regulatory Services Committee
- Development Committee
- Finance and Staff Committee
- Audit Committee

These meetings were always in excess the required levels of attendance for a quorum.

In addition, senior and other officers can make decisions under delegated authority. These decisions are subsequently reported back to Council. Extracts of Council Minutes of delegation of tasks to committees/Chairperson and or officers are available on request. Committee structures are supported by

- Council Standing Orders
- LG Councillor Handbook
- Staff Job descriptions

Each member of the Senior Management Team is required to work in co-operation with other Council employees to achieve both corporate and departmental objectives. The Senior Management Team meets monthly to consider policy issues, internal control issues, risk, performance and absence management and financial management. The Chief Executive regularly monitors the performance of Senior Management Team members through individual meetings to review progress in achieving corporate and departmental objectives.

Departmental and section heads meet regularly with their staff to review progress in achieving departmental business plan targets.

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

The roles and responsibilities of members are set out in the Local Government Handbook produced collectively by Northern Ireland Local Government Association, the Local Government Training Group and the National Association of Councillors (NAC). Additionally a code of conduct has also been produced by the Department of the Environment. Councillors are provided with both these documents at their induction. The regulation of behaviour in Council meetings is governed by the Council's Standing Orders; all members are provided with a copy of these at their induction and have also received training on such. Members are also briefed on all Council Policies and procedures to ensure that these are adhered to when making Council decisions.

The Local Government Staff Commission (NI) Code of Conduct for Local Government Employees specifies the minimum standards of conduct required of all employees. Staff are provided with a copy of this Code at their induction. This code builds on and is in keeping with the seven principles of public life as articulated by the Nolan Committee on Standards in Public Life. This Code sets out standards of behaviour expected of Council officers and also deals with the disclosure of information, political neutrality and potential conflicts of interest. The Code also addresses appointments and other employment matters, outside commitments, personal interests and equality issues. Finally, the Code emphasises the importance of the separation of roles during tendering and the use of financial resources in a responsible and lawful manner and addresses corruption, hospitality, sponsorship and whistle blowing. Additionally, the specific tasks and responsibilities pertinent to each job are outlined in individual Job Descriptions which are updated as deemed necessary.

The roles and responsibilities of staff are also specified in the various Council policies governing the day to day business practices of Council. Staff are asked to sign a policy declaration in relation to any policy which governs an activity which they are involved in. Chief Officers and Heads of Departments are responsible for monitoring and ensuring adherence to all policies. The Council has developed a number of policies which define the standards of behaviour for members and staff in relation to specific areas. These include policies relating to:

- Gifts and Hospitality
- Procurement
- Use of the internet
- Use of hand held communication devices
- Fraud and corruption
- Declaration of interests
- Use of the Council Credit Card
- Absence; Harassment; Alcohol and Drugs

Failure to comply with any of the above policies or any behaviour contrary to the Employee Code of Conduct is dealt with through the Council's disciplinary procedure which all staff are made aware of during their induction.

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.

Due to the formation of the new Derry and Strabane District Council, no comprehensive review has been undertaken on the Council's Standing Orders in recent years. Ad hoc amendments however have been made as required. Despite no comprehensive review having taken place, these Strabane District Council Standing Orders are still fit for purpose. All work on Standing Orders in this financial year has been focused on the development of the Standing Orders for the new Council.

The Procurement Procedure sets out limits and procedures for all aspects of procuring goods and services by Approved Procurement Officers. Full procedural policies and guides are in place for creditors, debtors and payroll.

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 which met quarterly and whose terms of reference comply with the CIPFA guidance. The committee membership comprises five councillors and an independent member. The Chief Executive, Head of Finance, Business Manager and the Internal Auditor attend all meetings and the Local Government Auditor is also invited to attend. Key governance areas reviewed included risk management, internal audit and external audit activity and reports and performance management.

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

Each Chief Officer/Head of Department is responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures within their department. The Chief Executive has responsibility for ensuring overall compliance by the Council. Chief Officers/Heads of Departments produce annual assurance statements which set out how such compliance is achieved.

In the event of breaches of law, regulations, policies or procedures, the Council's disciplinary procedures are invoked. In addition, legal advice can be obtained from the Council's legal advisors.

Policies and procedures aimed at ensuring compliance with relevant laws and regulations include the Procurement Policy, Hospitality Policy, Fraud and Corruption Policy, Mobile Phone Policy, Internet Policy, Child Protection Policy and Grant Aid Policy. Policies or codes of practice are also in place for data protection, privacy, CCTV and street naming and numbering.

The Head of Finance plays a key role in ensuring that all Council expenditure is lawful. The Internal Auditor also reviews compliance with Council policies and procedures.

Whistle-blowing and receiving and investigating complaints from the public

The Council has a Whistleblowing Policy for which the Chief Executive is the Monitoring Officer. It has been communicated to staff through policy briefings and staff inductions. The policy aims to enable staff to express internally any concerns that the Council's standards of openness, integrity and accountability are not being met. It also underpins the Council's risk management systems. Under the policy, staff can raise concerns with their line manager or with the Chief Executive in more serious cases. The Council subscribes to the Public Concern at Work organisation, whose free and confidential telephone helpline is available to employees who have concerns about malpractice within their workplace.

Complaints received from the public are dealt with under the Council's Customer Feedback Policy. This deals with both formal and informal complaints and logs these for investigation by the relevant department. Following investigation, feedback is provided to the complainant and any necessary remedial action is undertaken. A further two-stage procedure is available to complainants who are not satisfied by responses given to them. Anonymous complaints are also accepted and investigated, but in this case it is not possible to respond to complainants.

Identifying the development needs of Members and senior officers in relation to their strategic roles

One of the Council's five strategic objectives is 'to motivate and develop our staff and Councillors'. Each year, Members complete an annual survey, through which they have the opportunity to highlight any training and development needs and assess their own effectiveness. Appropriate training is then sourced to meet these needs and this is identified in the annual councillor training plan. Additionally, ad hoc training is secured as the need arises e.g. following the introduction of new

legislation/systems. Council has also been successful in being one of four Councils/Clusters in the Northern Ireland Elected Member Development Charter. The key focus of this Charter is on Member training and development and the development of the policy framework and systems to ensure that member training and development needs are accurately identified and met.

The training and development needs of Council officers are identified through the personal development plan process and departmental business plans. Appropriate training to address these needs is then sourced both internally and externally by Council management. The Head of each Department is responsible for identifying and procuring staff training in conjunction with the Human Resources department.

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

Council Members are in constant communication with their constituents and are encouraged to bring all issues raised to the Council for resolution. The majority of Council and committee meetings are open to the public with the exception of confidential business being discussed 'in committee'. Minutes of all meetings open to the public are available on the Council website following ratification at each month's Council meeting. Additionally, members of the public have the facility to request to make a presentation to Council on any issue.

All local community groups, sporting groups etc. receive a letter from the newly appointed Chairperson following the Annual General Meeting stating that he/she is willing to meet with them to discuss any issue. All members contact details are available on the Council's website, in the Council's Snapshot magazine and provided in hard copy or verbally on request. All members are also contactable via e-mail thus making them more accessible to their electorate.

In addition to this, officers utilise a number of formal communication channels with key stakeholders. These include:

Internal

- A series of team briefing meetings is used to cascade information throughout the organisation.
- Collective staff update sessions are carried out as required.
- Monthly Management Team Meetings.
- Departmental Team Meetings.
- Council's Intranet.
- Transition Bulletins

External

- The Council continually updates its internet site to provide information to the general public
- Press releases are issued on a regular basis on specific subjects
- Advertisements/Notices placed as a minimum in all four local newspapers.

- The Council issues a newsletter –“Snapshot” - to all homes within the District.
- Public meetings are arranged as and where required to discuss key issues and participants are encouraged to provide feedback following these sessions.
- Customer feedback is encouraged and recorded on the computer system and via the Council website.
- Public consultations on key services and strategies e.g. the Futuresearch process which involved stakeholder meetings and a conference aimed at establishing a shared direction and an implementation plan for the regeneration of the Strabane District.
- Council also has external membership on some of its committees e.g. Sports Forum, Policing and Community Safety Partnership, Good Relations and Equality Committee.
- Council's public e-mail address.

Review of Effectiveness

Strabane District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Senior Management Team who have the responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report and also by comments made by the external auditors. The Council uses the services of an external, independent Internal Auditor to provide assurance over its governance arrangements.

During 2014/2015 period six internal audit assignments were carried out in accordance with the annual internal audit plan. The reporting process for internal audit requires a report for each audit assignment to be submitted to the relevant departmental manager and the Head of Finance. The report includes recommendations for improvement and responses from management. A dedicated officer has been delegated by the Interim Chief Executive to carry out follow up reviews of all recommendations to ensure they are acted upon and this is reported back into the Senior Management Team meeting. All internal audit reports include an overall assurance on the quality and effectiveness of internal control within the areas audited.

Internal Audit produces an annual report containing an overall assurance statement on the quality and effectiveness of the systems of internal control within the Council. In 2014/2015, internal audit carried out a review of the following areas:

- Financial systems
 - Travel and subsistence - Substantial assurance
 - Purchasing and tenders- Satisfactory assurance
 - Prudential Code- Substantial assurance
- Local Government Reform- Substantial assurance
- Melvin Sports Complex- Satisfactory assurance
- Capital Projects- Substantial assurance

As detailed above the outcome of this work was 4 substantial assurance ratings and 2 ratings of satisfactory assurance; additionally no priority level 1 recommendations were made in any of the audited areas. Internal audit gave the Council a satisfactory overall assurance rating in their 2014/15 Annual Audit Report.

Risk Assessment

The Council's Senior Management Team, through the monthly meetings, regularly reviewed and assessed the key risks facing the Council, identified and reviewed the actions necessary to address these risks and updated the Risk Register accordingly. These reviews included identifying new risks, including their scale and manageability. New risks were also allocated to specific Officers for their management. The key risks identified for 2014/15 were capital projects and the reform of local government. The information provided to the management team and to Council is prepared by the responsible officer who has the professional competence to ensure the high level of quality required for the data provided.

Each Department also supplies the Chief Executive with an assurance statement covering the governance, control and risk management issues within their respective Departments for 2014/15. There were no occurrences of data losses or security lapses for 2014/15.

The Role of the Chief Financial Officer

The Council has designated its Interim Chief Executive as the Chief Financial Officer under Section 1 of the Local Government Finance Act (Northern Ireland) 2011. The Council complies with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework with the exception of Principle 5. Principle 5 requires that "The Chief Financial Officer must be professionally qualified and suitably experienced". However local regulations do not require the Chief Financial Officer to be professionally qualified.

The Chief Financial Officer is supported by suitably qualified and experienced staff within the Finance Department including the Head of Finance, Financial Accountant and Management Accountant. This ensures that the decisions made by the Chief Financial Officer are based on sound technical knowledge and understanding.

Significant Governance Issue

There have been no known departures from the Corporate Governance Code during the 2014/15 period.

Local Government Reform

From 1 April 2015, under the Reform of Local Government (RLG), the number of Councils in Northern Ireland reduced 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 took over full responsibility for local government on 1st April 2015 when the 26 former councils ceased to exist. The final accounts for Strabane District Council will therefore be for the 2014/15 financial year. The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils.

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

Grant Debtor

There is uncertainty concerning a grant debtor of £851,774 in relation to a project largely funded by Central Government as a result of an outstanding issue. Whilst the ultimate outcome of the matter cannot be accurately determined at present, no provision has been made in the accounts on the basis that Council are confident that the dispute will be resolved.



Chair of the Assurance, Audit
& Risk Committee

26/10/15
Date



Chief Financial Officer

26/10/15
Date

On behalf of the Committee of Derry City and Strabane District Council meeting as a whole and the Chief Executive.

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 19 to 70 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 23 to 35.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2015.



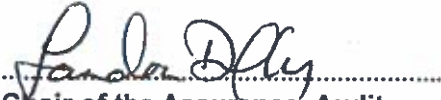
.....
Chief Financial Officer

..... 26/10/15

Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Assurance, Audit & Risk Committee of Derry and Strabane District Council on 29th June 2015.



.....
**Chair of the Assurance, Audit
& Risk Committee**

..... 26/10/15

Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY AND STRABANE DISTRICT COUNCIL

I have audited the financial statements of Strabane District Council for the year ended 31 March 2015 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Derry and Strabane District Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland) 2014, Derry and Strabane District Council takes responsibility for the financial statements of the Strabane District Council.

Respective responsibilities of the Chief Financial Officer and the independent auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of Strabane District Council as at 31 March 2015 and its income and expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

Emphasis of matter: Material Uncertainty over Grant Receipt

Without qualifying my opinion, I draw attention to Note 13 of the financial statements which indicates uncertainty over the payment of a grant due to the council at 31 March 2015 of £851,774. The ultimate outcome of the matter cannot be accurately determined at present. My opinion is not modified in this respect.

Opinion on other matters

- In my opinion the information given in the Explanatory Foreword for the financial year ended 31 March 2015 is consistent with the financial statements.

Matters on which I report by exception

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

- The Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
 - does not comply with proper practices specified by the Department of the Environment;
 - is misleading or inconsistent with other information I am aware of from my audit; or
- adequate accounting records have not been kept; or
- the statement of accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Certificate

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



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

29 October 2015

STRABANE DISTRICT COUNCIL
Movement in Reserves Statement
For the current and comparative year

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

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 1 April 2013	1,943,981	1,862,589	14,000	433,468	4,254,038	7,312,693	11,566,731
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	1,487,751	0	0	0	1,487,751	0	1,487,751
Other Comprehensive Income and Expenditure	0	0	0	0	0	2,897,234	2,897,234
Total Comprehensive Income and Expenditure	1,487,751	0	0	0	1,487,751	2,897,234	4,384,985
Adjustments between accounting basis & funding basis under regulations	(1,845,341)	(1,025,000)	0	(126,271)	(2,996,612)	2,996,154	(458)
Net Increase/Decrease before Transfers to Statutory and Other Reserves	(357,590)	(1,025,000)	0	(126,271)	(1,508,861)	5,893,388	4,384,527
Transfers to/from Statutory and Other Reserves	(31,462)	17,462	14,000	0	0	0	0
Increase/Decrease in Year	(389,052)	(1,007,538)	14,000	(126,271)	(1,508,861)	5,893,388	4,384,527
At 31 March 2014	1,554,929	855,051	28,000	307,197	2,745,177	13,206,081	15,951,258
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(2,140,937)	0	0	0	(2,140,937)	0	(2,140,937)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(601,144)	(601,144)
Total Comprehensive Income and Expenditure	(2,140,937)	0	0	0	(2,140,937)	(601,144)	(2,742,081)
Adjustments between accounting basis & funding basis under regulations	1,528,215	(90,906)	0	6,058	1,443,367	(1,448,602)	(5,235)
Net Increase/Decrease before Transfers to Statutory and Other Reserves	(612,722)	(90,906)	0	6,058	(697,570)	(2,049,746)	(2,747,316)
Transfers to/from Statutory and Other Reserves	0	0	0	0	0	0	0
Increase/Decrease in Year	(612,722)	(90,906)	0	6,058	(697,570)	(2,049,746)	(2,747,316)
At 31 March 2015	942,207	764,145	28,000	313,255	2,047,607	11,156,335	13,203,942

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

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

	Notes	2014/15 Gross Expenditure £	2014/15 Gross Income £	Net Cost £	Gross Expenditure £	2013/14 Gross Income £	Net Cost £
Services Expenditure							
Leisure and Recreational Services		5,612,058	2,017,611	3,594,447	4,906,060	1,854,396	3,051,662
Environmental Services		9,789,459	3,212,195	6,577,264	5,637,648	856,672	4,780,976
DRM and Corporate Management		1,391,929	48,000	1,343,929	852,984	52,454	800,530
Other Services		3,134,486	1,111,972	2,022,514	796,405	554,102	242,304
Cost of Services on Continuing Operations	4-6	19,927,944	6,389,778	13,538,166	12,193,097	3,317,625	8,875,472
Other Operating (Income)/Expenditure	7	6,249	17,632	(11,383)	200,965	17,246	183,719
Financing and Investment Income and Expenditure	8	463,756	16,592	447,164	471,051	57,790	413,261
Net Operating Expenditure		20,397,949	6,424,002	13,973,947	12,865,113	3,392,661	9,472,452
Taxation and Non-Specific Grant Income	9	-	11,833,010	(11,833,010)	-	10,960,203	(10,960,203)
Surplus/(Deficit) on the Provision of Services		20,397,949	18,257,012	(2,140,937)	12,865,113	14,352,864	1,487,751
Surplus/(Deficit) on revaluation of non-current assets	10a/10b/10c			297,856			877,654
Impairment losses on non-current assets charged to the Revaluation Reserve	10a/10b/10c			-			(10,420)
Remeasurements of the Net Defined Benefit Liability (Asset)	19			(899,000)			2,030,000
Other Comprehensive Income and Expenditure				(601,144)			2,897,234
Total Comprehensive Income and Expenditure				(2,742,081)			4,384,985

STRABANE DISTRICT COUNCIL
Balance Sheet As At 31 March 2015

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

	<i>Notes</i>	2014/15 £	2013/14 £
Property Plant & Equipment (PP&E)	10a/10b	21,701,160	19,451,404
Heritage Assets	10c	794,205	790,830
Investment Properties	10a/10b	44,000	44,000
LONG TERM ASSETS		22,539,365	20,286,234
Inventories	12	87,243	80,884
Short Term Debtors	13	2,531,492	2,040,209
Cash and Cash Equivalents	20b	2,460,757	2,886,768
CURRENT ASSETS		5,079,492	5,007,861
Short Term Borrowing	15a	243,434	104,484
Short Term Creditors	16	3,041,567	2,284,003
Provisions	17	36,000	36,000
CURRENT LIABILITIES		3,321,001	2,424,487
Long Term Borrowing	15b	5,971,914	3,015,350
Other Long Term Liabilities	19	5,122,000	3,903,000
LONG TERM LIABILITIES		11,093,914	6,918,350
NET ASSETS		13,203,942	15,951,258
USABLE RESERVES	21a/21b	2,047,607	2,745,177
UNUSABLE RESERVES	21a/21b	11,156,335	13,206,081
NET WORTH		13,203,942	15,951,258

STRABANE DISTRICT COUNCIL
Cash Flow Statement at 31 March 2015

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

	Notes	2014/15 £	2013/14 £
Net (surplus) or deficit on the provision of services		(2,140,937)	1,487,751
Adjustment to surplus or deficit on the provision of services for noncash movements	20a	4,227,876	39,717
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	20a	(1,102,786)	(527,261)
Net cash flows from operating activities	20c	984,153	1,000,207
Net Cash flows from Investing Activities	20d	(4,505,679)	(34,103)
Net Cash flows from Financing Activities	20e	3,095,515	919,785
Net increase or decrease in cash and cash equivalents		(426,011)	1,885,889
Cash and cash equivalents at the beginning of the reporting period		2,886,768	1,000,879
Cash and cash equivalents at the end of the reporting period		<u>2,460,757</u>	<u>2,886,768</u>

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements

1a Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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 no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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 are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of: a) when the offer cannot be withdrawn or b) when the related restructuring costs are incurred.

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on high quality corporate bonds on the IBoxx Sterling Corporate Index, AA over 15 years with recently re-rated bonds removed from the index).

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

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

Within the Cost of Services

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

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

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 his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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

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.

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xi) Foreign Currency Translation

Income received and payments made in foreign currency are translated at the rate prevailing when lodged to the bank or when payment is made. Where amounts in foreign currency are outstanding at the year-end, they are converted at the rate which will apply when paid or received. Whilst this is contrary to International Accounting Standard 21, due to the sums involved, the effect of the different treatment would be immaterial.

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) 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 based on the latest invoiced price. This is not materially different from using the *FIFO* costing formula recommended by IAS 2.

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

xiv) Investment Property

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

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

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

xv) Landfill Allowance Schemes

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

xvi) Leases

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

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

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

The Council as Lessee

Finance Lease:

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xviii) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting *Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xix) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. The Council applies a de-minimis level of £2,000 (on an individual asset basis), meaning only assets over £2,000 are capitalised. 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. Indices supplied by Land & Property Services are used in interim years to reflect changes in valuation. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

Impairment

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet

- infrastructure – straight-line allocation over a maximum of 50 years.

Componentisation

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

Revaluations

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

xx) 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.

Sculptures

Council's collection of sculptures includes fifteen structures spread across the District and is reported in the Balance Sheet at market value. There is an annual programme of valuations. The assets within the sculpture collection are deemed to have indeterminate lives and a high residual value; hence Council does not consider it appropriate to charge depreciation.

Art Collection

The art collection includes paintings, civic chain of office and Dunbar Collection and is reported in the Balance Sheet at market value. There is an annual programme of valuations. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets.

xxi) 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.

xxii) Reserves

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

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

xxii) Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxiii) 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 Critical Judgements in Applying Accounting Policies

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Property, Plant and Equipment

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

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

It is estimated that the annual depreciation charge for buildings would increase by £28,000 for every year that useful lives had to be reduced.

ii) Provisions

The Council has made a provision of £36,000 for the settlement of claims for back pay arising from the Equal Pay initiative, based on previous claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Council or that precedents set by other Councils in the settlement of claims will be applicable.

iii) Pensions Liability

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

iv) Arrears

At 31 March 2015, the Council had a balance of sundry debtors for £120,793. A review of significant balances suggested that an allowance for doubtful debts of 17% (£20,620) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, an increase of the amount of doubtful debts would require an additional £20,000 to set aside as an allowance.

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

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

IFRS 13 Fair Value Measurement (2011)

The adoption of IFRS 13 Fair Value Measurement was deferred from the 2015/16 Code. Work has been carried out with HM Treasury to establish objectives for measuring property, plant and equipment that are consistent with the objective for the financial statements prescribed in the Code.

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

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

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

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

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

Annual Improvements cycles 2010 - 2012 and 2011 - 2013.

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

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

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

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

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

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2a Segmental Reporting Analysis - Current Year

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

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

Services	2014/15		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	483,556	157,228	326,308
Recreation and Sport	4,056,566	1,366,809	2,689,757
Tourism	311,202	118,427	192,775
Community Services	760,754	375,147	385,607
Leisure and Recreational Services	5,612,058	2,017,611	3,594,447
Cemetery, Cremation and Mortuary	287,309	35,393	251,916
Environmental Health	923,900	157,531	766,369
Flood Defence and Land Drainage	-	-	-
Public Conveniences	120,448	3	120,445
Licensing	63,493	23,860	39,633
Other Cleaning	759,098	36,450	722,648
Waste Collection	3,220,487	222,122	2,998,365
Waste Disposal	1,434,517	67,800	1,366,717
Building Control	382,033	184,820	197,213
Other Community Assets	-	-	-
Minor Works	2,598,174	2,484,216	113,958
Environmental Services	9,789,459	3,212,195	6,577,264
Democratic Representation and Management	877,567	48,000	829,567
Corporate Management	514,362	-	514,362
DRM and Corporate Management	1,391,929	48,000	1,343,929
Economic Development	1,208,510	866,465	342,045
Trading Services	1,585,367	189	1,585,178
Non Distributed Costs	76,714	-	76,714
Central Services to the Public	263,907	245,318	18,589
Other Services	3,134,498	1,111,972	2,022,526
CONTINUING OPERATIONS	19,927,944	6,389,778	13,538,166

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

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

	£	£
Net Cost of Services in Service Analysis		13,538,166
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	(11,383)	
Financing and Investment Income and Expenditure	447,164	
		435,781
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		13,973,947

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2b Segmental Reporting Analysis - Comparative Year

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

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

Services	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	507,070	234,530	272,540
Recreation and Sport	3,395,542	1,089,652	2,305,890
Tourism	207,061	57,477	149,584
Community Services	796,387	472,739	323,648
Leisure and Recreational Services	4,906,060	1,854,398	3,051,662
Cemetery, Cremation and Mortuary	219,116	34,666	184,450
Environmental Health	817,699	109,738	707,961
Flood Defence and Land Drainage	-	-	-
Public Conveniences	126,996	229	126,767
Licensing	95,003	19,954	75,049
Other Cleaning	739,994	42,471	697,523
Waste Collection	1,463,984	112,325	1,351,659
Waste Disposal	1,329,733	87,249	1,242,484
Building Control	376,340	135,807	240,533
Other Community Assets	-	-	-
Minor Works	468,783	314,233	154,550
Environmental Services	5,637,648	856,672	4,780,976
Democratic Representation and Management	554,404	52,454	501,950
Corporate Management	298,580	-	298,580
DRM and Corporate Management	852,984	52,454	800,530
Economic Development	535,434	304,295	231,139
Trading Services	(65,672)	645	(66,317)
Non Distributed Costs	44,142	-	44,142
Central Services to the Public	282,501	249,161	33,340
Other Services	796,405	554,101	242,304
CONTINUING OPERATIONS	12,193,097	3,317,625	8,875,472

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

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

	£	£
Net Cost of Services in Service Analysis		8,875,472
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	183,719	
Financing and Investment Income and Expenditure	413,261	
		596,980
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		9,472,452

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

3a Adjustments between accounting basis and funding basis under regulations

	Notes	2014/15 £	2014/15 £	2013/14 £	2013/14 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets	10a/b & 10c/d	1,000		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10a/b & 10c/d	2,834,624		(532,065)	
Depreciation charged in the year on non-current assets	10a/10b	1,019,771	3,855,395	739,839	207,774
Carrying amount of non current assets sold	10a/b & 10d	12,307		21,224	
Proceeds from the sale of PP&E, investment property and intangible assets	21a/21b	(6,058)	6,249	(38,470)	(17,246)
Net charges made for retirement benefits in accordance with IAS 19	19		1,203,000		1,239,000
Direct revenue financing of Capital Expenditure	11,21a/b		(1,434,343)		(1,894,563)
Capital Grants and Donated Assets Receivable and Applied in year	9b		(1,096,728)		(488,791)
Adjustments in relation to Short-term compensated absences	21a/21b		5,514		(19,842)
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	21a/21b		(121,636)		(80,215)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	19b		(889,236)		(791,458)
			1,528,215		(1,845,341)

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

		2014/15 £	2014/15 £	2013/14 £	2013/14 £
Capital Fund					
Interest		-		(12,559)	
Other	21a/21b	-	-	-	(12,559)
Renewal and Repairs Fund					
Interest		-		(4,903)	
Other	21a/21b	-	-	-	(4,903)
Other Funds and earmarked reserves					
Interest		-		-	
Other	21a/21b	-	-	(14,000)	(14,000)
					(31,462)

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations

4a Miscellaneous powers to make payments

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

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

Limits on special payments are calculated by reference to section 40 of the Local Government Finance Act (Northern Ireland) 2011 and for this council the resulting limit was £18,724 for 2014/15 (£18,288 in 2013/14).

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

4b External Audit Fees

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

	2014/15	2013/14
	£	£
External Audit Fees - Recurring	18,000	16,500
External Audit Fees - Under/(Over) accrual prior year	1,484	(1,786)
External Audit Fees - National Fraud Initiative (NFI)	1,526	0
	21,010	14,714

The estimated audit fee for 2014/15 is £18,000. (2013/2014 £16,500)

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

DOE funding of £12,363 was receivable in relation to 2014/15 year audit fees (2013/14 £nil).

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

Cost of Services on Continuing Operations (Continued)

5 Operating and Finance Leases

5a Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £8,441 (previous year: £8,002). No contingent rents were recognised.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 10 and 25 years. Future minimum lease income is set out below:

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals receivable				
No later than 1 year	8,050	-	8,425	-
Later than 1 year and no later than 5 years	6,850	-	14,200	-
Later than 5 years	3,792	-	4,492	-
	18,692	-	27,117	-

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	40,689	-	39,085	-
Accumulated depreciation and impairments at 1 April	(9,565)	-	(18,132)	-
Depreciation charge for the year	-	-	-	-
Impairments	-	-	8,566	-
	31,124	-	29,523	-

5b Operating Leases (Council as lessee)

The Council has acquired its office copiers by entering into operating leases with typical lives of 3 - 5 years. The Council has also acquired the use of certain facilities by entering into operating leases that are reviewed annually.

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

	2014/15		2013/14	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	65,478	6,743	75,285	7,064
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
	65,478	6,743	75,285	7,064

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

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	20,831	3,477	59,005	6,421
Later than 1 year and no later than 5 years	38,170	2,201	17,400	4,985
Later than 5 years	22,525	-	21,875	-
	81,526	5,678	98,280	11,406

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6a Staff Costs

	2014/15	2013/14
	£	£
Salaries and wages	4,936,189	4,824,067
Employers National Insurance	330,682	304,539
Employers pension costs	847,839	743,173
Total	6,114,710	5,871,779

The above excludes staff costs of £40,219 for employees of Strabane Local Strategy Partnership which are fully recoverable.

In addition, agency costs during the year amounted to £150,387 (2013/14 £106,036).

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.

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

	2014/15	2013/14
	FTE	FTE
Environmental services	112	102
Leisure services	69	72
Other	25	24
Total Number	206	198
	Actual Numbers	Actual Numbers
Full-time numbers employed	170	159
Part-time numbers employed	59	63
Total Number	229	222

6c Senior Employees' Remuneration

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

Since September 2011 Strabane District Council has used the services of an Interim Chief Executive who is not included above

Costs relating to his services are disclosed in Note 23.

6d Members' Allowances

During the year Members' allowances (paid under Part 3, Sections 31 to 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £251,538 (2013/14 £287,333) and are as follows:

	2014/15	2013/14
	£	£
Basic allowance	112,850	157,489
Chair and Vice Chair Allowance	14,640	14,546
Special Responsibility Allowances	20,819	20,688
Dependents' carers allowance	343	480
Statutory Transition Committee Allowances	3,600	14,815
Employer costs	24,407	38,404
Conferences and Courses	2,013	5,388
Subsistence	168	179
Travel Costs	22,815	33,438
Miscellaneous - Broadband	1,883	1,905
Severance Payments *	48,000	-
Total	251,538	287,333

* 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.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

6e Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£0 to £20,000	-	-	2	2	2	2	9,280	11,486
£20,001 to £40,000	-	-	-	1	-	1	-	31,940
£40,001 to £60,000	-	-	-	-	-	-	-	-
£60,001 to £80,000	1	-	-	-	1	-	66,474	-
£80,001 to £100,000	-	-	-	-	-	-	-	-
£100,001 to £150,000	-	-	-	-	-	-	-	-
Total	1	0	2	3	3	3	75,754	43,426

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

7 Other Operating (Income)/Expenditure

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

	2014/15	2013/14
	£	£
Proceeds from sale	(6,058)	(38,470)
Carrying amount of non-current assets sold (excl Investment Properties)	12,307	21,224
	6,249	(17,246)

7b Other Operating Income/Expenditure

	2014/15	2013/14
	£	£
Income	(17,632)	0
Expenditure	0	200,965
	(17,632)	200,965

Summary

Other Operating Gross Income	(17,632)	(17,246)
Other Operating Gross Expenditure	6,249	200,965

Summary of Other Operating (income)/expenditure:

	2014/15	2013/14
	£	£
Surplus/Deficit on Non-Current Assets	6,249	(17,246)
Other Operating Income/Expenditure	(17,632)	200,965
Total Other Operating (Income)/expenditure	(11,383)	183,719

8 Financing and Investment Income and Expenditure

8a Interest Payable and Similar Charges

	2014/15	2013/14
	£	£
Loan Interest	313,756	242,051
	313,756	242,051

8b Interest and Investment Income

	2014/15	2013/14
	£	£
Bank interest	(6,575)	(30,526)
<i>Investment income on Fund Balances</i>		
Depot Capital Fund	-	(12,559)
Repairs & Renewals Fund	-	(4,903)
Other investment income	(8,217)	(8,002)
	(14,792)	(55,990)

8c Pensions interest costs

	2014/15	2013/14
	£	£
Net interest on the net defined benefit liability (asset)	150,000	229,000
	150,000	229,000

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

	2014/15	2013/14
Income/Expenditure from Investment Properties:	£	£
Income including rental income	(1,800)	(1,800)
Net income from investment properties	(1,800)	(1,800)
	(1,800)	(1,800)

Summary

Financing and Investment Gross Income (16,592) (57,790)

Financing and Investment Gross Expenditure 463,756 471,051

Summary of Financing and Investment Income and Expenditure:

	2014/15	2013/14
	£	£
Interest Payable and Similar Charges	313,756	242,051
Interest and Investment Income	(14,792)	(55,990)
Pensions interest cost	150,000	229,000
Other investment income	(1,800)	(1,800)

Total Financing and Investment Income and Expenditure

447,164 413,261

	2014/15			2013/14		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	313,756	0	313,756	242,051	0	242,051
Interest and Investment Income	0	14,792	(14,792)	0	55,990	(55,990)
Pensions interest cost	150,000	0	150,000	229,000	0	229,000
Other investment income	0	1,800	(1,800)	0	1,800	(1,800)
	463,756	16,592	447,164	471,051	57,790	413,261

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

9 Taxation and Non-Specific Grant Income

9a Revenue Grants

	2014/15	2013/14
	£	£
De-rating & Rates Support	2,246,450	2,236,368
	2,246,450	2,236,368

9b Capital Grants and Donated Assets-Applied

	2014/15	2013/14
	£	£
Government & Other Grants-Conditions met and applied in year	1,096,728	488,791
	1,096,728	488,791

9d District Rates

	2014/15	2013/14
	£	£
Current year	8,479,609	8,075,954
Finalisation - previous year	423	590
Finalisation - estimated current year	9,800	158,500
	8,489,832	8,235,044

Summary of Taxation and Non-Specific Grant Income:

	2014/15	2013/14
	£	£
District Rates Income	8,489,832	8,235,044
Revenue Grants	2,246,450	2,236,368
Capital Grants and Contributions	1,096,728	488,791
Total Taxation and Non-Specific Grant Income	11,833,010	10,960,203

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10a Long-Term Assets Note - Current Year

	Property, Plant & Equipment (PP&E)										TOTAL
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties		
	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation											
At 1 April 2014	2,446,943	11,011,335	226,689	4,561,941	452,676	4,752,906	392,945	23,845,435	44,000	23,889,435	
Additions (Note 11)	17,500	4,966,045	6,975	482,103	183,000	166,354	-	5,821,977	-	5,821,977	
Revaluation increases to Revaluation Reserve	4,000	291,481	-	-	-	-	-	295,481	-	295,481	
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(31,920)	(2,803,704)	-	-	-	-	-	(2,835,624)	-	(2,835,624)	
Derecognition - Disposals	1,070,000	3,682,906	(5,000)	(516,414)	-	(4,752,906)	-	(521,414)	-	(521,414)	
Reclassifications & Transfers	3,506,523	17,148,063	228,664	4,527,630	635,676	166,354	392,945	26,605,855	44,000	26,649,855	
At 31 March 2015											
Depreciation and Impairment											
At 1 April 2014	-	438,492	226,689	3,726,850	-	-	-	4,394,031	-	4,394,031	
Depreciation Charge	-	677,155	1,395	341,221	-	-	-	1,019,771	-	1,019,771	
Derecognition - Disposals	-	-	(5,000)	(504,107)	-	-	-	(509,107)	-	(509,107)	
At 31 March 2015											
	-	1,115,647	223,084	3,565,964	-	-	-	4,904,695	-	4,904,695	
Net Book Value											
At 31 March 2015	3,506,523	16,032,416	5,580	961,666	635,676	166,354	392,945	21,701,160	44,000	21,745,160	
At 31 March 2014	2,446,943	10,572,843	-	833,091	452,676	4,752,906	392,945	19,451,404	44,000	19,495,404	

Valuations

The last valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land & Property Services. Please refer to note 1A(xix) for further information on revaluation and depreciation policies.

Investment properties were revalued at 31 March 2015 by an independent valuer from Land & Property Services.

In the period since 1 April 2013 there has been a general increase in property values. As a consequence Land & Property Services has advised Council to apply appropriate indices to the previous valuation. In 2014/15 the percentage increase varied from 0% to 8.4%. The total increase in value on property (other than Investment Properties) amounts to £731,677 in 2014/15, of which £440,196 was reversal of previous impairments charged to CIES. Please refer to Note 1A (xix) for further information on revaluations policy.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10b Long-Term Assets Note - Comparative Year

	Property, Plant & Equipment (PP&E)										Investment Properties	TOTAL
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E				
£	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation At 1 April 2013	2,190,910	11,601,448	228,689	4,157,934	368,943	1,534,302	343,881	20,424,107	44,000	20,468,107		
Additions (Note 11)	20,000	495,245	-	687,292	71,954	3,213,604	-	4,488,095	-	4,488,095		
Revaluation increases/decreases to Revaluation Reserve	308,885	(697,392)	-	-	-	-	-	(388,507)	-	(388,507)		
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(72,852)	(378,187)	-	-	-	5,000	53,055	(390,984)	-	(390,984)		
Derecognition - Disposals	-	(11,779)	-	(283,285)	-	-	(3,991)	(287,276)	-	(287,276)		
Reclassifications & Transfers	-	-	-	-	11,779	-	-	-	-	-		
At 31 March 2014	2,446,943	11,011,335	226,689	4,561,941	452,676	4,752,906	392,945	23,845,435	44,000	23,889,435		
Depreciation and Impairment												
At 1 April 2013	-	2,287,238	225,890	3,693,818	-	-	-	6,216,946	-	6,216,946		
Depreciation Charge	-	432,502	799	318,317	-	-	-	751,618	-	751,618		
Depreciation written out on Revaluation Reserve	-	(1,102,401)	-	-	-	-	-	(1,102,401)	-	(1,102,401)		
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(1,177,068)	-	-	-	-	-	(1,177,068)	-	(1,177,068)		
Derecognition - Disposals	-	-	-	(283,285)	-	-	-	(283,285)	-	(283,285)		
Reclassifications & Transfers	-	(11,779)	-	-	-	-	-	(11,779)	-	(11,779)		
At 31 March 2014	-	436,482	226,689	3,728,850	-	-	-	4,394,031	-	4,394,031		
Net Book Value												
At 31 March 2014	2,446,943	10,572,843	-	833,091	452,676	4,752,906	392,945	19,451,404	44,000	19,495,404		
At 31 March 2013	2,190,910	9,304,210	799	464,116	368,943	1,534,302	343,881	14,207,161	44,000	14,251,161		

Valuations
The last valuation of freehold and leasehold properties (other than Investment Properties) was carried out as at 1 April 2013 by an independent valuer from Land and Property Services. Please refer to note 1A(xix) for further information on revaluation and depreciation policies.

Investment properties
Investment Properties were revalued at 31 March 2014 by an independent valuer from Land and Property Services.

In the period since 1 April 2013 there has been a general increase in property values. As a consequence Land & Property Services has advised Council to apply appropriate indices to the previous valuation. In 2013/14 the percentage increase varied from 0% to 4%. The total increase in value on property (other than Investment Properties) amounts to £204,565 in 2013/14, of which £123,387 was reversal of previous impairments charged to CIES. Please refer to Note 1A (xix) for further information on revaluations policy.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Heritage Assets

10c

Cost or Valuation	Sculptures £	Art Collection £	Total Assets £
At 1 April 2013	693,214	115,269	808,483
Additions	85,000	-	85,000
Revaluation Increases/(Decreases) to Revaluation Reserve	161,786	-	161,786
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	(220,000)	(34,019)	(254,019)
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	-	(10,420)	(10,420)
At 31 March 2014	720,000	70,830	790,830
Cost or Valuation			
At 1 April 2014	720,000	70,830	790,830
Revaluation Increases to Revaluation Reserve	-	2,375	2,375
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	-	1,000	1,000
At 31 March 2015	720,000	74,205	794,205

Sculptures

Council's collection of sculptures is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are reviewed annually.

The sculptures collection has particularly significant items in terms of value and public visibility. The collection includes the sculptures funded through the HEART project which are located in five towns across the district, Where Dreams are Made and Myles After Myles sculptures which are located beside the Alley Theatre and Let the Dance Begin Sculpture which is located on the Lifford Road.

Art Collection

Council's art collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are reviewed on a regular basis.

The art collection includes the Dunbar Museum collection, the civic chain of office, an abstract painting by Felim Egan and several paintings and art pieces which are displayed throughout the main Council building.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10d Investment Properties

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

	2014/15	2013/14
	£	£
Rental income from investment property	1,800	1,800
Direct operating expenses arising from investment property	-	-
Net gain/(loss)	1,800	1,800

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

11 Capital Expenditure and Capital Financing

	2014/15	2013/14
	£	£
Opening Capital Financing Requirement	3,068,557	2,148,772
<i>Capital Investment</i>		
Property, Plant and Equipment and Heritage Assets	5,821,977	4,573,095
<i>Sources of Finance</i>		
Capital Receipts	-	(164,741)
Government Grants and Other Contributions	(1,096,728)	(488,791)
Transfers from Earmarked Reserves	(90,906)	(1,025,000)
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(1,434,343)	(1,894,563)
Minimum Revenue Provision	(121,636)	(80,215)
Closing Capital Financing Requirement	6,146,921	3,068,557

Explanation of Movements in Year		
Increase in underlying need to borrow	3,078,364	919,785
Increase in Capital Financing Requirement	3,078,364	919,785

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

12 Inventories

	2014/15	2013/14
	£	£
Central Stores	39,068	28,182
Other	48,175	52,702
Total	87,243	80,884

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

13 Debtors

	2014/15	2013/14
	£	£
Short Term Debtors		
*Government Departments	1,904,136	1,334,178
Value Added Tax	390,686	362,232
Prepayments	125,534	253,706
SLSP (Note 23)	10,963	11,293
Trade receivables	120,793	168,611
Impairment loss - Trade receivables	(20,620)	(89,811)
Total Short-Term Debtors	2,531,492	2,040,209
Total Debtors	2,531,492	2,040,209

The large increase in debtors relates to grants receivable in relation to capital and other projects.

There is uncertainty concerning a grant debtor of £851,774 in relation to a project largely funded by Central Government as a result of an outstanding issue. Whilst the ultimate outcome of the matter cannot be accurately determined at present, no provision has been made in the accounts on the basis that Council is confident that the dispute will be resolved.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

15a Short Term Borrowing

	2014/15	2013/14	2012/13
	£	£	£
Loans re-payable within one year	243,434	104,484	80,215
Total Short Term Borrowing	243,434	104,484	80,215

15b Long Term Borrowing

	2014/15	2013/14	2012/13
	£	£	£
Between 1 and 2 years	257,025	128,293	87,911
Between 2 and 5 years	859,486	448,620	308,505
Between 5 and 10 years	1,614,004	873,699	657,359
In more than 10 years	3,241,399	1,564,738	1,066,059
Government Loans Fund	5,971,914	3,015,350	2,119,834
Total Borrowing	6,215,348	3,119,834	2,200,049

Interest rates on Government Loans range between 2.96% and 16.25%.

16 Short Term Creditors

	2014/15	2013/14	2012/13
	£	£	£
Accruals	1,181,656	430,825	311,283
Remuneration due to employees	16,955	167,894	159,824
Accumulated Absences	114,110	108,596	128,438
Receipts in advance	146,408	299,708	296,120
Trade creditors	1,523,774	1,235,536	760,421
Loan Interest	58,664	41,444	40,121
Total Short Term Creditors	3,041,567	2,284,003	1,696,207

Payment of Invoices

Council has a target of paying invoices within 30 days.

During the year, Council paid 5,167 supplier invoices totalling £15,977,089.

The Council paid 4,620 invoices within the 30 day target (89% of total) (2013/14: 83% of total).

The Council paid 547 invoices outside of the 30 day target (11% of total) (2013/14: 17% of total).

This number of days is calculated from the invoice date until payment date.

The Minister at the Department of Finance and Personnel has reduced the target for the payment of invoices for central government departments to 10 days. This target is not mandatory for local government but Council endeavours to process invoices as quickly as possible and will keep its performance under review.

The Council paid 2,293 invoices within the 10 day target (44% of total) (2013/14: 34% of total).

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

17 Provisions

	At 1 April 2014	Increase in provision during year	Utilised during year	Unused amounts reversed	At 31 March 2015
	£	£	£	£	£
Other - Pay Equalisation	36,000	-	-	-	36,000
	36,000	-	-	-	36,000

Current Provisions	36,000	-	-	-	36,000
	36,000	-	-	-	36,000

Comparative Year

	At 1 April 2013	Increase in provision during year	Utilised during year	Unused amounts reversed	At 31 March 2014
	£	£	£	£	£
Other - Pay Equalisation	36,000	-	-	-	36,000
	36,000	-	-	-	36,000

Current Provisions	36,000	-	-	-	36,000
	36,000	-	-	-	36,000

This provision relates to the estimated cost to Council in relation to pay equalisation claims.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

18 Financial Instruments

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

Credit Risk

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

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

	£
Less than three months	£108,888
Three to six months	£4,100
Six months to one year	£2,822
More than one year	£4,983
	£120,793

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 15 to 17. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

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

Foreign exchange risk

The Council has a euro bank account (balance Euro 111,812) and amounts receivable in euro totaling Euro 80,861 at year-end. There is 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 that differ from the prevailing market rates. The fair value of these loans is £8,615,010, analysed as follows.

	£
Government Loans	8,615,010
Market Loans	-
Total	8,615,010

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

19 Retirement Benefits

19a 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.

19b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:

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

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

	2014/15	2013/14
	£	£
Net cost of services:		
Current service cost	1,034,000	1,010,000
Past service cost/(gain)	19,000	0
Gains and losses on settlements or curtailments	0	0
Net operating expenditure:		
Net Interest on net defined benefit Liability (asset)	150,000	229,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	1,203,000	1,239,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(1,203,000)	(1,239,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	883,000	791,000
Net charge to the Comprehensive Income and Expenditure Statement	(320,000)	(448,000)

The service cost figures include an allowance for administration expenses of £13,000.

Remeasurements recognised in Other Comprehensive Income and Expenditure

	2014/15	2013/14
Liability gains/(losses) due to change in assumptions	(3,291,000)	1,789,000
Liability experience gains/(losses) arising in the year	106,000	(1,168,000)
Actuarial gains/(losses) on plan assets	2,286,000	1,409,000
Other - (if applicable)		
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure	(899,000)	2,030,000

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2014/15	2013/14
	£	£
Balance as at 1 April	29,663,000	28,461,000
Current service cost	1,034,000	1,010,000
Interest cost	1,267,000	1,271,000
Contributions by members	281,000	248,000
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising on liabilities from experience	(106,000)	1,168,000
- Actuarial gains/losses arising from demographic changes	0	(1,040,000)
- Actuarial gains/losses arising from changes in financial assumptions	3,291,000	(749,000)
- Other (if applicable)		
Past service costs/(gains)	19,000	0
Losses/(gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Estimated unfunded benefits paid	(19,000)	(19,000)
Estimated benefits paid	(707,000)	(687,000)
Balance as at 31 March	34,723,000	29,663,000

Reconciliation of present value of the scheme assets:

	2014/15	2013/14
	£	£
Balance as at 1 April	25,760,000	22,976,000
Interest income	1,117,000	1,042,000
Contributions by members	281,000	248,000
Contributions by employer	864,000	772,000
Contributions in respect of unfunded benefits	19,000	19,000
Remeasurement gain/(loss)	2,286,000	1,409,000
Assets distributed on settlements	0	0
Unfunded benefits paid	(19,000)	(19,000)
Benefits paid	(707,000)	(687,000)
Balance as at 31 March	29,601,000	25,760,000

The actual return on scheme assets in the year was a gain of £3,403,000 (2013/14 gain of £2,451,000).

Fair Value of Plan Assets

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Equity investments	21,608,730	19,113,920	17,369,856
Bonds	3,611,322	3,091,200	2,619,264
Property	3,729,726	2,885,120	1,769,152
Cash	592,020	669,760	1,079,872
Other	59,202	0	137,856
	29,601,000	25,760,000	22,976,000

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

The Fund Manager states that the bid value of assets for the fund as a whole as at 31 December 2014 were provided by the Administering Authority.

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

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

	31/03/2015	31/03/2014	31/03/2013
	£	£	£
Fair Value of Employer Assets	29,601,000	25,760,000	22,976,000
Present value of funded defined benefit obligation	(34,382,000)	(29,334,000)	(28,103,000)
Pension asset/(liability) of Funded Scheme	(4,781,000)	(3,574,000)	(5,127,000)
Present Value of unfunded defined benefit obligation	(341,000)	(329,000)	(358,000)
Other movement in the liability (asset) (if applicable)	0	0	0
Net asset/(liability) arising from the defined benefit obligation	(5,122,000)	(3,903,000)	(5,485,000)
<i>Amount in the Balance sheet:</i>			
Liabilities	(34,723,000)	(29,663,000)	(28,461,000)
Assets	29,601,000	25,760,000	22,976,000
Net Asset/(Liability)	(5,122,000)	(3,903,000)	(5,485,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £34.723 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £5.122 million.

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

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2016

	31/03/2016	31/03/2016
	£	%
Projected current cost	1,118,000	25.6%
Net Interest on the net defined benefit liability (asset)	150,000	3.4%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	1,268,000	29.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2016 is £874,000.

History of experience gains and losses

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

	31/03/2015	31/03/2014	RESTATED 31/03/2013
	%	%	%
Experience gains and (losses) on Assets	7.7%	5.5%	10.7%
Experience gains and (losses) on Liabilities	9.5%	6.0%	10.3%

19d

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.

	2014/15	2013/14
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.2 years	22.1 years
Women	24.7 years	24.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4 years	24.3 years
Women	27 years	26.9 years
Inflation/Pension Increase Rate	1.80%	2.40%
Salary Increase Rate	3.30%**	3.90%*
Discount Rate	3.20%	4.30%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

** Salary increases were assumed to be 1% p.a until 31 March 2016, reverting to the long term assumption shown thereafter.

* Allowance is made for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2013

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2015 and the projected service cost for the year ending 31 March 2016 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	33.732	35.044
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	1.084	1.153
Approximate % change in projected service cost	-3.10%	3.10%
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	34.637	34.130
% change in the present value of the total obligation	0.70%	-0.70%
Projected service cost	1.118	1.118
Approximate % change in projected service cost	0.00%	0.00%
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	34.836	33.934
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost	1.153	1.084
Approximate % change in projected service cost	3.10%	-3.10%
Post Retirement Mortality Assumption		
Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation	35.309	33.454
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost	1.156	1.080
Approximate % change in projected service cost	3.40%	-3.40%

* 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.

Major categories of plan assets as percentage of total plan assets

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

	31/03/2015	31/03/2014	31/03/2013
	%	%	%
Equity investments	73.0	74.2	75.6
Government Bonds	5.7	5.9	10.9
Corporate Bonds	6.5	6.1	0.5
Property	12.6	11.2	7.7
Cash	2.0	2.6	4.7
Other*	0.2	0.0	0.6
	100.0	100.0	100.0

* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

**20a Analysis of Adjustments to Surplus/Deficit
on the Provision of Services**

	2014/15	2013/14
	£	£
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	1,019,771	739,839
Impairment & downward revaluations	2,835,624	(532,065)
(Increase)/Decrease in Stock	(6,359)	(8,730)
(Increase)/Decrease in Debtors	(364,956)	(618,901)
Increase/(Decrease) in Creditors	400,505	(10,515)
Increase/(Decrease) in Interest Creditors	17,220	1,323
Payments to NILGOSC	313,764	447,542
Carrying amount of non-current assets sold	12,307	21,224
	<u>4,227,876</u>	<u>39,717</u>

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

Proceeds from the sale of PP&E, investment property and heritage assets	(6,058)	(38,470)
Capital grants included in "Taxation & non-specific grant income"	(1,096,728)	(488,791)
	<u>(1,102,786)</u>	<u>(527,261)</u>

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

20b Cash and Cash Equivalents

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

	31/03/2015 £	31/03/2014 £	31/03/2013 £
Cash and Bank balances	860,012	488,919	500,879
Short Term Investments (considered to be Cash Equivalents)	1,600,745	2,397,849	500,000
	<u>2,460,757</u>	<u>2,886,768</u>	<u>1,000,879</u>

20c Cash Flow Statement-Operating Activities

The cash flows from operating activities include:

	2014/15 £	2013/14 £
Interest received	<u>6,575</u>	<u>47,988</u>
Interest paid	<u>296,536</u>	<u>240,728</u>

20d Cash flows from Investing Activities

	2014/15 £	2013/14 £
Purchase of PP&E, investment property and heritage assets	5,482,138	3,891,107
Proceeds from the sale of PP&E, investment property and heritage assets	(1,058)	(42,470)
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	(3,486,315)
Capital Grants and Contributions Received	(975,401)	(328,219)
Net Cash flows from Investing Activities	<u>4,505,679</u>	<u>34,103</u>

20e Cash flows from Financing Activities

	2014/15 £	2013/14 £
Cash Receipts from Short and Long Term Borrowing	3,200,000	1,000,000
Repayment of Short and Long Term Borrowing	(104,485)	(80,215)
Net Cash flows from Financing Activities	<u>3,095,515</u>	<u>919,785</u>

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

21a Analysis of Movement on Reserves - Current Year

	USABLE RESERVES					UNUSABLE RESERVES					TOTAL AUTHORITY RESERVES	
	Capital Receipts Reserve	Depot Capital Repairs Fund	Renewal & Capital Repairs Fund	Other General Fund Reserves (Election Reserve)	TOTAL USABLE RESERVES	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve		Accumulated Absences Account
	£ 22a	£ 22b	£ 22c	£ 22d	£ 22e	£ 22f	£ 22g	£ 22h	£ 22i	£ 22j	£ 22k	£
At 1 April 2014	307,187	90,906	784,145	28,000	1,554,929	15,516,112	-	1,701,565	-	(3,903,000)	(108,598)	13,266,081
Movements during the year:												
Applied Capital Grants				(1,098,728)	(1,098,728)	1,098,728						1,098,728
Direct Revenue Financing				(1,434,343)	(1,434,343)	1,434,343						1,434,343
Depreciation & Impairment adjustment				3,854,394	3,854,394	(3,854,394)						(3,854,394)
Statutory Provision for financing Capital Investment				(121,636)	(121,636)	121,636						121,636
Surplus/(Deficit) on the Provision of Services				(2,140,937)	(2,140,937)	(2,140,937)						(2,140,937)
Net movements on Pension Reserve				320,000	320,000					(320,000)		(320,000)
Disposal of Fixed Assets/Capital Sales	6,058			6,249	6,249	(12,307)						(12,307)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements				5,514	5,514						(5,514)	(5,514)
Revaluation & Impairment				(5,235)	(5,235)	273,161		297,655		(899,000)		(601,144)
Other Movements								(273,161)				(5,235)
Transfers between Depot Capital Fund & CAA to finance capital expenditure		(90,906)				90,908						90,906
Total movements on reserves during the year (Change in Net Worth)	6,058	(90,906)		(612,722)	(897,570)	(849,927)		24,895		(1,219,000)	(5,514)	(2,049,746)
At 31 March 2015	313,255		784,145	28,000	942,207	14,666,185		1,726,260		(5,122,000)	(114,110)	13,203,942

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

11b Analysis of Movement on Reserves - Comparative Year

	USABLE RESERVES				UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES
	Capital Receipts Reserve	Depot Capital Fund Repairs Fund	Other Balances and Reserves (e.g. Election Reserve)	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Accumulated Absences Account	
	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2013	433,468	1,103,347	759,242	1,943,981	4,254,038	12,034,827	891,504	22h	22i	(5,485,000)	(128,438)	7,312,893
Movements during the year:												
Applied Capital Grants				(488,791)	(488,791)	488,791		22g	22j			488,791
Direct Revenue Financing				(1,894,563)	(1,894,563)	1,894,563						1,894,563
Depreciation & Impairment adjustment				207,774	207,774	(207,774)						(207,774)
Loan principal repayments				(80,215)	(80,215)	80,215						80,215
Surplus/(Deficit) on the Provision of Services				1,487,751	1,487,751							1,487,751
Transfers between Statutory and Other Reserves and the General Fund		12,359	4,903	(31,482)	-					(448,000)		-
Net movements on Pension Reserve				448,000	448,000							(448,000)
Disposal of Fixed Assets/Capital Sales	38,470			(17,246)	21,224	(21,224)						(21,224)
Capital Receipts used to finance capital expenditure	(184,741)				(184,741)	184,741						184,741
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements				(19,842)	(19,842)						19,842	19,842
Revaluation & Impairment				(459)	(459)			887,234		2,030,000		2,897,234
Other Movements					(459)	57,173		(57,173)				(459)
Transfers between Depot Capital Fund & CAA to finance capital expenditure		(1,025,000)			(1,025,000)	1,025,000						1,025,000
Total movements on reserves during the year (Change in Net Worth)	(126,271)	(1,012,441)	4,903	(389,052)	(1,508,861)	3,481,485		810,061		1,582,000	19,842	5,893,386
At 31 March 2014	307,197	90,906	784,145	1,554,829	2,745,177	15,516,112		1,701,565		(3,903,000)	(108,596)	13,206,081
												4,384,327
												15,951,258

STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
Usable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

22a 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).

22b Depot Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972. However this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

The fund continues to be operated by Council under section 9 of the Local Government Finance Act (Northern Ireland) 2011 and was used to finance the development of a waste transfer and recycling facility.

22c Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972. However this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011.

The fund continues to be operated by Council under section 9 of the Local Government Finance Act (Northern Ireland) 2011. The funds therein are earmarked for the development of recreational facilities as follows:

	£
Synthetic Pitch Design and Development	434,800
Play Area Development and Equipment	329,345
Total	764,145

22d Other Balances & Reserves (Election Reserve)

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

22e 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.

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

22f 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.

22g Financial Instruments Adjustment Account

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

22h 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 Heritage 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) 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.

22i Available-for-Sale Financial Instruments Adjustment Reserve

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

22j Pension Reserve

Refer to note 19.

22k Accumulated Absences Account

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

**STRABANE DISTRICT COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

23 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 Transactions 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 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.

Strabane Local Strategy Partnership (SLSP)

Council is represented by 7 Councillors and the Interim Clerk and Chief Executive (Company Secretary) on the Strabane Local Strategy Partnership Board. The Board's staff work from offices in the Council Offices building and Council provided Finance, IT, and Personnel services for the Board.

Council was reimbursed £44,617.61 for the year 2014/2015 (£45,462.79 for 2013/2014). The Company owed Council £10,962.99 as at 31 March 2015 (£11,292.57 as at 31 March 2014) in respect of administrative and other costs (Note 13).

Strabane Local Strategy Partnership (SLSP) Neighbourhood Renewal Partnership Board

Council is represented by 3 Councillors on the SLSP Neighbourhood Renewal Partnership Board. Council funds 20% of the Neighbourhood Renewal Co-Ordinators Salary. In the year 2014/2015 this amounted to £6,314 (£6,071 for 2013/2014).

Strabane 2000

Council is represented by 6 Councillors and the Interim Clerk and Chief Executive (Company Secretary) on the Board of Strabane 2000. Council paid £1,266 on behalf of Strabane 2000 in the year 2014/2015. (£1,603 for 2013/2014).

Strabane & District Citizens Advice Bureau

Council is represented by 4 Councillors on the Board of Strabane & District Citizens Advice Bureau. Council paid £159,126 to the Bureau in the year 2014/2015 (£173,153 for 2013/2014).

Newtownstewart Leisure Complex Ltd

Council funded the operations of the Company with grant aid and other payments of £37,675 in the year 2014/2015 (£37,585 for 2013/2014).

Department of the Environment

Council receives an annual operating grant from the Department of the Environment. See note 9) for further details of the current year and prior year funding.

National Association of Councillors

Council is represented by 5 Councillors on the Committee of National Association of Councillors. Council paid £1,120 to the Company in the year 2014/2015 (£1,080 for 2013/2014).

Western Group Environmental Health Committee

Council is represented by 2 Councillors and the Interim Clerk and Chief Executive on the Board of Western Group Environmental Health Committee. Council paid £56,872 group fees to Omagh District Council in the year 2014/2015 (£54,478 for 2013/2014)

Western Group Building Control Committee

Council is represented by 2 Councillors and the Interim Clerk and Chief Executive on the Board of Western Group Building Control Committee. Council paid £21,624 group fees to Omagh District Council in the year 2014/2015 (£20,855 for 2013/2014).

Northern Ireland Local Government Association

Council is represented by 4 Councillors on the Board of Northern Ireland Local Government Association. Council paid £7,622 to the Company in the year 2014/2015 (£7,795 for 2013/2014).

Peace III

Council participates in North West Peace III Joint Committee. Under this arrangement Peace III and INTERREG IVA funding is available from the Special EU Programmes Body. The Council is part of this Joint Committee with Derry City Council and Omagh District Council. Derry City Council acts as the Administrative Council with responsibility for all financial and administrative matters.

Derry City Council administers the payments and income for the Joint Committee but these transactions are not reflected in Derry City Council's accounts. Instead they are reflected in North West Peace III Joint Committee's statement of accounts for the year ended 31 March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a local government auditor. Council is represented by 4 Councillors and the Interim Clerk & Chief Executive on the Board of NW Peace III Joint Committee. Council paid ENIL programme costs in the year 2014/2015 (£1,707 for 2013/2014), which were recoverable in full.

Rural Development Programme

ARC North West Joint Committee is the delivery mechanism for the Northern Ireland Rural Development Programme (NIRDP) 2007-2013. It comprises the Council areas of Derry City Council, Limavady Borough Council, Omagh District Council and Strabane District Council. 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 North West Joint Committee's statement of accounts for the year ended 31 March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a local government auditor. Council is represented by 4 Councillors and the Interim Clerk & Chief Executive on the Board of ARC North West Rural Development. Council paid ENil programme costs in the year 2014/2015 (£15,907.73 for 2013/2014).

North West Region Waste Management Group (NWRWMG)

Council is a member of the NWRWMG Joint Committee which is established for the purposes of managing waste. During the year Council advanced £25,537 (£25,300 for 2013/2014) towards funding the expenditure of the Joint Committee.

The Joint Committee 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 for the year was £211,866 (£455,601 for 2013/2014).

Derry City Council acts as the Administrative Council with responsibility for all financial and administrative matters.

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

Council is represented by 2 Councillors, the Interim Clerk & Chief Executive and the Chief Technical Officer on the Board of North West Region Waste Management Group (NWRWMG).

Job Directions Programme (Able to Work Project)

Council paid £12,450 in the year 2014/2015 (£12,260 for 2013/2014) to Job Directions Ltd (formerly Strabane & District Community Work Programme) to fund the 'Able to Work' project.

North West Volunteer Centre

Council funded the operations of the Company with a payment of £11,539 in the year 2014/2015 (£9,167 for 2013/2014).

Local Government Partnership on Traveller Issues

Council is represented by 2 Councillors on the Board of Local Government Partnership on Traveller Issues. Council paid £250 to this body in the year 2014/2015 (£250 for 2013/2014).

Chief Executive

The Chief Executive for Omagh DC, Mr Daniel McSorley, also undertakes Chief Executive duties in Strabane District Council on an interim basis. Mr McSorley is remunerated through the payroll of Omagh District Council and Strabane District Council are invoiced to reimburse their portion of the charge. During the 2014/2015 year, salary and associated charges amounted to £141,142 (£76,711 for 2013/2014). Of this amount, £85,917.73 was outstanding as at 31 March 2015 (£26,177.34 as at 31 March 2014).

Statutory Transition Committee

As stipulated in The Local Government (Statutory Transition Committee) Regulations (NI) 2013, the key responsibility of the Statutory Transition Committee is to drive convergence between merging Councils and to commence the preparatory work for the new successor Councils in advance of the shadow period. The Statutory Transition Committee is intended to help ensure that the transition from 26 to 11 Councils is as seamless as possible, that service delivery is maintained and that the new Councils are in a position to discharge their new functions and deliver on the vision for their district.

There are 8 Councillors from Strabane District Council on the Statutory Transition Committee for the new Derry/Strabane Council which operated from 1 April 2014 to 19 June 2014.

The Statutory Transition Committee has had the use of meeting facilities in both Councils, and Office Space for the Change Manager, all of which has been provided at 'Nil' cost by the member Councils.

Gross Costs, prior to funding, incurred by the Statutory Transition Committee in the year ended 31 March 2015 amounted to £352,327 (£129,492 for 2013/2014).

Funding received in respect of same in the year ended 31 March 2015 amounted to £28,247 (£116,640 for 2013/2014). Hence net costs attributed to the Statutory Transition Committee in the year ended 31 March 2015 were £324,080 (£12,852 for 2013/2014).

Strabane District Council's portion of net costs incurred by the Statutory Transition Committee in the year to 31st March 2015 amounted to £162,040 (£6,426 for 2013/2014).

Shadow Council

As stipulated in the Local Government Act (Northern Ireland) 2014, the key responsibility of the Shadow Council is to drive convergence between merging Councils and to continue the preparatory work for the new Councils in the shadow period. The Shadow Council, which operated from 26 May 2014 to 31 March 2015, has to ensure that the transition to 11 Councils is as seamless as possible, that service delivery is maintained and that the new Councils are in a position to discharge their new functions and deliver on the vision for their district.

Gross Revenue Costs, prior to funding, incurred by the Shadow Council in the year ended 31 March 2015 amounted to £1,123,478 (£nil for 2013/2014).

Funding received in respect of same in the year ended 31 March 2015 amounted to £585,135 (£nil for 2013/2014). Hence net costs attributed to the Shadow Council in the year ended 31 March 2015 were £538,343 (£nil for 2013/2014).

Strabane District Council's portion of net costs incurred by the Shadow Council in the year to 31st March 2015 amounted to £145,353 (£nil for 2013/2014).

Strabane Town Forum

The purpose of the Strabane Town Forum is "To encourage and promote the development of Strabane Town as an attractive, positive shopping experience, and as an effective shopper, visitor and service area".

Council is represented by 7 Councillors, plus the Chair and Vice-Chair of the Council (Ex-officio) on the Board of Strabane Town forum.

Council contributed £24,498 to the costs of Strabane Town Forum in the 2014/2015 year (£19,158 for 2013/2014).

There was Councillor/Officer involvement with the following bodies during 2014/2015, however no financial assistance was provided to any of those hereto listed:

CAWT Cross Border Community Awareness Programme

NW Partnership Board

North West Region Cross Border Group

Strabane & District Sports Forum

National Autistic Society West NI

Newtownstewart & District Community Development Association

NILGA/SOLACE Improvement, Collaboration & Efficiency (ICE)

Regional Governance Group

AGE NI: North west Ageing Well Together

Northern Ireland Housing Council

Rail Links in the North West

Strabane Youth Association

Western Area Child Care Partnership

Somme Association Advisory Committee

River Links Programme (Steering Committee)

APSE Northern Ireland

Forum for Local Government & the Arts

STRABANE DISTRICT COUNCIL
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Accounts Authorised for Issue

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains amendments which are not material from the Accounts approved on 29 June 2015 is at today's date hereby authorised for issue.

IAS 10 sets out

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

Signed _____


Chief Financial Officer

Date _____

26/10/15

