

DERRY CITY COUNCIL
COMHAIRLE CATHRACH DHOIRE
DERRY CITTIE COONCIL

FINANCIAL STATEMENTS



FOR THE YEAR ENDED
31 MARCH 2015

**DERRY CITY COUNCIL
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FOR THE YEAR ENDED 31 MARCH 2015**

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Explanatory Foreword

Introduction

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

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Department of the Environment Accounts Direction, Circular LG 12/15 dated 31st March 2015. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council.

This Statement of Accounts explains Derry City 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.

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

The purpose of the Explanatory Forward is to make the financial statements understandable to as wide an audience as possible. Consequently, non-technical language should be used in the main and care should be taken not to overwhelm the user with too much detail or to obscure the real meaning of the financial statements.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Derry City Council owns 100% of the shares in City of Derry Airport (Operations) Limited, which commenced trading on 1st April 2010, and accordingly Council is required to prepare Group Financial Statements incorporating the Airport. Derry City Council continues to provide support to CODA (Operations) Limited to ensure it meets its day to day working and fixed capital requirements. Derry City Council has confirmed that this support will continue for a period of at least 12 months from the date of signing the group financial statements, and as such, the Council consider it appropriate to prepare the group financial statements on the going concern basis. The group financial statements do not include any adjustments that would result from a withdrawal of the support outlined. The external auditors of CODA (Operations) Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2015 drawing attention to this issue.

Council has also set up Culture Company 2013 to act as the Council's agent in delivering the UK City of Culture 2013. It is a company limited by guarantee not having a share capital but Council is deemed to have effective control of the Company and its results are also now included in the Group Financial Statements. On 9th September 2013 the company took the decision to cease trading, effective from 31 March 2014. The external auditors of Culture Company 2013 Limited have prepared cessation accounts for the period ended 31 January 2015.

The Movement in Reserves Statement

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

The Comprehensive Income and Expenditure Statement

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

The Balance Sheet

The Balance Sheet, as set out on page 23 shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement, as set out on Page 24 shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Financial Report

For the year ended 31 March 2015 the Council increased its General Fund reserve by £10,254 to £2,581,152. The Council's budget of £39,413,500 was supplemented by £461,000 for finalisation payment of district rates and an increase in General Grant of £36,792. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £47,626,239 and includes allocations of £1,074,000 to the Economic Development Fund, £130,000 to Repairs and Renewals and £374,810 to fund capital expenditure.

Included within Other Operating Expenditure during 2014/2015 was a movement of £3,462,958 in the Reorganisation Provision to pay for costs associated with the implementation of Single Status.

Expenditure on capital projects during the year amounted to £18,795,345. The breakdown of this expenditure is shown in Note 13 (Fixed Assets Schedules) to the Financial Statements. The major items of expenditure, including work in progress, were as follows:-

	£
City Cemetery	927,803
Brandywell Stadium	130,044
City of Derry Airport	1,973,398
Greenways	1,066,745
Vehicles & Equipment	671,949
Foyle Arena	9,142,188
Parks/Play Areas Development	327,599
Heroes of the Great Siege Museum	2,089,413
St. Columb's Park Public Realm	437,252
Brooke Park Restoration	468,251
Community Centres	1,055,059

Grants to the value of £5,266,256 were received/or were receivable to partly fund the capital expenditure. A number of disposals took place that raised £93,118 in cash.

The Council can finance Capital Expenditure using:

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

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

The total amount outstanding on Government Loans as at 31st March 2015 was £46,516,555. Advances of £16,664,315 were taken up during the year. The cost of servicing these long-term loans during the year was £3,589,140.

Pension Liability

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

As at 31st March 2015 the actuary estimates that £24,177,000 is Derry City Council's share of the Net Pension Liability, which in accordance with IAS 19 has been allowed for in the Balance Sheet. Council also has a liability for pension payments for 1 former Gas Works Employee, which stood at £75,018 as at 31 March 2015.

Self Insurance

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

Post Balance Sheet Events

From 1st April 2015, Derry City 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 Council and Strabane District Council into one new body constituted under the framework established by the Local Government Act (Northern Ireland) 2014.

In line with regulation 11 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014, the new council has designated 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 and 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.

DERRY CITY COUNCIL ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

In discharging this overall responsibility, Derry City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Derry City Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Derry City Council for the year ending 31st March 2015. From the 1st April 2015 to the date of approval of the financial statements, the Governance Arrangements are those of the new Council – Derry and Strabane District Council.

The governance framework

Describe the key elements of the systems and processes that comprise the Council's governance arrangements

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

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

In developing a Corporate Plan for the new Council, 6 engagement sessions were held in July and September 2014 which involved new council elected Members, the Transition Management Team and senior staff from transferring functions. Approximately 260 staff from across the two current organisations at all grades and transferring functions and Local and Regional Unions representatives attended these sessions.

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

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

The Council's focus during 2014/2015 was to prepare for transition on the 1st April 2015. Arising out of the Corporate Planning/ engagement process the new Council has identified the following mission:

"Deliver improved social, economic and environmental outcomes for everyone."

Our corporate objectives are to:

1. Grow our business and facilitate cultural development.
2. Protect our environment and deliver physical regeneration.
3. Promote healthy communities.
4. Provide effective and facilitative cross functional support services.

- **measuring the quality of services for users 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.**

During the 2014/15 shadow year, the Council reviewed (and updated as necessary) its Customer Service Charter which sets the standards of customer service the public can expect when contacting the Council. There is also a procedure in relation to making comments, compliments or complaints. Software was also procured to facilitate the management of customer feedback.

Service delivery standards were also reviewed in the context of transition and work is ongoing in establishing new baselines and monitoring arrangements.

A Citizen Engagement campaign was approved by Committee in December 2014 the objectives of which were to:

- Communicate key pieces of information on the new organisation to citizens in Strabane and Derry;
- Generate awareness and interest amongst stakeholders, participants and the media in Derry and Strabane District Council;
- Promote key messages on community planning, citizen services, new council structure and brand; and
- Roll out Citizen Road show to visit key events and locations.

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

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

A Code of Governance was developed for the Council for the year 2014/2015, based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework'.

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

Job descriptions and job specifications are in place for all Council positions including all Senior Manager roles, which clearly define and document the roles and responsibilities of senior officers. Organisation Charts are in place in each Department, showing clear delegation arrangements. Regular senior Management team meetings take place on a weekly basis and each department has their own arrangements in place for effective communication including departmental meetings and staff briefings.

The new Code of Conduct for Local Government Employees was issued in November 2014 and came into effect for all staff from 1st April 2015. Council are currently embarking on a training programme to ensure that all staff are aware of their responsibilities in relation to the Code of Conduct.

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

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

The Code of Conduct for Local government is written into Employee contracts. The new Code of Conduct for Local Government Employees was issued in November 2014 and came into effect for all staff from 1st April 2015. Council are currently embarking on a training programme to ensure that all staff are aware of their responsibilities in relation to the Code of Conduct.

- **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.**

Standing Orders, Financial Procedures and a Scheme of Delegation have been prepared for Derry and Strabane District Council.

A Constitution is also in the process of being developed.

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

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

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

- A process whereby Heads of Services and Strategic Directors sign Annual Assurance Statements.
- Embedding Risk Management.
- Review and update of the Code of Governance.

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

Derry City Council's Risk Management Strategy was initially approved by the Policy and Resources Committee in March 2007 and was reviewed, updated and approved by the Audit Committee in April 2009. In accordance with best practice guidelines, Internal Audit & Risk Services reviewed and updated the Policy in September 2010 and again in December 2013. The most recent updated Policy for Derry City Council was approved by the Audit Committee in January 2014. The Risk Management Strategy forms part of Derry City Council's internal control and corporate governance framework. It has been developed to provide clarity and direction on current and future risk management activity across the Council to ensure a consistent approach is taken to risks, which may have an adverse impact on the Council's ability to achieve its strategic aims and objectives.

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

A new Risk Management Strategy was developed during 2014/2015 for the new Derry and Strabane District Council. This Strategy was approved by Committee in January 2015.

A comprehensive database for managing identified risks across all services is maintained by the Insurance & Risk Manager (GRACE Governance Solutions Software). Regular meetings are held with Service Managers, Heads of Service and Strategic Directors to assess the progress made in treating risks and to ascertain if new risks have been identified. The following risk management reports are presented to the Corporate Management Team and Audit Committee bi-monthly:

- Tolerated Risks;
- Council's Corporate Risk Register;
- Risks where residual scores have increased during the quarter.
- Risks where residual scores have decreased during the quarter.
- New risks identified during the quarter.

Risk Registers are in place for all Service Areas within the Council and are reviewed on a continuous basis by the Insurance and Risk Manager. A rolling programme is in place to ensure that each service area is reviewed at least once annually. However high risk areas are reviewed more frequently e.g. monthly / quarterly.

The Corporate Risk Register is reviewed and updated by the Strategic Directors quarterly.

A number of Working Groups were set up during 2014/2015 to ensure a smooth transition took place on 1st April 2015. Risk Registers were developed for each of these Working Groups and reviewed and updated monthly. Risk Registers were reviewed by the Transition Management Team Fortnightly and by the Governance Committee monthly.

All risks identified as part of this process have been transferred over on to the Risk Management System and included as either part of the new Corporate Risk Register or individual Service Risk Registers.

Every risk within the Council's Risk Management System has been allocated to a Service Manager, Head of Service/ Lead Officer, Strategic Director or Chief Executive.

Since 2006 training has been provided to senior managers by the Insurance & Risk Manager continuously on a one-to-one basis, as risk registers are being reviewed and updated.

Derry City Council (and Derry and Strabane District Council) has agreed a risk appetite of '10', meaning all risks within the Risk Management System scoring '10' or above must have an action plan which should further mitigate the risk. If an action plan is not in place, the risk is classified as being tolerated. All tolerated risks are reported to the Corporate Management Team and Audit Committee quarterly.

Risk Management is embedded across all activities of Derry City Council; however it is important to note that risk management is a continuous evolving process, which is monitored closely by the Insurance & Risk Manager, the Internal Audit Manager and the Lead Assurance Officer.

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

Derry City Council's Audit Committee has been in operation since 2004. The Audit Committee became a Standing Committee of Council during 2012/2013 and now meets bi-monthly. Ten elected members and one independent advisor sit on the Audit Committee. All meetings are attended by the Chief Executive, the Strategic Directors, the Lead Assurance Officer and the Internal Audit Manager. A representative from Local Government Audit is invited to attend all meetings.

The following meetings took place during 2014/2015:

- 25th June 2014;
- 22nd September 2014;
- 24th November 2014;
- 26th January 2015; and
- 23rd March 2015.

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

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

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

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

Managers are aware of the responsibility for ensuring:

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

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

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

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

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

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

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

The Members' Services function in the Council is responsible for identifying the development needs of members in relation to their strategic roles and subsequently organising appropriate training. Derry City Council achieved the Charter for Elected Member Development during 2014/2015. In addition to this, the Charter was also obtained for the new Derry and Strabane District Council.

There is a considered approach to training as training needs are identified by senior officers in relation to their strategic role.

Further, there is a target to have Personal Development Plans in place for all employees. This process is currently ongoing. As part of the 2014/15 corporate objectives a performance appraisal process continued to be introduced for all employees of Council linked to the Local Government competency framework. This will provide a platform from which performance appraisal can be developed for the new Council going forward.

The Council has achieved Investors in People in some of its Departments and looks to ensure that Indicators within the Framework are implemented across the Council with consideration being given to Investors in People as an accredited standard going forward.

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

To facilitate clear channels of communication with all sections of the community and other stakeholders the Council utilised the following approaches / mechanisms in 2014/15:

- Council Newsletter – A Citizen's Guide – issued to all households.
- Community Information Events.
- Community Planning Sessions.
- Consumer Campaign 2015.
- Corporate Plan.
- Website and social media engagement
- Equality forum and consultation list
- Elected members
- Council and Committee meetings – open meetings
- Database development for community services and business and cultural organisations.
- Specialist interest database for events and initiatives.
- Service / issue specific engagement including Strategy Board (regeneration), Civic Alcohol Forum.
- Media database for local, regional and ROI media.
- Regular e-zine programme of information for database groupings.
- Improved access to committee meeting agenda, reports and minutes via website and 'app' service

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness within Derry City Council has been informed by a governance review completed by the Lead Assurance Officer; the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment; the Internal Audit Manager's annual report and also by comments made by the external auditors.

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

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

- **the Members;**

A Committee Structure was in place within Derry City Council during 2014/2015 consisting of the following:

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

In addition to this the following Committees were in place for the Shadow Council during 2014/2015:

- Governance & Strategic Planning Committee
- Planning Committee
- Services Committee
- Resources Committee

- **the senior officers;**

Strategic Directors & Heads of Services completed an Annual Assurance Statement for 2014/2015 for their Directorate/Service Area. In signing the Assurance Statements, opinions were informed by the following:

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

A number of significant control issues were identified in the Assurance Statements as needing improvement; however action plans have been developed to address the issues during 2015/2016.

- **the Audit Committee / Overview and Scrutiny Committees / Risk Management Committee;**

Derry City Council's Audit Committee has been operating since 2004. The Audit Committee became a Standing Committee of Council during 2012/2013 and now meets bi-monthly. Ten elected members and one independent advisor sit on the Audit Committee. All meetings are attended by the Town Clerk & Chief Executive, the Strategic Directors, the Head of Corporate Governance & Legal Services and the Internal Audit Manager. A representative from Local Government Audit is invited to attend all meetings.

The following meetings took place during 2014/2015:

- 25th June 2014;
- 22nd September 2014;
- 24th November 2014;
- 26th January 2015; and
- 23rd March 2015.

- **Internal Audit, and;**

In preparing the overall audit opinion the Internal Audit Manager reviewed all audit and risk activity carried out in the period April 2014 to March 2015. The general level of control remains at satisfactory; however Internal Audit's work during 2014/2015 resulted in a Limited assurance rating being provided in relation to Property Management. Internal Audit's recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales. This audit will be reviewed again in 2015/2016 with a view to hopefully being able to increase the assurance rating. The remaining Council audits completed during 2014/2015 received either a satisfactory or substantial level of assurance and recommendations were made during these audits to strengthen the internal controls already in place. In addition to this, there are a number of critical and high scoring strategic risks facing the Council at 31st March 2015 however these are being continuously monitored and reviewed by Council's Senior Management Team. The Annual Audit Plan for 2014-15 was not delivered in full but was reprioritised to ensure that assurance was provided on the high risk priorities within the council. All changes to the audit plan were approved by the Audit Committee.

During 2014 / 2015 the Internal Audit team spent a considerable amount of time providing assurance on non planned audit work. The assurance work associated with the delivery of the City of Culture Programme in 2013 was unprecedented and the amount of time spent in providing this assurance far exceeded the planned expectations anticipated at the commencement of the project. Additionally independent assurance work on the Corporate Single Status Project was requested to be carried out by Senior Management. Furthermore, the Internal Audit team was also responsible for carrying out assurance work on the Local Government Reform Project on behalf of the 'Governance and Strategic Planning Committee' of the Shadow Council. Finally, 2014 / 2015 saw the commencement of two significant investigations which have required significant Internal Audit time and resources to date.

- other explicit review/assurance mechanisms.

Risk Management

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

External Funding

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

Local Government Audit

Work carried out by the Local Government Auditor during 2014/2015 is also used by the Council as an additional assurance mechanism.

City of Derry Airport

City of Derry Airport (CODA) Operations Ltd became an incorporated entity on 1st April 2010 and is a wholly owned subsidiary of Derry City Council. At this time all assets and employees belonging to the Council were transferred over to the new Company. Derry City Council, as part of the Annual Rates Estimates, approved an annual revenue subvention to CODA Operations Ltd for 2014/2015. CODA Operations Ltd is governed by a Board of Directors, which meets monthly. The Board of Directors consists of 9 directors / members including 3 non-executive directors (including the Chairman), 3 Elected Members from Derry City Council, Derry City Council's Town Clerk & Chief Executive and Head of Finance, and the Airport Manager. The Board meetings are also attended by the Company Secretary and 2 representatives from Parsons Brinkerhoff (Management Company). Derry City Council deliver the Internal Audit Plan and Risk Management Service for CODA Operations Ltd, and all reports are presented to CODA's Audit, Finance & Risk Committee, which meets bi-monthly. Work undertaken at CODA Operations Ltd is also discussed as a standing agenda item at Council's Audit Committee. CODA Operations Ltd have their own external auditors. No significant audit issues were identified during 2014/2015 for CODA Operations Ltd and the overall audit opinion for the year was substantial. Derry City Council prepared Group Accounts for 2014/2015 to take account for CODA Operations Ltd.

Culture Company 2013

Derry City Council has also prepared Group Accounts for 2014/2015 to take account of the Culture Company 2013. Due to the completion of the UK City of Culture 2013 programme, which the Company was established to administer, the Company ceased trading as of the 31st March 2014 however verification work was completed in 2014-15. Therefore the financial statements for the Culture Company were prepared on a 'break-up' basis for the period ended 31st January 2015.

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

Shadow Council

The Department of the Environment issued guidance to Councils in June 2014 on the financial operation of new Councils during the shadow period 2014/2015. The guidance states that each new Council during the shadow period should comply with all applicable legislation in respect of its financial administration. This includes the requirement to maintain an adequate system of internal audit as provided for in Regulation 3(A) of the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006. Derry City Council's Internal Audit Section provided assurance to the Governance & Strategic Planning in relation to the operation of the Shadow Council. In particular the Lead Assurance Officer is satisfied that the Shadow Council:

- Prepared for the discharge of its functions after 31st March 2015 and, in particular, established committees and sub-committees, appointed staff, and prepared budgets, plans, schemes etc that were required for that purpose;
- Liaised with the existing councils for the purposes of ensuring continuity in the exercise of its functions on and after the 1st April 2015.

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

Significant Governance Issues

In response to the issues raised in the Annual Governance Statement for 2013/2014, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. Actions taken in managing these issues were reported as appropriate to the Audit Committee. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing.

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

Governance Issue	Proposed action
Local Government Reform – 1. Adequacy of the transferring functions grant. 2. Transfer of data.	1. In relation to the adequacy of the transferring functions grant this has not had an impact on Derry and Strabane District Council for the year 2014/2015, however is a significant financial risk for Derry and Strabane District Council. The risk has been quantified and Council has made a number of representations and will continue to do so to Central Government in relation to addressing this issue. 2. In relation to the transfer of data a significant amount of work was carried out during 2014/2015 to ensure a seamless transition at 1st April 2015. From a financial perspective new banking arrangements are in place, financial systems have been agreed with appropriate back up arrangements in place. Work is currently ongoing in all areas to ensure that all data is transferred correctly.
Clipper Project. The original budget anticipated securing of sponsorship and regional government support however this did not materialise to the expected levels. As a result this has caused a shortfall in the budget.	Senior Management has identified other potential sources of funding to bridge the gap and underwrite the forecasted shortfall. This has been presented and approved by Council in June 2015.
The Internal Audit Section was involved in two significant investigations during 2014/2015: 1. Attempted fraud on Council. 2. Allegations made re procurement activities.	1. In February 2015 there was an attempt to defraud the Council of a significant sum of money through false representation by amendment of supplier's bank details. Council recovered this money and has subsequently strengthened the internal controls in place to mitigate against this risk in future. 2. During the year Derry City Council received a complaint from a contractor in respect of procurement matters. Subsequently another contractor also made a number of procurement allegations. An investigation team set up by the Chief Executive has carried out an investigation into these issues, has kept the Audit Office informed and the process is on-going. In addition to this Internal Audit has completed a systems report and made a number of recommendations to address weaknesses identified. Action plans are in place to ensure that all the recommendations are implemented in a timely manner.
There were a number of high scoring strategic risks facing Council at the end of March 2015.	All risks identified during the risk management process are subject to continuous monitoring and review. Action plans are in place for all high scoring risks and these are reviewed and monitored continuously to ensure that they are being implemented. Risk Management is reported quarterly to Management Team and to the Audit Committee. In addition to this, Internal Audit have a system in place of Risk Based Auditing – essentially meaning that all risk registers are subject to audit as the Strategic & Operational audit plans are being delivered.
The NWRWMG Residual Waste Project was abandoned during 2013/2014. In common with other Councils in Northern Ireland, there is a continuing risk that the Council would incur fines for non-achievement of Waste Management targets.	Derry City Council are continuing to take all appropriate measures to address this risk and to demonstrate that the Council is making 'Best Endeavours' both individually and in collaboration with the NWRWMG to secure adequate waste treatment infrastructure facilities.
Internal Audit Report – Limited Assurance: • Property Management – the main recommendations related to systems, procedures, management of 3rd party service providers and work orders.	Internal audit recommendations, agreed with Management, to be implemented within agreed timeframes. Follow up audit to be completed during 2015/2016.
Implementation of the remaining aspects of the Single Status Agreement.	Management are working closely with Trade Unions to ensure successful implementation of a number of ongoing Single Status matters.

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

Local Government Reform

From 1 April 2015, under the Reform of Local Government (RLG), the number of Councils in Northern Ireland will reduce from the 26 existing to 11 new Councils, established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008. From that date the Northern Ireland Executive has agreed to transfer some functions currently carried out by NI Government Departments and give some new responsibilities to the 11 new Councils. The new councils will be stronger, more efficient and will deliver more effective services.

The new councils came into existence on 26th May 2014, operating in shadow form until they take over full responsibility for local government on 1st April 2015 when the 26 existing councils cease to exist. The final accounts for Derry City Council will therefore be for the 2014/15 financial year. The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils.

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

Signed  Date 26/10/15

Chief Financial Officer

Signed  Date 26/10/15

Chair of Assurance, Audit and Risk Committee (Derry and Strabane District Council)

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

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 21 to 116 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 25 to 45.
- (b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2015.

.....
Chief Financial Officer

.....
Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Assurance, Audit and Risk Committee of Derry and Strabane District Council on 29th June 2015 and have been subject to amendments set out on page 116.

.....
Chair of Assurance, Audit and Risk Committee (Derry and Strabane District Council)

.....
Date

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

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of Derry City Council and its Group as at 31 March 2015 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

Opinion on other matters

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

Matters on which I report by exception

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

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

Certificate

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



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

29 October 2015

DERRY CITY COUNCIL
Movement in Reserves Statement
For the current and comparative year

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 1 April 2013	2,439,246	8,307,547	4,613,087	229,569	15,589,449	37,048,862	52,638,311
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(6,511,458)	0	0	0	(6,511,458)	0	(6,511,458)
Other Comprehensive Income and Expenditure	0	0	0	0	0	45,572,350	45,572,350
Total Comprehensive Income and Expenditure	(6,511,458)	0	0	0	(6,511,458)	45,572,350	39,060,892
Adjustments between accounting basis & funding basis under regulations	6,952,844	2,083,785	2,026,458	72,700	11,135,787	(11,098,545)	37,242
Net Increase/Decrease before Transfers to Statutory and Other Reserves	441,386	2,083,785	2,026,458	72,700	4,624,329	34,473,805	39,098,134
Transfers to/from Statutory and Other Reserves	(309,734)	287,878	21,856	1,500	1,500	0	1,500
Increase/Decrease in Year	131,652	2,371,663	2,048,314	74,200	4,625,829	34,473,805	39,099,634
At 31 March 2014	2,570,898	10,679,210	6,661,401	303,769	20,215,278	71,522,667	91,737,945
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(2,948,690)	0	0	0	(2,948,690)	0	(2,948,690)
Other Comprehensive Income and Expenditure	78	0	0	0	78	(809,348)	(809,270)
Total Comprehensive Income and Expenditure	(2,948,612)	0	0	0	(2,948,612)	(809,348)	(3,757,959)
Adjustments between accounting basis & funding basis under regulations	3,671,596	(4,090,398)	666,494	93,118	340,809	(2,602,152)	(2,261,343)
Net Increase/Decrease before Transfers to Statutory and Other Reserves	722,984	(4,090,398)	666,494	93,118	(2,607,803)	(3,411,499)	(6,019,302)
Transfers to/from Statutory and Other Reserves	(712,730)	109,811	602,919	0	0	0	0
Increase/Decrease in Year	10,253	(3,980,587)	1,269,413	93,118	(2,607,803)	(3,411,499)	(6,019,302)
At 31 March 2015	2,581,152	6,698,623	7,930,814	396,887	17,607,475	68,111,168	85,718,643

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

DERRY CITY COUNCIL

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

	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		24,242,053	3,009,607	21,232,446	31,472,131	14,636,094	16,833,837
Environmental Services		17,415,896	1,758,522	15,657,376	18,119,516	1,762,743	14,356,773
DRMA and Corporate Management		3,480,863	57,711	3,423,152	2,629,772	65,017	2,543,765
Other Services		6,590,097	3,083,684	3,506,413	12,863,913	2,262,064	10,731,849
Cost of Services on Continuing Operations	2-6	53,728,941	7,909,524	45,819,417	63,284,332	19,048,918	44,135,414
Other Operating Expenditure	7	(2,968,133)	0	(2,968,133)	1,662,473	0	1,662,473
Financing and Investment Income and Expenditure	8	4,869,614	74,659	4,794,955	5,151,511	268,670	4,884,841
Surplus or Deficit on Discontinued Operations		0	0	0	0	0	0
Net Operating Expenditure		55,610,422	7,984,183	47,626,239	70,038,315	19,315,586	50,722,727
Taxation and Non-Specific Grant Income	9	0	44,877,549	(44,877,549)	0	44,211,270	(44,211,270)
Surplus/(Deficit) on the Provision of Services		55,610,422	52,661,732	(3,048,690)	70,038,315	63,526,857	(6,511,456)
Surplus/(Deficit) on revaluation of non-current assets	13a/13b			2,330,650			36,218,635
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	27a/27b			0			0
Remeasurements of the Net Defined Benefit Liability (Asset)				(3,136,608)			6,355,615
Other Comprehensive Income and Expenditure				(609,348)			48,572,350
Total Comprehensive Income and Expenditure				(3,754,037)			39,060,892

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

DERRY CITY COUNCIL
Balance Sheet As At 31 March 2015

	Notes	2014/15 £	2013/14 £
Land & Buildings	13a/13b	67,402,813	68,311,808
Infrastructure Assets	13a/13b	34,314,735	33,895,462
Landfill Site	13a/13b	0	0
Vehicles, Plant, Furniture and Equipment	13a/13b	10,511,325	11,105,929
Community Assets	13a/13b	4,599,639	4,599,639
PP&E under Construction	13a/13b	18,483,725	8,300,029
Surplus Assets	13a/13b	0	0
Heritage Assets	13d	3,263,698	1,877,590
Investment Properties	13a/13b	0	0
Intangible Assets	13a/13b	0	4,500
Assets Held for Sale	13e	0	0
Long Term Investments	18a	0	0
Long Term Debtors	17a	957,411	1,077,157
LONG TERM ASSETS		139,533,346	129,172,114
Short Term Investments	18b	0	0
Inventories	16	122,927	101,221
Short Term Debtors	17b	20,070,008	20,363,185
Cash and Cash Equivalents	26b	16,019,019	19,675,141
Assets Held for Sale	13d	0	0
CURRENT ASSETS		36,211,955	40,139,547
Bank Overdraft		0	0
Short Term Borrowing	19a	2,073,832	1,685,324
Short Term Creditors	20a	11,889,351	13,682,856
Provisions	21	3,360,214	0
CURRENT LIABILITIES		17,323,398	15,368,180
Long Term Creditors	20b	0	0
Provisions	21	4,008,519	12,598,249
Long Term Borrowing	19b	44,442,723	29,852,240
Other Long Term Liabilities	23	24,252,018	19,755,047
Donated Assets Account	24	0	0
Capital Grants Receipts in Advance	25	0	0
LONG TERM LIABILITIES		72,703,260	62,205,536
NET ASSETS		85,718,643	91,737,945
USABLE RESERVES	27a/27b	17,607,475	20,215,278
Capital Receipts Reserve	27a/27b	396,887	303,769
Capital Grants Unapplied Account	27a/27b	6,429,545	5,763,051
Capital Fund	27a/27b	4,660,401	8,617,367
Renewal and Repairs Fund	27a/27b	2,038,222	2,061,843
Other Balances and Reserves	27a/27b	1,501,269	898,350
General Fund	27a/27b	2,581,152	2,570,898
UNUSABLE RESERVES	27a/27b	68,111,168	71,522,667
Capital Adjustment Account	27a/27b	47,469,882	47,093,500
Financial Instruments Adjustment Account	27a/27b	0	0
Revaluation Reserve	27a/27b	45,098,848	44,347,149
Available for Sale Financial Instruments Reserve	27a/27b	0	0
Pensions Reserve	27a/27b	(24,252,018)	(19,755,047)
Capital Receipts Deferred Account	27a/27b	0	0
Rates Claw-Back Reserve	27a/27b	0	0
Accumulated Absences Account	27a/27b	(205,544)	(162,935)
NET WORTH		85,718,643	91,737,945

CHANGE IN NET WORTH

(6,019,302)

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

DERRY CITY COUNCIL
Cash Flow Statement at 31 March 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 £	Restated 2013/14 £
Net surplus or (deficit) on the provision of services		(2,948,690)	(6,511,458)
Adjustment to surplus or deficit on the provision of services for noncash movements	26a)	5,878,439	11,373,816
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a)	(5,359,374)	(6,245,717)
		<hr/>	<hr/>
Net cash flows from operating activities	26a), 26c)	(2,429,626)	(1,383,359)
Net Cash flows from Investing Activities	26d)	(16,205,487)	(9,118,393)
Net Cash flows from Financing Activities	26e)	14,978,990	5,727,446
Net increase or decrease in cash and cash equivalents		(3,656,122)	(4,774,306)
Cash and cash equivalents at the beginning of the reporting period		19,675,141	24,449,446
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		<u>16,019,019</u>	<u>19,675,140</u>

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

DERRY CITY COUNCIL
Notes to the Financial Statements

1A Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 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 CIPFA Service Reporting Code of Practice 2014/15, 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 significant progress in the implementation of Single Status. A provision has been made for the estimated costs of settling remaining back-pay claims.

iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than 3 months from the date of investment and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. Bank overdrafts are shown within current liabilities on the balance sheet.

iv) Contingent Assets

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

v) Contingent Liabilities

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

vi) Employee Benefits

Short-term employee benefits 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 when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on high quality corporate bonds on the iBoxx Sterling Corporate Index, AA over 15 years with recently re-rated bonds removed from the index).

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unlisted 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 – the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

vii) Events After the Balance Sheet Date

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

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

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

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

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

viii) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

ix) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

x) Financial Instruments

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

Financial Liabilities

Amortised Cost

Financial Assets

Loans and Receivables

Available for Sale

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xi) Foreign Currency Translation

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

xii) Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

xiii) Intangible Assets

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

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

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

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

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

xiv) Inventories & Long Term Contracts

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

xv) Investment Property

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

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

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

xvi) Landfill Allowance Schemes

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

xvii) Leases

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

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

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

The Council as Lessee

Finance Lease:

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

Operating Leases

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

xviii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

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

xix) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice 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.

xx) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

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

Depreciation

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

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

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

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

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

Componentisation

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

Revaluations

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

xxi) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations.

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

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers appointed to determine values for Insurance purposes and with reference to appropriate commercial markets where they exist. These assets are valued at periods of 5 years by suitably qualified professional valuers to ensure they are correctly valued for Insurance purposes. Assets on loan from the Council are deemed to remain as part of Council's assets while items on loan to the Council are deemed to remain in the ownership of the loaning body.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note 1xx) in this summary of significant accounting policies.

xxii) Provisions

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

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

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

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

xxiii) Reserves

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

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

xxiv) Charges to Revenue for Non-Current Assets

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

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

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

xxv) Value Added Tax

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

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

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

IFRS 13 Fair Value Measurement (2011)

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

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

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

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

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

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

Annual Improvements cycles 2010 - 2012 and 2011 - 2013.

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

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

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

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

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

1C 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 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) 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.

DERRY CITY 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 Statements specified by the Service Reporting Code of Practice. The segmental reporting notes within the financial statements are based on the summary first page of the District Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

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

Services	2014/15		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	5,202,685	21,145	5,181,540
Recreation and Sport	12,693,508	1,535,687	11,157,821
Tourism	3,391,890	270,020	3,121,870
Community Services	2,953,970	1,182,755	1,771,215
Leisure and Recreational Services	24,242,053	3,009,607	21,232,446
Cemetery, Cremation and Mortuary	1,663,802	146,220	1,517,582
Environmental Health	1,915,604	163,780	1,751,824
Flood Defence and Land Drainage	0	0	0
Public Conveniences	23,225	909	22,316
Licensing	163,709	46,459	117,250
Other Cleaning	3,243,531	119,768	3,123,763
Waste Collection	4,297,238	358,693	3,938,545
Waste Disposal	4,965,947	183,165	4,782,782
Building Control	1,134,842	731,528	403,314
Other Community Assets	0	0	0
Minor Works	8,000	8,000	0
Environmental Services	17,415,898	1,758,522	15,657,376
Democratic Representation and Management	1,858,753	0	1,858,753
Corporate Management	1,622,140	57,711	1,564,429
DRM and Corporate Management	3,480,893	57,711	3,423,182
Economic Development	4,101,778	2,155,442	1,946,336
Trading Services	1,831,691	9,718	1,821,973
Non Distributed Costs	1,503,063	217,296	1,285,767
Central Services to the Public	1,153,565	701,228	452,337
Other Services	8,590,097	3,083,684	5,506,413
CONTINUING OPERATIONS	53,728,941	7,909,524	45,819,417

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

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

	£	£
Net Cost of Services in Service Analysis		45,819,417
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
		0
Cost of Services on Continuing Operations in Comprehensive Income and Expenditure Statement		45,819,417
<i>Items Included in Net Operating Expenditure excluded from Service</i>		
Other Operating Expenditure	(2,988,133)	
Financing and Investment Income and Expenditure	4,794,955	
Surplus or Deficit on Discontinued Operations	0	
		1,806,822
Net Operating Expenditure per Comprehensive Income and Expenditure Statement		47,626,239

DERRY CITY 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 District Fund – Service Income and Expenditure Analysis in the Department of Environment's Accounts Direction.

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

Services	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	16,060,248	11,615,024	4,445,224
Recreation and Sport	10,241,389	1,659,487	8,581,902
Tourism	2,374,982	230,326	2,144,656
Community Services	2,795,512	1,434,257	1,361,255
Leisure and Recreational Services	31,472,131	14,939,094	16,533,037
Cemetery, Cremation and Mortuary	1,110,787	135,297	975,490
Environmental Health	1,869,018	163,511	1,705,507
Flood Defence and Land Drainage	0	0	0
Public Conveniences	55,577	0	55,577
Licensing	147,775	62,852	84,923
Other Cleaning	3,190,997	109,005	3,081,992
Waste Collection	4,331,216	395,830	3,935,386
Waste Disposal	4,403,032	231,277	4,171,755
Building Control	1,011,114	664,971	346,143
Other Community Assets	0	0	0
Minor Works	0	0	0
Environmental Services	16,119,516	1,762,743	14,356,773
Democratic Representation and Management	1,388,111	49,200	1,338,911
Corporate Management	1,240,661	35,817	1,204,844
DRM and Corporate Management	2,628,772	85,017	2,543,755
Economic Development	3,462,772	1,681,082	1,781,690
Trading Services	6,450,354	6,259	6,444,095
Non Distributed Costs	2,225,891	126,924	2,098,967
Central Services to the Public	845,096	447,799	397,297
Other Services	12,983,913	2,262,064	10,721,849
CONTINUING OPERATIONS	63,204,332	19,046,918	44,155,414

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

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

	£	£
Net Cost of Services in Service Analysis		44,155,414
Items excluded from Service Analysis:		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
		0
Cost of Services on Continuing Operations in Comprehensive Income and Expenditure Statement		44,155,414
Items included in Net Operating Expenditure excluded from Service Analysis:		
Other Operating Expenditure	1,682,473	
Financing and Investment Income and Expenditure	4,884,841	
Surplus or Deficit on Discontinued Operations	0	
		6,567,314
Net Operating Expenditure per Comprehensive Income and Expenditure Statement		50,722,727

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

3a Adjustments between accounting basis and funding basis under regulations

	Notes	Restated			
		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	13a/13b/13d	0		0	
Derecognition (other than disposal) of non-current assets	13a/13b/13d	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	13a/13b/13d	1,136,210		5,845,835	
Depreciation charged in the year on non-current assets	13a/13b,26	6,801,484	7,937,694	6,321,065	12,166,900
Net Revenue expenditure funded from capital under statute			2,601,031		1,563,269
Carrying amount of non current assets sold		567,943		281,727	
Proceeds from the sale of PP&E, investment property and intangible assets		(93,118)	474,825	(72,700)	209,027
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			0		0
Net charges made for retirement benefits in accordance with IAS 19	23b		4,176,000		4,264,000
Direct revenue financing of Capital Expenditure	14,27		(374,810)		(130,255)
Capital Grants and Donated Assets Receivable and Applied in year	9		(1,484,088)		(1,679,673)
Capital Grants Receivable and Unapplied in year	9		(3,782,168)		(4,493,345)
Rates Claw-Back Reserve	27a/27b		0		0
Adjustments in relation to Short-term compensated absences	20		42,609		0
Adjustments in relation to Lessor Arrangements			0		0
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	27a/27b		(3,100,470)		(2,444,289)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	23b,23g		(2,819,027)		(2,502,790)
			3,671,596		6,952,845

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

		2014/15 £	2014/15 £	2013/14 £	2013/14 £
Capital Fund					
Interest		0		0	
Other	27a/27b	0	0	(300,000)	(300,000)
Renewal and Repairs Fund					
Interest		0		0	
Other	27a/27b	(109,811)	(109,811)	12,122	12,122
Other Funds and earmarked reserves					
Interest		0		0	
Other - Election Expenses & ED Reserve	27a/27b	(602,919)	(602,919)	(21,856)	(21,856)
			(712,730)		(309,734)

DERRY CITY 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 £70,776 for 2014/15 (£70,386 in 2013/14).

The actual expenditure during 2014/15 amounted to £0, (£0 in 2013/14).

4b External Audit Fees

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

	2014/15	2013/14
	£	£
External Audit Fees *	40,330	48,944
Grant Claim Certification Fees	0	0
Other Fees	1,173	0
	41,503	48,944

* The figure of £40,330 includes an amount of £2,330 in respect of 2013-14 audit fees (2013-14 £48,944 includes £6,444 in respect of 2012-13 audit fees).

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

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

Cost of Services on Continuing Operations (Continued)

5 Operating and Finance Leases

Council as Lessor:

5a Finance Leases (Council as lessor)

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

5b Operating Leases (Council as lessor)

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

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

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

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

	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	36,000	0	36,000	0
Later than 1 year and no later than 5 years	144,000	0	144,000	0
Later than 5 years	72,000	0	108,000	0
	252,000	0	288,000	0

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	997,564	0	997,564	0
Accumulated depreciation and impairments at 1 April	(479,925)	0	(84,746)	0
Depreciation charge for the year	(11,852)	0	(31,034)	0
Impairments	0	0	(364,145)	0
Revaluations	376,106		313,994	
	881,893	0	831,633	0

Council as Lessee:

5c *Finance Leases (Council as lessee)*

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

5d *Operating Leases (Council as lessee)*

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

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

	2014/15		2013/14	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	74,925	14,542	140,737	8,280
Contingent rentals	0	0	0	0
Less: Sublease payments receivable	0	0	0	0
	74,925	14,542	140,737	8,280

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	31,050	14,542	77,050	6,509
Later than 1 year and no later than 5 years	124,200	14,487	132,950	11,266
Later than 5 years	93,600	0	93,900	0
	248,850	29,029	303,900	17,775

DERRY CITY 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	18,918,434	14,213,952
Employers National Insurance	1,444,996	952,180
Employers pension costs	3,067,655	2,367,790
	23,431,085	17,533,921

The above figures include staff costs of group building control of £70,772.58 (2013/14: £83,475).
 In addition, agency costs during the year amounted to £888,879 (2013/14 £884,928).

The Council's current contribution rate to the NILGOSC scheme is 20%. At the last actuarial valuation, dated 31 March 2013, the Fund's assets as a whole were sufficient to meet 91% (2010: 82%) of the liabilities accrued up to that date. Council also paid £357,194 during 2014/15 (2013/14: £395,930) in respect of former employees who were granted early retirement or redundancy or Employees who continued to pay their contributions during periods of absence such as career breaks.

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

	2014/15	2013/14
	FTE	FTE
Full-time numbers employed	535	521
Part-time numbers employed	68	68
	603	589
	Actual Numbers	Actual Numbers
Full-time numbers employed	528	510
Part-time numbers employed	124	147
	652	657

6c Senior Employees' Remuneration

	2014/15	2013/14
£50,001 to £60,000	2	11
£60,001 to £70,000	10	2
£70,001 to £80,000	1	2
£80,001 to £90,000	3	1
£90,000 to £100,000	0	0
£100,000 to £110,000	0	1
£110,000 to £120,000	2	0
	18	17

6d Members' Allowances

During the year Members' allowances (paid under Sections 31 and 32 of the Local Government Act (NI) 2011), including Employer's costs, totalled £577,531 (2013/14 £526,857) and are as follows:

	2014/15	2013/14
	£	£
Salaries	0	0
Basic allowance	235,732	308,227
Mayor's & Deputy Mayor's Allowance	37,725	37,746
Dependents' carers allowance	1,438	1,582
Statutory Transition Committee Allowances	3,150	14,131
Employers National Insurance	6,004	18,302
Employers pension costs	5,436	8,047
Mileage	9,326	15,776
Conferences and Courses	2,795	3,396
Travel Costs	1,913	1,327
Subsistence	1,592	442
Special responsibility allowances	62,580	62,256
Miscellaneous	0	0
Severance Payments*	47,800	49,200
	415,491	520,431

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

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

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6e Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band			Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
£0 to £20,000	0	0	0	0	0	0	0	0	
£20,001 to £40,000	1	0	0	0	1	0	25,896	0	
£40,001 to £60,000	0	0	0	0	0	0	0	0	
£60,001 to £80,000	0	1	0	0	0	1	0	75,537	
£80,001 to £100,000	0	1	0	0	0	1	0	90,056	
£100,001 to £150,000	0	2	0	0	0	2	0	246,326	
£150,000 and over	1	2	0	0	1	2	275,309	364,766	
Total	2	6	0	0	2	6	301,205	776,685	

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

7 Other Operating Expenditure

	2014/15	2013/14
	£	£
Surplus/Deficit on Non-Current Assets	474,825	209,027
Other Operating Income/Expenditure	(3,462,958)	1,473,446
Total Other Operating Expenditure	<u>(2,988,133)</u>	<u>1,682,473</u>

The figure of (3,462,958) above relates to the decrease in the Reorganisation Provision for Single Status for 2014-2015 (2013-14 increase of £1,473,446)

8 Financing and Investment Income and Expenditure

	2014/15			2013/14		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,937,826	0	1,937,826	1,750,311	0	1,750,311
Interest and Investment Income	0	74,659	(74,659)	0	266,670	(266,670)
Pensions interest cost and expected return on pensions assets	787,000	0	787,000	1,037,000	0	1,037,000
Surplus/(Deficit) on trading operations	0	0	0	0	0	0
Writedown of value of shares purchased in CODA (Operations) Limited	2,144,788	0	2,144,788	2,364,200	0	2,364,200
Changes in Fair Value of Investment Properties	0	0	0	0	0	0
Other investment income	0	0	0	0	0	0
	4,869,614	74,659	4,794,955	5,151,511	266,670	4,884,841

The difference between the value above of £2,144,788 for the writedown of value of shares purchased in CODA and the value of £2,624,994 in Note 18a is £480,206 which relates to CODA fixed asset additions purchased in 2014-15 and disposed of to CODA for 'nil' consideration which is reflected in the Capital Adjustment Account.

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

9 Taxation and Non-Specific Grant Income

9a Revenue Grants

	2014/15	2013/14
	£	£
General Grant	2,958,739	2,851,875
	2,958,739	2,851,875

9b Capital Grants and Donated Assets-Applied

	2014/15	2013/14
	£	£
Government & Other Grants-Conditions met and applied in year	1,484,088	1,679,673
Government & Other Grants-transfer from receipts in advance	0	0
Donated Assets-Conditions met	0	0
Donated Assets-transfer from donated assets creditor	0	0
	1,484,088	1,679,673

9c Capital Grants-Unapplied

	2014/15	2013/14
	£	£
Government & Other Grants-Conditions met and not applied in year	3,782,168	4,493,345
	3,782,168	4,493,345

9d District Rates

	2014/15	2013/14
	£	£
Current year	36,304,231	35,237,379
Finalisation - previous year	(312,677)	(363,679)
Transitional Relief	0	0
Finalisation - other years	461,000	312,677
	36,452,554	35,186,377

Summary of Taxation and Non-Specific Grant Income:

	2014/15	2013/14
	£	£
District Rates Income	36,452,554	35,186,377
Revenue Grants	2,958,739	2,851,875
Capital Grants and Contributions	5,266,256	6,173,017
Total Taxation and Non-Specific Grant Income	44,677,549	44,211,270

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

10 Statutory Transition Committees

Statutory Transition Committees were formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013. The Derry City and Strabane Statutory Transition Committee was established on 02 July 2013 in accordance with this legislation and ceased to exist on 19 June 2014. Derry City Council acted as lead Council for the Statutory Transition Committee. Separate accounts have been prepared which are subject to a separate audit.

Shadow Council

As part of local government reform 11 New Councils in Northern Ireland were established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008.

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision for the New Councils, which came into existence on and operated in shadow form until they took over full responsibility for local government on the 1st April 2015 when the 26 predecessor Councils ceased to exist.

Derry City Council acted as lead Council for the Shadow Council. Separate accounts have been prepared which are subject to a separate audit.

11 Building Control Group Account

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

The Group Cost of £113,921 for 2014/2015 (2013/2014: £134,546) has been apportioned as follows:

	2014/2015	2013/2014
	£	£
Ballymoney District Council	8,339	9,849
Coleraine Borough Council	30,838	36,422
Limavady District Council	11,028	13,024
Derry City Council	58,920	69,587
Moyle District Council	4,796	5,664
	<u>113,921</u>	<u>134,546</u>

12 Payment of Invoices

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

During 2014/2015 the Council paid 23,558 (2013/2014: 26,241) invoices totalling £78,490,704 (2013/2014: £60,518,018).

The Council paid 9,794 invoices within the 10 day target.

The Council paid 19,019 invoices within the 30 day target.

The Council paid 4,539 invoices outside of the 30 day target.

The Council has calculated the payment interval for these invoices and for 2014/2015 it was 21 days (2013/2014: 29 days).

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

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

13a Long Term Assets Note - Current Year

	Land		Buildings		Infrastructure Assets		Landfill Site		Property, Plant & Equipment (PP&E)		PP&E Under Construction		Surplus Assets		Heritage Assets		Total PP&E		Investment Properties		Intangible Assets		TOTAL			
	£		£		£		£		£		£		£		£		£		£		£		£		£	
Cost or Valuation	17,331,837		52,734,245		81,830,440		0		30,650,424		4,599,639		6,300,029		0		1,977,590		177,324,204		0		607,770		177,931,974	
At 1 April 2014																										
Adjustments between cost/value & depreciation/impairment	0		0		0		0	0	0		0	0	0	0	0	0	0	0	177,324,204		0	0	0	0	177,324,204	
Adjusted opening balance	17,331,837		52,734,245		81,830,440		0	0	30,650,424		4,599,639		6,300,029		0	0	1,977,590		177,324,204		0	0	607,770		177,931,974	
Additions (Note 14)	0		0		0		0	0	0		0	16,655,964	0	0	0	0	0	0	16,655,964		0	0	0	0	16,655,964	
Donations	0		0		0		0	0	0		0	0	0	0	0	0	0	0	0		0	0	0	0	0	
Revaluation increases/decreases to Revaluation Reserve	(140,804)		161,847		0		0	0	0		0	0	0	0	0	3,396,106		1,407,151		0	0	0	0	0	1,407,151	
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0		(1,136,210)		0		0	0	0		0	0	0	0	0	0		(1,136,210)		0	0	0	0	0	(1,136,210)	
Derecognition - Disposals	(8,500)		(77,116)		0		0	0	(653,544)		0	0	0	0	0	0		(739,162)		0	0	0	0	0	(739,162)	
Derecognition - Other	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Reclassifications & Transfers	34,630		1,256,070		2,563,593		0	0	2,597,975		0	(6,472,269)	0	0	0	0		0		0	0	0	0	0	0	
Reclassified to Held for Sale	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Reclassified from Held for Sale	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Adjustment-Landfill Deferred Charge (Note 21)	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
At 31 March 2015	17,217,162		52,608,634		84,414,033		0	0	32,594,856		4,599,639		16,483,725		0	3,263,698		193,511,947		0	0	0	607,770		194,119,717	
Depreciation and Impairment	0		1,754,274		27,934,978		0	0	19,544,495		0	0	0	0	0	0		49,233,747		0	0	0	603,270		49,837,017	
At 1 April 2014																										
Adjustments between cost/value & depreciation/impairment	0		0		0		0	0	0		0	0	0	0	0	0		49,233,747		0	0	0	0	0	49,233,747	
Adjusted opening balance	0		1,754,274		27,934,978		0	0	19,544,495		0	0	0	0	0	0		49,233,747		0	0	0	603,270		49,837,017	
Depreciation Charge	0		1,622,406		2,164,320		0	0	2,710,255		0	0	0	0	0	0		6,796,984		0	0	0	4,500		6,801,484	
Depreciation written out on Revaluation Reserve	0		(823,499)		0		0	0	0		0	0	0	0	0	0		(823,499)		0	0	0	0	0	(823,499)	
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Impairment losses/reversals to Revaluation Reserve	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Derecognition - Disposals	0		0		0		0	0	0		0	0	0	0	0	0		(171,219)		0	0	0	0	0	(171,219)	
Derecognition - Other	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Reclassifications & Transfers	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
Eliminated on reclassification to Held for Sale	0		0		0		0	0	0		0	0	0	0	0	0		0		0	0	0	0	0	0	
At 31 March 2015	0		2,753,164		30,099,298		0	0	22,085,531		0	0	0	0	0	0		54,936,012		0	0	0	607,770		55,543,782	
Net Book Value	17,217,162		50,185,650		34,314,735		0	0	10,511,325		4,599,639		16,483,725		0	3,263,698		136,575,934		0	0	0	0	0	136,575,934	
At 31 March 2015																										
At 31 March 2014	17,331,837		50,979,971		33,865,463		0	0	11,165,929		4,599,639		6,300,029		0	1,977,590		126,090,457		0	0	0	4,500		126,094,957	

Intangible Assets

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

Valuations

A full valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from the Land & Property Service. The continued changes in property prices over the last two years has meant applying a further set of indices supplied by CIPS to the values of Land & Buildings and comparing this to the carrying value of Assets as at 31 March 2014. The net Revaluation losses and Impairments have been reflected in the above figures for 2014/2015.

City of Derry Airport

Council has transferred some additional operational assets at the Airport in the sum of £480,205.65 to City of Derry Airport (Operations) Limited during 2014/2015 in consideration for shares in the company to the net book values of the Assets transferred. These shares are deemed to have no market value due to the current trading conditions at the Airport, and the transfer has resulted in a loss on disposal of these assets (see note 3). The infrastructure assets have not yet been transferred by Council to the new Company.

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

13b Long Term Assets Note - Comparative Year

	Property, Plant & Equipment (PPE)										TOTAL	
	Land	Buildings	Infrastructure Assets	Land/Ri Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E		Investment Properties
£	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation												
At 1 April 2013	12,869,518	32,070,153	40,775,190	0	27,006,398	4,288,863	15,498,315	0	1,877,590	134,775,027	0	607,770
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	12,869,518	32,070,153	40,775,190	0	27,006,398	4,288,863	15,498,315	0	1,877,590	134,775,027	0	607,770
Additions (Note 14)	0	0	0	0	0	0	11,582,061	0	0	11,582,061	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to	3,873,039	10,268,802	23,832,572	0	(122,278)	0	0	0	0	37,872,135	0	0
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(249,834)	(776,559)	(4,596,848)	0	(222,594)	0	0	0	0	(5,845,835)	0	0
Disposal	0	0	0	0	0	0	0	0	0	(839,774)	0	0
Derogation - Other	1,039,114	10,542,840	2,019,528	0	4,828,872	330,776	(18,760,937)	0	0	(839,774)	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Land/Ri Deferred	0	0	0	0	0	0	0	0	0	0	0	0
Change (Note 21)	17,331,837	52,734,245	81,830,440	0	30,850,424	4,589,833	8,300,029	0	1,877,590	177,324,294	0	607,770
At 31 March 2014												
Depreciation and Impairment												
At 1 April 2013	0	1,544,700	26,011,276	0	17,485,953	0	0	0	0	45,019,929	0	598,770
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,544,700	26,011,276	0	17,485,953	0	0	0	0	45,019,929	0	598,770
Depreciation Charge	0	1,754,274	1,923,702	0	2,836,586	0	0	0	0	6,318,565	0	4,500
Depreciation written out on	0	(1,544,700)	0	0	0	0	0	0	0	(1,544,700)	0	0
Revaluation written out on	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0	0	0
Derogation - Other	0	0	0	0	(558,047)	0	0	0	0	(558,047)	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	0	1,754,274	27,934,978	0	18,544,455	0	0	0	0	48,233,747	0	603,270
Net Book Value												
At 31 March 2014	17,331,837	50,979,871	33,895,462	0	11,055,929	4,589,839	8,300,029	0	1,877,590	129,090,457	0	4,506
At 31 March 2013	12,869,518	31,134,453	14,783,314	0	8,542,445	4,288,863	15,498,315	0	1,877,590	89,755,098	0	9,006

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

Valuations

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

City of Derry Airport

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

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

13c. Long Term Assets - Leased Assets
At 31 March 2015

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

Comparative Year

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

DERRY CITY COUNCIL
Notes to the Financial Statements
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Heritage Assets

Cost or Valuation	19th & 20th Century Design	Antique Furniture	Arms & Armour	Books & Manuscripts	Cannons	Ceramics & Glass	Civic Treasures	Household Furniture & Fibreglass	Jewellery	Medals & Decorations	Miscellaneous Specified Items	Paintings, Prints, drawings & photographs	Public Artwork Specified	Sculpture	Silver, Gold & Plated Wares	Vintage Cars	Works of Art	Total Assets	
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
At 1 April 2014	2,500	30,000	90,000	65,500	500,000	2,750	10,000	30,000	200	57,500	54,500	107,000	167,600	480,000	96,500	170,040	0	11,500	1,877,590
Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derogation - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/(Decreases) to Revaluation Reserve	157,500	26,050	20,000	26,000	50,000	1,000	7,630	30,000	(100)	41,000	(8,000)	41,000	30,163	720,000	(49,000)	105,865	184,500	2,500	1,386,106
Revaluation increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	160,000	56,050	110,000	91,500	550,000	3,750	17,630	60,000	100	98,500	46,500	148,000	197,763	1,200,000	49,500	275,905	184,500	14,000	3,263,696
Cost or Valuation																			
At 1 April 2013 reclassified	2,500	30,000	90,000	65,500	500,000	2,750	10,000	30,000	200	57,500	54,500	107,000	167,600	480,000	96,500	170,040	0	11,500	1,877,590
Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Derogation - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/(Decreases) to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/(Decreases) to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	2,500	30,000	90,000	65,500	500,000	2,750	10,000	30,000	200	57,500	54,500	107,000	167,600	480,000	96,500	170,040	0	11,500	1,877,590

All the above Heritage Assets are valued for insurance purposes with the last valuation having taken place as at 31st March 2015. Independent valuations will be commissioned by Council in 2018-20.

Additions of Heritage Assets
There were no additions during 2014/2015.

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

13e Assets Held for Sale

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

Comparative Year

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

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

13f Investment Properties

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

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

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

14 Capital Expenditure and Capital Financing

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

	2014/15	2013/14
	£	£
Opening Capital Financing Requirement	36,654,308	28,202,949
<i>Capital Investment</i>		
Property, Plant and Equipment	16,655,964	11,562,651
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	2,601,031	2,863,269
<i>Sources of Finance</i>		
Capital Receipts	0	0
Government Grants and Other Contributions	(2,468,911)	(4,183,697)
Transfers from Earmarked Reserves	(3,959,906)	783,680
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(374,810)	(130,255)
Minimum Revenue Provision	(3,100,470)	(2,444,289)
Closing Capital Financing Requirement	46,007,206	36,654,308

Explanation of Movements in Year		
Increase in underlying need to borrow	9,352,898	8,451,359
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	0	0
Increase/(decrease) in Capital Financing Requirement	9,352,898	8,451,359

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

15 Future Capital Commitments

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

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	22,673,000	6,044,000	16,629,000
Total	22,673,000	6,044,000	16,629,000

The estimated cost of new proposal schemes is £63,364,000 gross with estimated grant aid of £10,409,000 not yet contracted.

16 Inventories

	2014/15	2013/14
	£	£
Central Stores	122,927	101,221
Other	0	0
Total	122,927	101,221

The cost of inventories recognised as expense and included in 'services' amounted to £0 (2013/14: £0)

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

17 Debtors

	2014/15	2013/14
	£	£
17a) Long Term Debtors		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	14,805	26,059
Grants	0	0
Loans and advances	0	0
Finance lease debtors	0	0
Trade debtors	0	0
Income from Landfill Site Gas	942,606	1,051,098
Impairment of loans and receivables	0	0
Total Long-Term Debtors	957,411	1,077,157
17b) Short Term Debtors		
Government Departments	12,371,003	13,006,899
Other Councils	372,626	74,788
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	18,658	28,454
Grants	4,997,372	4,573,699
Value Added Tax	1,465,778	1,505,490
Income from Landfill Site Gas	0	31,046
Prepayments	9,813	212,098
Finance lease debtors	0	0
Other	67,741	190,094
NHS	104,581	2,065
Trade receivables	801,006	859,587
Impairment loss - Trade receivables	(138,571)	(121,036)
Total Short-Term Debtors	20,070,007	20,363,185
Total Debtors	21,027,418	21,440,343

DERRY CITY COUNCIL
Notes to the Financial Statements
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18a Long-Term Investments

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

Analysed over:

	2014/15	2013/14
	£	£
Shares purchased in CODA (Operations) Limited	2,624,994	2,643,827
Writedown of value of shares purchased in CODA (Operations) Limited	(2,624,994)	(2,643,827)
Net value of shares in CODA (Operations) Limited	0	0
Money market deposits	0	0
Other deposits	0	0
Total Long-term Investments	0	0

The difference between the value above of £2,624,994 for the writedown of value of shares purchased in CODA and the value of £2,144,788 in Note 8 is £480,206 (2013/14 £279,627) which relates to CODA fixed asset additions purchased in 2014-15 and disposed of for 'nil' consideration to CODA which is reflected in the Capital Adjustment Account.

18b Short-Term Investments

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

Analysed over:

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

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

DERRY CITY COUNCIL
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19 a Short Term Borrowing

	2014/15	2013/14
	£	£
Loans re-payable within one year	2,073,832	1,685,324
Finance Lease Principal	0	0
Total Short Term Borrowing	2,073,832	1,685,324

19 b Long Term Borrowing

	2014/15	2013/14
	£	£
Between 1 and 2 years	2,503,242	1,617,290
Between 2 and 5 years	7,389,502	4,626,627
Between 5 and 10 years	11,260,026	7,130,131
In more than 10 years	23,289,953	16,478,192
Government Loans Fund	44,442,723	29,852,240
Total Borrowing	46,516,555	31,537,564

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

20 a Short Term Creditors

	2014/15	2013/14
	£	£
Government Departments	665,308	1,084,867
Other Councils	289,286	104,633
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Rates clawback	0	0
Accruals	3,334,330	3,664,781
Loan Interest	331,578	301,324
P.A.Y.E./N.I.	871,319	378,721
Remuneration due to employees	265,068	8,066
Accumulated Absences	205,544	162,935
Receipts in advance	397,087	1,762,208
Properties Vested at Airport	370,867	370,867
Trade creditors	4,099,469	3,814,503
Other	1,059,495	2,029,952
Total Short Term Creditors	11,889,351	13,682,856

20 b Long Term Creditors

	2014/15	2013/14
	£	£
Other creditors falling due after more than one year		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Other	0	0
Total Long Term Creditors	0	0
Total Creditors	11,889,351	13,682,856

DERRY CITY COUNCIL
Notes to the Financial Statements
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21 Provisions

	At 1 April 2014	Movement in provision during year	Utilised during year	Interest earned	At 31 March 2015
	£	£	£	£	£
City of Culture	131,249	0	(131,249)	0	(0)
Landfill closure	6,597,643	11,160	(1,547,594)	0	5,061,209
Reorganisation	4,591,964	1,302,077	(4,654,274)	0	1,239,767
Claims management	1,277,392	27,231	(236,866)	0	1,067,757
Other	0	0	0	0	0
	12,598,249	1,340,468	(6,569,983)	0	7,368,734

Current Provisions	4,591,964	3,422,524	(4,654,274)	0	3,360,214
Long Term Provisions	8,006,284	(2,082,056)	(1,915,709)	0	4,008,519
	12,598,249	1,340,468	(6,569,983)	0	7,368,734

Comparative Year

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

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

Note:

(i) Landfill Closure

The restoration of Culmore Landfill Site has now commenced and it is estimated that the remainder of the restoration costs and the aftercare costs for 53 years will be £5,061,209.

(ii) Reorganisation

During 2014-15 the Council has processed some payments for backpay entitlement under single status. At the year end there remains a number of claims/appeals outstanding which are expected to be resolved during the 2015-16 year.

(iii) Claims Management

This provision relates to the estimated cost to Council under its self-insurance policy of unsettled Public & Employer Liability claims as at 31st March 2015.

(iv) City of Culture

On 9th September 2013 the City of Culture Company took the decision to cease trading with effect from 31 March 2014. There was no increase needed in the City of Culture provision during 2014-15 and the remaining balance of £131,249 at 01/04/14 was paid during the 2014-15 year.

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

22 Financial Instruments

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

Credit Risk

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

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

	£
Less than three months	£678,324
Three to six months	£19,933
Six months to one year	£82,355
More than one year	£253,039
**	£1,033,650

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

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

Liquidity Risk

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

Market Risk

Interest rate risk

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

Foreign exchange risk

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

Fair Value of Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £63,614,163 (31st March 2014: £42,259,235).

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

23 Retirement Benefits

23a Participation in the Northern Ireland Local Government Officers' Pension Fund.

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

23b Transactions relating to retirement benefits- Comprehensive Income and Expenditure Statement Charges:

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

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

	Note	2014/15	2013/14
		£	£
Net cost of services:			
Current service cost		3,296,000	3,024,000
Past service cost/(gain)		93,000	203,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net Interest on net defined benefit liability (asset)	8	787,000	1,037,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,176,000	4,264,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the code	3	(4,176,000)	(4,264,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme	3	2,810,000	2,494,000
Net charge to the Comprehensive Income and Expenditure Statement		(1,366,000)	(1,770,000)

The current service cost figure includes an allowance for administration expenses of £0.041M.

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2014/15	2013/14
		£	£
Liability gains/(losses) due to change in assumptions		(10,353,000)	6,222,000
Liability experience gains/(Losses) arising in the year		496,000	(678,000)
Actuarial gains/(losses) on plan assets		6,728,000	824,000
Other - (if applicable)			0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(3,129,000)	6,368,000

Reconciliation of present value of the scheme liabilities:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		95,555,000	95,528,000
Current service cost		3,296,000	3,024,000
Interest cost		4,075,000	4,257,000
Contributions by members		869,000	762,000
Remeasurements (gains) and losses:			
Actuarial gains/losses arising on liabilities from experience		(496,000)	678,000
Actuarial gains/losses arising from demographic changes		0	(3,716,000)
Actuarial gains/losses arising from changes in financial assumptions		10,353,000	(2,506,000)
Other (if applicable)		0	0
Past service costs/(gains)		93,000	203,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(2,510,000)	(2,675,000)
Balance as at 31 March		111,235,000	95,555,000

Reconciliation of present value of the scheme assets:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		75,873,000	71,248,000
Interest income		3,288,000	3,220,000
Contributions by members		869,000	762,000
Contributions by employer		2,810,000	2,494,000
Contributions in respect of unfunded benefits		0	0
Remeasurements gain/(loss)		6,728,000	824,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(2,510,000)	(2,675,000)
Balance as at 31 March		87,058,000	75,873,000

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

The actual return on scheme assets in the year was a gain of £10,016,000 (2013/14 gain of £4,044,000).

Fair Value of Plan Assets

	31/03/2015	31/03/2014
	£	£
Equity investments	63,552,340	56,297,766
Property	10,969,308	8,497,776
Government Bonds	4,962,306	4,476,507
Corporate Bonds	5,658,770	4,628,253
Cash	1,741,160	1,972,698
Other	174,116	0
	87,058,000	75,873,000

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

The bid value of assets for the Fund as a whole as at 31 March 2015 were provided by the Administering Authority.

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

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

	31/03/2015	31/03/2014
	£	£
Fair Value of Employer Assets	87,058,000	75,873,000
Present value of funded defined benefit obligation	(111,235,000)	(95,555,000)
Pension asset/(liability) of Funded Scheme	(24,177,000)	(19,682,000)
Present Value of Unfunded defined benefit obligation	0	0
Unrecognised Past Service Cost	0	0
Other movement in the liability (asset) (if applicable)	0	0
Net Asset/(Liability) arising from the defined benefit obligation	(24,177,000)	(19,682,000)
<i>Amount in the Balance sheet:</i>		
Liabilities	(24,177,000)	(19,682,000)
Assets	0	0
Net Asset/(Liability)	(24,177,000)	(19,682,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £24,177,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

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

	31/03/2016	31/03/2016
	£	%
Projected current cost	3,532,000	82.9%
Interest on obligation	727,000	17.1%
Expected return on assets	0	0.0%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	4,259,000	100.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2016 is £2,805,000.

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
	%	%
Experience (gains and (losses) on Assets	8%	1%
Experience gains and (losses) on Liabilities	-9%	6%

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by AON Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2015.

	2014/15	2013/14
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.2	22.1 years
Women	24.7	24.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4	24.3 years
Women	27.0	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	0%	0%

23e

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2015 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	107.609	111.715
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost (£M's)	3.423	3.644
Approximate % change in projected service cost	-3.10%	3.20%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	110.368	108.926
% change in the present value of the total obligation	0.70%	-0.70%
Projected service cost (£M's)	3.532	3.532
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 (£M's)	111.104	108.202
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost (£M's)	3.644	3.423
Approximate % change in projected service cost	3.20%	-3.10%
Post Retirement Mortality Assumption		
Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation (£M's)	112.598	106.685
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost (£M's)	3.652	3.412
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
	%	%
Equity investments	73.0	74.2
Property	12.6	11.2
Government Bonds	5.7	5.9
Corporate Bonds	6.5	6.1
Cash	2.0	2.6
Other	0.2	0.0
	100.0	100.0

Pension Liability Former Gasworks Employees

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

The Pension Liability is as follows:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April 2014		73,047	69,352
Payments during year	3	(9,027)	(8,790)
Increase/(Decrease) in liability		10,998	12,485
Balance as at 31 March 2015		75,018	73,047

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24 Donated Assets Account

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

25 Capital Grants Received in Advance

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

Analysis of Capital Grants Receipts in Advance Balance

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

DERRY CITY COUNCIL
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**26a Analysis of Adjustments to Surplus/Deficit on
the Provision of Services**

	Notes	<u>2014/15</u> £	<u>2013/14</u> £
Adjustment to surplus or deficit on the provision of services for noncash movements			
Depreciation	13a	6,801,484	6,321,065
Impairment & downward revaluations (& non-sale derecognitions)	13a	1,136,210	5,845,835
(Increase)/Decrease in Inventories	16	(21,706)	(2,068)
(Increase)/Decrease in Debtors	17	2,522,765	(1,249,834)
Increase/(decrease) in impairment provision for bad debts	17	17,536	89,274
Increase/(Decrease) in Creditors	20a	(1,181,821)	1,687,041
Increase/(Decrease) in Interest Creditors	20a	30,255	27,425
Payments to NILGOSC/Gas Employees	3a	1,356,973	1,761,210
Carrying amount of non-current assets sold	27a	567,943	281,727
WIP written off to Net Cost of Services		0	0
Contributions to Other Reserves/Provisions		(5,351,399)	(3,387,859)
Amounts posted to DFS from Donated Assets Account	24	0	0
		<u>5,878,439</u>	<u>11,373,816</u>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Purchase of short-term (not considered to be cash equivalents) and long-term Investments (Includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from short-term (not considered to be cash equivalents) and long-term Investments (Includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from the sale of PP&E, investment property and intangible assets	27a	(93,118)	(72,700)
Capital grants included in "Taxation & non-specific grant income"	9	(5,266,256)	(6,173,017)
		<u>(5,359,374)</u>	<u>(6,245,717)</u>

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26b Cash and Cash Equivalents

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

	31/03/2015	31/03/2014
	£	£
Cash and Bank balances	4,409,367	415,468
Short Term Investments (considered to be Cash Equivalents)	11,609,652	19,259,673
Short Term Deposits (considered to be Cash Equivalents)	0	0
Bank Overdraft	0	0
	<u>16,019,019</u>	<u>19,675,141</u>

26c Cash Flow Statement-Operating Activities

	2014/15	2013/14
	£	£

The cash flows from operating activities include:

Interest received	<u>74,659</u>	<u>269,661</u>
Interest paid	<u>1,903,815</u>	<u>1,712,201</u>

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26d Cash flows from Investing Activities

	2014/15 £	2013/14 £
Purchase of PP&E, investment property and intangible assets	(17,298,103)	(11,631,261)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	93,118	72,700
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	999,498	2,438,668
Other Receipts from Investing Activities	0	1,500
Net Cash flows from Investing Activities	<u>(16,205,487)</u>	<u>(9,118,393)</u>

26e Cash flows from Financing Activities

	2014/15 £	2013/14 £
Cash Receipts from Short and Long Term Borrowing	16,664,315	7,247,338
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	0	0
Repayment of Short and Long Term Borrowing	(1,685,325)	(1,519,892)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>14,978,990</u>	<u>5,727,446</u>

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

27a) Analysis of Movement on Reserves - Current Year

	USABLE RESERVES			UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES		
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Fund Renovation & Repairs Fund	Other Business and Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Financial Instruments Adjustment Account	Reserve for Financial Instruments	Pension Reserve		Deferred Capital Receipts Account	Accumulated Absences Account
At 1 April 2014	302,760	5,763,051	8,617,387	2,081,843	668,350	2,570,986	47,093,500	0	44,347,148	0	(10,755,047)	0	71,832,887
Movements during the year:													
Applied Capital Grants						(1,484,088)	1,484,088						1,484,088
Unapplied Capital Grants received in year		3,792,168				(3,782,168)	0						0
Unapplied Capital Grants transferred to CMA in year		(876,293)				(876,293)	876,293						0
Direct Revenue Financing						(374,810)	374,810						374,810
Depreciation & Impairment adjustment						7,937,884	(7,937,884)						(7,937,884)
Statutory Provision for financing Capital Investment						(3,100,470)	3,100,470						3,100,470
Net Revenue expenditure funded from capital under statute						2,801,031	0						0
Surplus/(Deficit) on the Provision of Services						(2,948,890)	(2,948,890)						0
Transfers between Statutory and Other Reserves and District Fund			108,911	602,910		(712,790)	0						0
Adjustment to recognition of asset						(2,136,381)	0						0
Net movements on Pension Reserve						1,356,873	0				(1,356,873)		0
Disposal of Fixed Assets/Capital Sales	93,118					474,825	(567,943)						(967,843)
Capital Receipts used to finance capital expenditure	0					0	0						0
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	0					42,889	42,889						(42,889)
Revaluation						(130,418)	1,587,483		(1,278,051)				(808,348)
Other Movements	0		0	(130,484)	0	78	1,358,874				0		8,832
Transfers between Capital Fund/Renovation & Repair Fund & CMA to finance capital expenditure						(1,355,026)	1,358,874						3,848
Total movements on reserves during the year (Change in Net Worth)	93,118	686,884	(2,856,846)	(25,831)	602,910	18,293	378,382	0	751,999	0	(4,488,271)	0	(2,411,499)
At 31 March 2015	396,878	6,449,935	4,969,401	2,038,222	(2,501,748)	2,589,182	47,488,882	0	46,006,848	0	(2,428,019)	0	88,151,188

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

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

	USABLE RESERVES				UNUSABLE RESERVES										TOTAL AUTHORITY RESERVES
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Fund Renewal & Repairs Fund	Other Balances and Reserves	General Fund	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Deferred Capital Receipts Account	Rates Clear Back Reserve	Accumulated Absences Account	TOTAL UNUSABLE RESERVES	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2013	220,569	3,738,593	6,031,732	2,275,015	2,459,248	54,901,206	0	0	0	0	0	0	0	37,048,862	52,638,211
Movements during the year:															
Applied Capital Grants					(1,879,873)	1,879,873								1,879,873	0
Unapplied Capital Grants received in year		4,483,345			(4,483,345)	0								0	0
Unapplied Capital Grants transferred to CAA in year		(2,468,867)			(2,468,867)	2,468,867								2,468,867	0
Direct Revenue Financing					(130,255)	130,255								130,255	0
Depreciation & impairment adjustment					12,166,900	(12,166,900)								(12,166,900)	0
Loans/lease principal repayments					(2,444,289)	2,444,289								2,444,289	0
Net Revenue expenditure funded from capital under statute					1,583,289	0								0	0
Surplus/(Deficit) on the Provision of Services					(6,511,458)	(6,511,458)								0	(6,511,458)
Transfers between Statutory and Other Reserves and District Fund					300,000	(12,122)	21,856							(1,761,210)	0
Net movements on Pension Reserve					1,761,210	1,761,210								0	0
Disposal of Fixed Assets/Capital Sales	72,700				209,027	281,727								(281,727)	0
Capital Receipts used to finance capital expenditure	0				0	0								0	0
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	0				0	0								0	0
Revaluation	1,500		0	105	0	1,605		39,216,835	0	6,355,515				45,572,350	38,742
Other Movements						1,806,766		(1,589,829)		0				37,137	0
Transfers between Capital Funds/Revenue & Repair Fund & CAA to finance capital expenditure						(3,646,949)								(3,646,949)	0
Total movements on reserves during the year (Change in Net Worth)	74,200	2,626,458	2,585,635	(213,927)	21,654	(7,787,709)	0	37,647,206	0	4,994,206	0	0	0	34,473,505	30,099,654
At 31 March 2014	302,769	5,763,051	8,617,367	2,061,843	888,350	47,093,500	0	44,347,149	0	(19,753,047)	0	0	(182,935)	71,522,467	91,737,945

DERRY CITY COUNCIL
Notes to the Financial Statements
Usable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

27a) Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

27b) Capital Grants Unapplied account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the balance sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is also reported in the Movement in Reserves Statement or in the notes to the accounts.

27c) Capital Fund

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Opening Balance	8,617,367	6,031,732
Transfer from District Fund	0	300,000
Interest on Investments	0	0
Interest on Temporary Borrowing	0	0
Trf Landfill Provision	0	0
Purchase of Fixed Assets	(1,355,934)	(151,096)
Leisure Development Fund	0	4,000,000
Clipper	(726,613)	(473,387)
City of Culture Legacy	(1,303,570)	(145,724)
STC/Shadow Council Costs	(558,180)	0
City of Culture Funding	(12,668)	(944,158)
Closing Balance	<u><u>4,660,401</u></u>	<u><u>8,617,367</u></u>

The Capital Fund is to be used to fund a number of projects including the Brooke Park Restoration, Creggan Community Centre, Foyle Arena, UK City of Culture, Legacy and convergence costs.

27d) Renewal and Repairs Fund

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

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Opening Balance	2,061,843	2,275,815
Transfer from District Fund	130,000	0
Interest on Investments	674	105
Contributions Received	0	0
Payments in year	(154,295)	(214,077)
Closing Balance	<u><u>2,038,222</u></u>	<u><u>2,061,843</u></u>

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

27e) Other Balances & Reserves

(i) Election Reserve

This reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve. The costs of the election in May 2014 (£292,896 for which Derry City Council is responsible for 50%) have been reflected in the Statutory Transition Committee Accounts as required by DOE direction. The details of the movements in the Reserve are outlined below:

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Opening Balance	151,494	91,494
Transfer from District Fund	0	60,000
Interest on Investments	0	0
Payments in year	(31,494)	0
Closing Balance	<u>120,000</u>	<u>151,494</u>

(ii) Economic Development Reserve

This Reserve has been set aside to enable the Council to provide match funding for Economic Development Projects and the cost of the 2016 Clipper event.

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Opening Balance	746,856	785,000
Transfer from District Fund	1,074,000	0
Interest on Investments	0	0
Payments in year	(439,587)	(38,144)
Closing Balance	<u>1,381,269</u>	<u>746,856</u>
GRAND TOTAL (i) and (ii) above	<u>1,501,269</u>	<u>898,350</u>

27f) General Fund

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

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

27g) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

27h) Financial Instruments Adjustment Account

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

27i) Revaluation Reserve

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

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

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

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

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

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

27k) Pension Reserve

Refer to note 23.

27l) Deferred Capital Receipts Account

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year.

27m) Accumulated Absences Account

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

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

28 Contingent Liabilities

A provision of £5,061,209 has been recognised in relation to closure and aftercare costs for Council's former Landfill Site at Culmore (note 21). In line with IAS37 and the Code of Accounting Practice this is the best estimate of the liability at present. Council has produced a Landfill Closure Plan which has been approved by the Northern Ireland Environment Agency. The contract for the closure works has now been awarded so Council's current provision should be adequate to cover the total costs.

A provision of £1,239,767 has been recognised by Council in relation to costs associated with the implementation of Single Status and organisational restructuring. In line with IAS 37 and the Code of Accounting Practice this is the best estimate of the liabilities at present.

29 Significant Trading Operations

The Council operates a significant trading operation at City of Derry Airport. The Council transferred the Airport into a separate incorporated company, City of Derry Airport (Operations) Limited with effect from 1st April 2010. This Company has produced it's own Audited Accounts for 2014/2015, the results of which have been incorporated into the Group Accounts produced by the Council for 2014/2015. Turnover for the City of Derry Airport in 2014-15 was £2,763,938 (2013-14 £3,405,371) with a loss of £2,512,792 (2013-14 £2,563,335).

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

30a Agency Services

The Council does not have any transactions of this nature.

30b City of Culture grants payable

During 2013/14, Derry City Council incurred expenditure of £10,491,648 and received income of £8,444,898. These costs and income were included within Culture & Heritage Services (See Note 2). No further expenditure was incurred or income received in the 2014/15 year.

A summary of all transactions for the project are as follows:-

	2014/15 £	2013/14 £	2012/13 £	TOTAL £
Income				
DCAL Grant	0	5,758,745	6,500,000	12,258,745
Other Misc Grants	0	1,927,753	1,269,478	3,197,231
Tickets and other Receipts	0	300,923	115,055	415,978
Sponsorship	0	457,477	0	457,477
Income for the year	0	8,444,898	7,884,533	16,329,431
Less Income in Advance	0	0	(750,499)	(750,499)
Income for the year	0	8,444,898	7,134,034	15,578,932
Programme Expenditure	0	10,491,648	7,134,034	17,625,682
Net Expenditure	0	(2,046,750)	0	(2,046,750)

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

31 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 30) these are not deemed to be Related Party Transactions.

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

Community Groups/Associations/Other Bodies

On the basis of information currently available to it, Derry City Council has been involved in the following transactions during 2014/2015:

(A) Payments below £25,000

Council made payments in aggregate of £46,119 (2013/2014: £149,709), each individually below £25,000, to 12 (2013/2014: 18) Community Groups/Associations or other bodies which were deemed to be related parties of Council. This relationship has arisen due to one or more Councillors/Chief Officers being appointed by Council to serve on the Management Committee, acting in a non-beneficial capacity, Councillors/Chief Officers acting in a voluntary capacity as members of the Management Committee or Councillors being an employee of the Community Group/Association involved.

(B) Payments above £25,000

Council made 9 (2013/2014: 12) payments/contributions to running costs above £25,000 to Community Groups/Associations or other bodies on which Councillors/Chief Officers were on the Management Committee, acting in a non-beneficial capacity since these were Council appointments. Details of these payments are as follows:-

	2014/2015	2013/2014
	£	£
CCTV Partnership	0	100,750
City Centre Initiative	186,000	143,496
ERNACT EEIG	63,385	36,500
Citizen's Advice Bureau	327,943	335,972
RAPID Limited	53,104	54,928
W.E.L.B.	254,468	451,991
WHSCT	0	48,769
N.I. Local Government Association	28,729	31,161
Greater Shantallow Community Arts	0	34,236
Dove House	163,689	89,980
Londonderry Port	0	114,334
Derry Visitor & Convention Bureau	536,066	489,395
Gallagh Community Development Group	31,116	0

(C) Group Committees

Derry City Council acts as the Employer Council for the Northern Building Control Group. It paid £58,920 to the Group as it's share of Group costs for the year 2014/2015 (2013/2014: £69,587 (See Note 11)). It also charged £5,425 to the Group in return for providing Financial and Administration services (2013/2014: £6,407), and £15,000 for rental of office space in the Council Offices (2013/2014: £21,000).

Derry City Council is also part of the Environmental Health Western Group and made a payment of £215,085 (2013/2014: £203,899) to Omagh District Council, which is the Employer Council for the Group.

(D) Local Government Staff Commission

During 2014/2015 Derry City Council paid £33,167 (2013/2014: £33,135) to the Local Government Staff Commission. Council has appointed three Councillors to represent it on the Committee of this organisation.

(E) Car Loans

Council makes available car loans to employees for whom it is necessary to have access to a car to carry out their work. This applies to all employees, and not just Chief Officers, so no benefits solely apply to this Group. Total Car Loans outstanding as at 31st March 2015 was £33,463 (31st March 2014: £54,514). The total outstanding for Chief Officers was £11,250 (31st March 2014: £11,096).

(F) Department of the Environment

Council receives an annual operating grant from the Department of the Environment. During 2014/2015 it received £2,958,739 (2013/2014: £2,851,875), details of which are given in Note 9.

(G) Derry Visitor & Convention Bureau

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

During 2014/2015 Council paid £536,066 (2013/2014: £489,395) in Management Fees to the Bureau. The Bureau is situated in a Council owned building for which Council received £36,000 (2013/2014: £36,000) from a lease arranged through the Land & Property Services, an independent body. Derry City Council has provided a guarantee to NILGOSC in relation to the pension rights of VCB staff. The Bureau's Accounts are prepared and audited by an independent Audit Firm.

(H) Derry Theatre Trust

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

During 2014/2015 Council paid £443,300 (2013/2014: £443,300) in Management Fees to Derry Theatre Trust. Derry City Council has provided a guarantee to NILGOSC in relation to the pension rights of Derry Theatre Trust staff. The Trust's Accounts are prepared and audited by an independent Audit firm. Council paid £127,444 to the Trust during 2014/2015 (2013/2014: £105,855) for Room Hire Charges, Office Box Services and Joint Productions.

(I) ERNACT EEIG

Council is a member of ERNACT EEIG, along with Donegal County Council, and is represented on the Board of Management by 2 Councillors, the Town Clerk & Chief Executive and the Deputy Town Clerk & Chief Executive. Both Councils have given a commitment to provide deficit funding to ERNACT EEIG and during 2014/2015 a sum of £63,385 (2013/2014: £36,500) was provided by Derry City Council to cover core costs of the organisation. There is also a potential liability that both Councils would have to face if the organisation became insolvent.

(J) Derry Policing and Community Safety Partnership

Council is represented by 10 Councillors on the Derry Policing and Community Safety Partnership, one of which acts as Chairperson. During 2014/2015 Council contributed £179,642 to the running costs of the Partnership (2013/2014 £76,968). Council also provides legal, financial and personnel services to the Partnership for which it received £9,300 during 2014/2015 (2012/2013: £9,300).

(K) Other Local Authorities

During 2014/2015 the Council had expenditure of £1,724,358 (2013/2014: £1,464,805) to other District Councils of which £289,286 (Note 20) was outstanding at 31st March 2013 (31st March 2014: £104,633). The Council also received £524,441 (2013/2014: £341,564) from other Councils, of which £363,395 (Note 17) was outstanding as at 31st March 2015 (31st March 2014: £121,983). These amounts mainly related to services provided.

(L) City of Derry Airport (Operations) Limited

With effect from 1st April 2010 the Council transferred the operation of City of Derry Airport to a new company, CODA (Operations) Limited, with Council being the sole shareholder in this new company. Council is represented by 6 Members /Officers out of the total Board of 10 Directors. During 2014/15 further operational assets in the value of £480,206 were transferred to the company in exchange for shares with an issued value of £480,206 (2013/14: £279,627). The Infrastructure Assets have not yet been transferred to the company but are being operated by the company under Licence at nil cost. Council also purchased additional shares during 2014/15 to the value of £2,144,778, which are also deemed to be of minimal value (2013/14: £2,364,200). Council continued to provide support services to the new company which have not been charged to the company but are shown in Council's Cost of Services.

During 2014/15 the Council invoiced CODA (Operations) Limited for £16,175 for expenditure incurred on its behalf (2013/14: £14,129) and also received invoices from the Company for £2,301,972 (2013/14: £992,747) mainly for capital expenditure incurred by the Company. At 31 March 2015 £15,614 was owed to the company by Derry City Council (2013/14: £149,090) and £12,000 was receivable from the company (2013/14: £13,053).

(M) Culture Company 2013 Limited

The Council has set up the above Company to act as its agent in delivering the UK City of Culture 2013. It is a company limited by guarantee not having a share capital but Council is deemed to have effective control of the Company and is therefore regarded as a related party. During 2014/15 the Council provided funding in the sum of £12,668 to the Company for running costs (2013/2014: £944,159). During 2014/15 the Company purchased goods and services from the Council in the sum of £161 (2013/2014: £691). Council also provided a range of support services to the Company at no cost to the Company.

(N) North West Region Waste Management Group Joint Committee

Derry City Council is a member of the NWRWVG Joint Committee, which is a partnership of 7 Councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public. Total expenditure by the Committee during the year was £234,135 (2013/2014: £455,601). The transactions for the Joint Committee are not reflected in the Accounts for Derry City Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2015. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor.

Derry City Council acts as the lead Council for the NWRWVG Joint Committee and deals with all the financial transactions for the Group. The staff are also deemed to be employees of the Council. The Council provides office accommodation and support services to the Joint Committee for which it received £15,000 during 2014/2015 (2013/2014 £15,000). Council paid a sum of £70,154 to the Joint Committee as its share of operating costs for 2014/2015 (2013/2014 £58,015).

As the Joint Committee uses Derry City Council to cashflow its activities there was a balance owed to the Council as 31st March 2015 of £29,754 in relation to 2014/2015 (2013/2014 £116,245).

(O) North West Air Access Consortium

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

Derry City Council acts as the lead Council and as at 31st March 2015 had a sum of £283,754 in its Bank Account (31st March 2014 £239,827) which belonged to the Consortium. These funds are to be used for joint marketing campaigns to develop air routes to the region.

(P) North West Peace III Partnership Joint Committee

Derry City Council is a member of the North West Cluster Peace III Joint Committee. Under this arrangement Peace III and INTERREG IVA funding is available from the Special EU Programmes Body. Derry City Council is part of this Joint Committee with Omagh District Council and Strabane District Council. Total expenditure by the Committee during the year was £1,000,518 (2013/2014: £2,137,096). The transactions for the Joint Committee are not reflected in the Accounts for Derry City Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2015. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor.

Derry City Council acts as the lead Council for the North West Peace III Partnership Joint Committee and deals with all the financial transactions for the Group. The staff are also deemed to be employees of the Council. The Council provides office accommodation and support services to the Joint Committee for which it received nil consideration during 2014/2015 (2013/2014 nil). Council received credit for costs of (£1,670) as match funding for staff and running costs of the Joint Committee for 2013/2014 (2013/2014 costs incurred £16,082).

As the Joint Committee uses Derry City Council to cashflow its activities there was a balance owed to the Council as 31st March 2015 of £165,137 in relation to 2014/2015 (2013/2014 £142,375).

(Q) Statutory Transition Committees

Statutory Transition Committees were formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013. The Derry City and Strabane Statutory Transition Committee was established on 02 July 2013 in accordance with this legislation and ceased to exist on 19 June 2014. Derry City Council acted as lead Council for the Statutory Transition Committee. For detailed disclosures on the Statutory Transition Committee see Note 10.

(R) Shadow Council

As part of local government reform 11 New Councils in Northern Ireland were established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008.

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision for the New Councils and operated in shadow form until they took over full responsibility for local government on the 1st April 2015 when the 26 predecessor councils ceased to exist.

Derry City Council acted as lead Council for the Derry and Strabane District Shadow Council. For detailed disclosures on The Shadow Council see Note 10.

(S) ARC North West Rural Development Joint Committee

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

Omagh District Council administers the payments and income for the Joint Committee but these transactions are not reflected in Omagh District Council's Accounts. Instead they are reflected in ARC NW Rural Development Joint Committee's Statement of Accounts for the year ended 31st March 2015. These Statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by a Local Government Auditor.

DERRY CITY COUNCIL

Group Movement in Reserves Statement

For the current and comparative year

	District Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
At 31 March 2013	1,798,209	8,307,547	4,613,087	229,569	14,948,412	38,300,254	53,248,666
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(6,503,356)	0	0	0	(6,503,356)	0	(6,503,356)
Other Comprehensive Income and Expenditure	0	0	0	0	0	45,789,350	45,789,350
Total Comprehensive Income and Expenditure	(6,503,356)	0	0	0	(6,503,356)	45,789,350	39,285,994
Adjustments between accounting basis & funding basis under regulations	6,745,609	2,083,785	2,026,458	72,700	10,928,552	(10,980,973)	(52,421)
Net Increase/Decrease before Transfers to Statutory and Other Reserves	242,253	2,083,785	2,026,458	72,700	4,425,196	34,808,377	39,233,573
Transfers to/from Statutory and Other Reserves	(309,734)	287,878	21,856	1,500	1,500	0	1,500
Increase/Decrease in Year	(67,481)	2,371,663	2,048,314	74,200	4,426,696	34,808,377	39,235,073
At 31 March 2014	1,730,728	10,679,210	6,661,401	303,769	19,375,108	73,108,631	92,483,739
Movement in reserves during the year							
Surplus or (deficit) on provision of services	(2,876,544)	0	0	0	(2,876,544)	0	(2,876,544)
Other Comprehensive Income and Expenditure	78	0	0	0	78	(457,348)	(457,270)
Total Comprehensive Income and Expenditure	(2,876,466)	0	0	0	(2,876,466)	(457,348)	(3,333,814)
Adjustments between accounting basis & funding basis under regulations	3,484,247	(4,090,398)	666,494	93,118	153,461	(3,125,756)	(2,972,295)
Reclassification Adjustment re impact of Prior Year CODA Assets	986,623				986,623	(986,623)	0
Net Increase/Decrease before Transfers to Statutory and Other Reserves	1,594,404	(4,090,398)	666,494	93,118	(1,736,382)	(4,569,727)	(6,306,109)
Transfers to/from Statutory and Other Reserves	(712,730)	109,811	602,919	0	0	0	0
Increase/Decrease in Year	881,674	(3,980,587)	1,269,413	93,118	(1,736,382)	(4,569,727)	(6,306,109)
At 31 March 2015	2,612,402	6,698,623	7,930,814	396,887	17,638,726	68,538,904	86,177,630

Note 2c

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

DERRY CITY COUNCIL

Group Comprehensive Income & Expenditure Statement for the year ended 31 March 2015

	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		24,229,385	2,986,939	21,232,446	30,529,600	13,986,563	16,533,037
Environmental Services		17,415,898	1,758,522	15,657,376	16,119,516	1,762,743	14,356,773
DRM and Corporate Management		3,480,893	57,711	3,423,182	2,626,772	85,017	2,543,755
Other Services		8,590,097	3,083,684	5,506,413	12,983,913	2,262,064	10,721,849
CODA (Operations) Limited		5,307,776	2,763,938	2,543,838	6,107,548	3,486,823	2,620,725
Culture Company 2013 Limited		12,668	12,668	0	945,785	945,785	0
Cost of Services on Continuing Operations		59,036,717	10,673,462	48,363,255	69,315,134	22,538,995	46,776,139
Other Operating Expenditure		(3,468,339)	0	(3,468,339)	1,402,846	0	1,402,846
Financing and Investment Income and Expenditure		2,733,836	74,659	2,659,177	2,802,311	266,670	2,535,641
Surplus or Deficit on Discontinued Operations		0	0	0	0	0	0
Net Operating Expenditure		56,302,214	10,748,121	47,554,093	73,520,291	22,805,665	50,714,626
Taxation and Non-Specific Grant Income		0	44,677,549	(44,677,549)	0	44,211,270	(44,211,270)
Group Surplus/(Deficit) on the Provision of Services		56,302,214	55,425,670	(2,876,544)	73,520,291	67,016,935	(6,503,356)
Group Surplus/(Deficit) on revaluation of non-current assets				2,330,650			39,216,835
Group Surplus/(Deficit) arising on revaluation of available-for-sale financial assets				0			0
Remeasurements of the Net Defined Benefit Liability (Asset)				(3,491,988)			6,572,515
Other Comprehensive Income and Expenditure				(1,161,348)			45,789,350
District Fund Summary				(4,037,892)			39,285,994

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

DERRY CITY COUNCIL
Group Balance Sheet as at 31 March 2015

	Notes	2014/15	2013/14
		£	£
Land & Buildings	4	67,402,813	68,311,808
Infrastructure Assets	4	34,314,735	33,895,462
Landfill Site	4	0	0
Vehicles, Plant, Furniture and Equipment	4	11,642,436	12,010,646
Community Assets	4	4,599,639	4,599,639
PP&E under Construction	4	18,483,725	8,300,029
Surplus Assets	4	0	0
Heritage Assets	4	3,263,698	1,877,590
Investment Properties	4	0	0
Intangible Assets	4	0	4,500
Assets Held for Sale		0	0
Long Term Investments		0	0
Long Term Debtors		957,411	1,077,157
LONG TERM ASSETS		140,664,457	130,076,831
Short Term Investments		0	0
Inventories		239,078	185,693
Short Term Debtors		20,415,917	20,848,695
Cash and Cash Equivalents	5b	16,088,381	19,822,104
Assets Held for Sale		0	0
CURRENT ASSETS		36,743,376	40,856,492
Bank Overdraft		0	0
Short Term Borrowing		2,073,832	1,685,324
Short Term Creditors		12,384,900	14,249,724
Provisions		3,360,214	0
CURRENT LIABILITIES		17,818,946	15,935,048
Long Term Creditors		0	0
Provisions		4,008,519	12,598,249
Long Term Borrowing		44,442,723	29,852,240
Other Long Term Liabilities	6	24,960,018	20,064,047
Donated Assets Account		0	0
Capital Grants Receipts in Advance		0	0
LONG TERM LIABILITIES		73,411,260	62,514,536
NET ASSETS		86,177,627	92,483,739
USABLE RESERVES		17,638,723	19,375,108
Capital Receipts Reserve		396,887	303,769
Capital Grants Unapplied Account		6,429,545	5,763,051
Capital Fund		4,660,401	8,617,367
Renewal and Repairs Fund		2,038,222	2,061,843
Other Balances and Reserves		1,501,269	898,350
General Fund		2,612,399	1,730,728
UNUSABLE RESERVES		68,538,904	73,108,631
Capital Adjustment Account		48,605,618	48,988,464
Financial Instruments Adjustment Account		0	0
Revaluation Reserve		45,098,848	44,347,149
Available for Sale Financial Instruments Reserve		0	0
Pensions Reserve	6	(24,960,018)	(20,064,047)
Capital Receipts Deferred Account		0	0
Rates Claw-Back Reserve		0	0
Accumulated Absences Account		(205,544)	(162,935)
NET WORTH		86,177,627	92,483,739

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

DERRY CITY COUNCIL
Group Cashflow Statement as at 31 March 2015

	Notes	2014/15 £	2013/14 £
Net surplus or (deficit) on the provision of services		(2,876,544)	(6,503,356)
Adjustment to surplus or deficit on the provision of services for noncash movements	5a	5,728,692	11,470,635
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5a	(5,359,374)	(6,245,717)
Net cash flows from operating activities		<u>(2,507,226)</u>	<u>(1,278,438)</u>
Net Cash flows from Investing Activities	5d	(16,205,487)	(9,118,393)
Net Cash flows from Financing Activities	5e	14,978,990	5,727,446
Net increase or decrease in cash and cash equivalents		(3,733,723)	(4,669,385)
Cash and cash equivalents at the beginning of the reporting period	5b	19,822,104	24,491,489
Cash and cash equivalents at the end of the reporting period	5b	<u><u>16,088,381</u></u>	<u><u>19,822,104</u></u>

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

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

1a Group Accounts

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

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

(A) City of Derry Airport (Operations) Limited

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

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

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

The losses incurred by CODA (Operations) Limited during 2014/2015 have been reflected in the Cost of Services and District Fund Balances. These losses have been mainly offset by the removal of the loss on investment incurred by the Council on the shares purchased during the financial year.

(B) Culture Company 2013 Limited

The Council has formed a new Company, City of Culture 2013 Limited, to act as it's agent in delivering the UK City of Culture 2013. It is a company limited by guarantee having no share capital. Council is deemed to have effective control of the company and it's financial results are included in the Council's Group Accounts. On 9th September 2013 the company took the decision to cease trading, effective from 31 March 2014. The external auditors of Culture Company 2013 Limited have prepared cessation accounts for the period 31 January 2015.

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

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

Derry City Council continues to provide support to CODA (Operations) Limited to ensure it meets it's day to day working and fixed capital requirements. Derry City Council has confirmed that this support will continue for a period of at least 12 months from the date of signing the group financial statements, and as such, the Council consider it appropriate to prepare the group financial statements on the going concern basis. The group financial statements do not include any adjustments that would result from a withdrawal of the support outlined. The external auditors of CODA (Operations) Limited have included an emphasis of matter in the financial statements of the company for the year ended 31st March 2015 drawing attention to this issue.

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2a 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 District Fund Balance for the year:					
Impairments (losses & reversals) of non-current assets	4a,4b	0		0	
Derecognition (other than disposal) of non-current assets	4a,4b	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	4a,4b	1,135,210		5,845,835	
Depreciation charged in the year on non-current assets	4a,4b	7,055,295	8,191,505	6,321,066	12,166,901
Net Revenue expenditure funded from capital under statute			2,601,031		1,563,270
Carrying amount of non current assets sold		87,737		2,100	
Proceeds from the sale of PP&E, Investment property and Intangible assets		(94,118)	(6,381)	(72,700)	(70,600)
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			0		0
Net charges made for retirement benefits in accordance with IAS 19	6b		4,457,000		4,595,000
Direct revenue financing of Capital Expenditure			(374,810)		(130,255)
Capital Grants and Donated Assets Receivable and Applied in year			(1,484,088)		(1,679,673)
Capital Grants Receivable and Unapplied in year			(3,782,168)		(4,493,345)
Rates Claw-Back Reserve			0		0
Adjustments in relation to Short-term compensated absences			42,609		0
Adjustments in relation to Lessor Arrangements			0		0
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the District Fund Balance for the year					
Statutory Provision for the financing of Capital Investment			(3,100,470)		(2,444,289)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	6		(3,059,981)		(2,761,400)
			3,484,247		6,745,609

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

	2014/15 £	2014/15 £	2013/14 £	2013/14 £
Capital Fund				
Interest	0		0	
Other	0	0	(300,000)	(300,000)
Renewal and Repairs Fund				
Interest	0		0	
Other	(109,811)	(109,811)	12,122	12,122
Other Funds and earmarked reserves				
Interest	0		0	
Other	(602,919)	(602,919)	(21,856)	(21,856)
		(712,730)		(309,734)

2c As a consequence of CODA assets being fully funded by DCC through the Minimum Revenue Provision policy there is an adjustment required in 2014-15 between the District Fund and the Capital Adjustment Account in the group accounts to reverse the impact of all CODA prior year capital expenditure going through the Income & Expenditure in order to avoid the group accounts being hit twice with CODA asset costs.

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

3 Employee and Directors Costs

3a Staff and Directors Costs

	2014/15	2013/14
	£	£
Salaries and wages	21,260,572	17,161,943
Employers National Insurance	1,592,775	1,182,397
Employers pension costs	3,308,609	2,626,400
	26,161,956	20,970,740

The above figures include staff costs of group building control of £70,772 (2013/14: £83,475).

In addition, agency costs during the year amounted to £889,164 (2013/14 £992,478).

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

Council also paid £357,194 during 2014/15 (2013/14: £395,930) in respect of former employees who were granted early retirement or redundancy or Employees who continued to pay their contributions during periods of absence such as career breaks.

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

	2014/15	2013/14
	FTE	FTE
Full-time numbers employed	651	671
Part-time numbers employed	68	68
	719	739
	Actual Numbers	Actual Numbers
Full-time numbers employed	644	660
Part-time numbers employed	124	147
	768	807

3c Senior Employees' Remuneration

	2014/15	2013/14
£50,001 to £60,000	2	11
£60,001 to £70,000	11	4
£70,001 to £80,000	1	2
£80,001 to £90,000	3	2
£90,000 to £100,000	0	1
£100,000 to £110,000	0	1
£110,000 to £120,000	2	0
	19	21

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

3 Employee and Directors Costs (contd.)

3d Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£0 to £20,000	0	0	0	0	0	0	0	0
£20,001 to £40,000	2	11	0	0	2	11	12,796	11,025
£40,001 to £60,000	3	0	0	0	3	0	85,752	0
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 to £100,000	0	1	0	0	0	1	0	75,537
£100,001 to £150,000	1	1	0	0	0	1	0	90,056
£150,000 and over	1	2	0	0	1	2	137,261	246,326
	1	2	0	0	1	2	275,309	364,766
Total	7	17	0	0	7	17	511,118	787,710

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

4a Fixed Assets Note - Current Year

	Property, Plant & Equipment (PP&E)											TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Property, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E	Investment Properties		Intangible Assets
	£	£	£	£	£	£	£	£	£	£	£	£	
Cost on Valuation	17,331,837	52,734,245	61,830,440	0	35,508,491	4,599,639	8,300,029	0	1,877,590	182,182,271	0	607,770	182,790,041
At 1 April 2014													
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	17,331,837	52,734,245	61,830,440	0	35,508,491	4,599,639	8,300,029	0	1,877,590	182,182,271	0	607,770	182,790,041
Additions	0	0	0	0	0	0	16,655,964	0	0	16,655,964	0	0	16,655,964
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	(140,804)	161,847	0	0	0	0	0	0	1,366,108	1,407,151	0	0	1,407,151
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	(1,136,210)	0	0	0	0	0	0	0	(1,136,210)	0	0	(1,136,210)
Derecognition - Disposals	(8,500)	(77,118)	0	0	(173,338)	0	0	0	0	(258,956)	0	0	(258,956)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	34,630	1,256,070	2,683,593	0	2,597,975	0	(6,472,268)	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge	17,217,163	52,938,834	64,414,033	0	37,933,128	4,599,639	18,483,725	0	3,263,698	198,850,220	0	607,770	199,457,990
At 31 March 2015													
Depreciation and Impairment	0	1,754,274	27,934,978	0	23,497,845	0	0	0	0	53,187,087	0	603,270	53,790,367
At 1 April 2014													
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,754,274	27,934,978	0	23,497,845	0	0	0	0	53,187,087	0	603,270	53,790,367
Depreciation Charge	0	1,922,409	2,164,320	0	2,964,066	0	0	0	0	7,050,795	0	4,500	7,055,295
Depreciation written out on Revaluation Reserve	0	(923,499)	0	0	0	0	0	0	0	(923,499)	0	0	(923,499)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	(171,219)	0	0	0	0	(171,219)	0	0	(171,219)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	0	2,753,184	30,099,298	0	26,290,692	0	0	0	0	59,143,174	0	607,770	59,750,944
Net Book Value	17,217,163	50,185,650	34,314,735	0	11,642,436	4,599,639	18,483,725	0	3,263,698	139,707,046	0	0	139,707,046
At 31 March 2015													
At 31 March 2014	17,331,837	50,979,971	33,895,462	0	12,010,648	4,599,639	8,300,029	0	1,877,590	128,995,174	0	4,500	128,999,674

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

4b Fixed Assets Note - Previous Year

	Property, Plant & Equipment (PP&E)											TOTAL	
	Land	Buildings	Infrastructure Assets	Landfill Site	Property, Plant & Equipment Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Heritage Assets	Total PP&E	Investment Properties		Intangible Assets
£	£	£	£	£	£	£	£	£	£	£	£	£	
Cost or Valuation At 1 April 2013	12,669,518	32,679,153	40,775,190	0	31,584,838	4,268,863	15,498,315	0	1,877,590	139,353,487	0	607,770	139,961,237
Adjustments between cost/Value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	12,669,518	32,679,153	40,775,190	0	31,584,838	4,268,863	15,498,315	0	1,877,590	139,353,487	0	607,770	139,961,237
Additions	0	0	0	0	0	0	11,562,651	0	0	11,562,651	0	0	11,562,651
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	3,873,039	10,288,802	23,632,572	0	(122,278)	0	0	0	0	37,672,135	0	0	37,672,135
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(249,834)	(776,559)	(4,598,848)	0	(222,594)	0	0	0	0	(5,845,835)	0	0	(5,845,835)
Derecognition - Disposals	0	0	0	0	(560,147)	0	0	0	0	(560,147)	0	0	(560,147)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	1,039,114	10,542,849	2,019,526	0	4,828,672	330,776	(18,760,337)	0	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge At 31 March 2014	17,331,837	52,734,245	61,830,440	0	35,508,491	4,599,639	8,300,029	0	1,877,590	182,182,271	0	607,770	182,790,041
Depreciation and Impairment At 1 April 2013	0	1,544,700	26,011,276	0	21,128,676	0	0	0	0	48,684,652	0	598,770	49,283,422
Adjustments between cost/Value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,544,700	26,011,276	0	21,128,676	0	0	0	0	48,684,652	0	598,770	49,283,422
Depreciation Charge	0	1,754,274	1,923,702	0	2,927,216	0	0	0	0	6,605,192	0	4,500	6,609,692
Depreciation written out on Revaluation Reserve	0	(1,544,700)	0	0	0	0	0	0	0	(1,544,700)	0	0	(1,544,700)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	(558,047)	0	0	0	0	(558,047)	0	0	(558,047)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	0	1,754,274	27,934,978	0	23,497,845	0	0	0	0	53,187,097	0	603,270	53,790,367
Net Book Value At 31 March 2014	17,331,837	50,979,971	33,895,462	0	12,010,646	4,599,639	8,300,029	0	1,877,590	128,995,174	0	4,500	129,999,674
At 31 March 2013	12,669,518	31,134,453	14,763,914	0	10,456,162	4,268,863	15,498,315	0	1,877,590	90,668,815	0	9,000	90,677,815

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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

	<u>2014/15</u>	<u>2013/14</u>
	£	£
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	7,055,295	6,609,693
Impairment & downward revaluations (& non-sale derecognitions)	1,136,210	5,845,835
(Increase)/Decrease in Inventories	(53,385)	(12,930)
(Increase)/Decrease in Debtors	2,176,857	(1,735,343)
Increase/(decrease) in impairment provision for bad debts	17,536	89,274
Increase/(Decrease) in Creditors	(686,072)	2,253,909
Increase/(Decrease) in Interest Creditors	30,255	27,425
Payments to NILGOSC/Gas Employees	1,397,019	1,833,600
Carrying amount of non-current assets sold	87,737	2,100
WIP written off to Net Cost of Services	0	0
Contributions to Other Reserves/Provisions	(5,432,760)	(3,361,476)
Amounts posted to DFS from Donated Assets Account		0
Deferred Grant W/O	0	(81,452)
	<u>5,728,692</u>	<u>11,470,635</u>
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	(93,118)	(72,700)
Capital grants included in "Taxation & non-specific grant income"	(5,266,256)	(6,173,017)
	<u>(5,359,374)</u>	<u>(6,245,717)</u>

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

5b Cash and Cash Equivalents

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

	31/03/2015	31/03/2014
	£	£
Cash and Bank balances	4,478,729	562,431
Short Term Investments (considered to be Cash Equivalents)	11,609,652	19,259,673
Short Term Deposits (considered to be Cash Equivalents)	0	0
Bank Overdraft	0	0
	<u>16,088,381</u>	<u>19,822,104</u>

5c Cash Flow Statement-Operating Activities

	2014/15	2013/14
	£	£
<i>The cash flows from operating activities include:</i>		
Interest received	<u>74,659</u>	<u>269,661</u>
Interest paid	<u>1,903,815</u>	<u>1,712,201</u>

5d Cash flows from Investing Activities

	2014/15	2013/14
	£	£
Purchase of PP&E, investment property and intangible assets	(17,298,103)	(11,631,261)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	93,118	72,700
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	999,498	2,438,668
Other Receipts from Investing Activities		1,500
Net Cash flows from Investing Activities	<u>(16,205,487)</u>	<u>(9,118,393)</u>

5e Cash flows from Financing Activities

	2014/15	2013/14
	£	£
Cash Receipts from Short and Long Term Borrowing	16,664,315	7,247,338
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	0	0
Repayment of Short and Long Term Borrowing	(1,685,325)	(1,519,892)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	<u>14,978,990</u>	<u>5,727,446</u>

DERRY CITY COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

6 Retirement Benefits

6a Participation in the Northern Ireland Local Government Officers' Pension Fund.

As part of the terms and conditions of employment of its officers and other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Group participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

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

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

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

	Note	2014/15	2013/14
		£	£
Net cost of services:			
Current service cost		3,568,000	3,340,000
Past service cost/(gain)		93,000	203,000
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net Interest on net defined benefit liability (asset)		796,000	1,052,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		4,457,000	4,595,000
Adjustments between accounting basis & funding basis under regulations:			
Reversal of net charges made for retirement benefits in accordance with IAS 19		(4,457,000)	(4,595,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		3,050,954	2,752,610
Net charge to the Comprehensive Income and Expenditure Statement		(1,406,046)	(1,842,390)

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

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2014/15	2013/14
		£	£
Liability gains/(losses) due to change in assumptions		(11,179,000)	6,580,000
Liability experience gains/(Losses) arising in the year		503,000	(1,054,000)
Actuarial gains/(losses) on plan assets		7,195,000	1,059,000
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(3,481,000)	6,585,000

6c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		101,051,000	100,449,000
Current service cost		3,568,000	3,340,000
Interest cost		4,312,000	4,479,000
Contributions by members		947,000	847,000
Remeasurements (gains) and losses:			
Actuarial gains/losses arising on liabilities from experience		(503,000)	1,054,000
Actuarial gains/losses arising from demographic changes		0	(3,923,000)
Actuarial gains/losses arising from changes in financial assumptions		11,179,000	(2,657,000)
Other (if applicable)		0	0
Past service costs/(gains)		93,000	203,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(2,577,000)	(2,741,000)
Balance as at 31 March		118,070,000	101,051,000

Reconciliation of present value of the scheme assets:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April		81,060,000	75,724,000
Interest Income		3,516,000	3,427,000
Contributions by members		947,000	847,000
Contributions by employer		3,044,000	2,744,000
Contributions in respect of unfunded benefits		0	0
Remeasurements gain/(loss)		7,195,000	1,059,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(2,577,000)	(2,741,000)
Balance as at 31 March		93,185,000	81,060,000

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

The actual return on scheme assets in the year was a gain of £10,711,000 (2013/14 gain of £4,486,000).

Fair Value of Plan Assets

	31/03/2015	31/03/2014
	£	£
Equity investments	68,025,050	60,146,520
Property	11,741,310	9,078,720
Government Bonds	5,311,545	4,782,540
Corporate Bonds	6,057,025	4,944,660
Cash	1,863,700	2,107,560
Other	186,370	0
	93,185,000	81,060,000

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

The bid value of assets for the Fund as a whole as at 31 December 2015 were provided by the Administering Authority.

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

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

	2014/15	2013/14
	£	£
Fair Value of Employer Assets	93,185,000	81,060,000
Present value of funded defined benefit obligation	(118,070,000)	(101,051,000)
Pension asset/(liability) of Funded Scheme	(24,885,000)	(19,991,000)
Present Value of Unfunded defined benefit obligation	0	0
Unrecognised Past Service Cost	0	0
Other movement in the liability (asset) (if applicable)	0	0
Net Asset/(Liability) arising from the defined benefit obligation	(24,885,000)	(19,991,000)
<i>Amount in the Balance sheet:</i>		
Liabilities	(24,885,000)	(19,991,000)
Assets	0	0
Net Asset/(Liability)	(24,885,000)	(19,991,000)

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £24,885,000 has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

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

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

	2014/15	2014/15
	£	%
Projected current cost	3,808,000	84.0%
Interest on obligation	746,000	16.0%
Expected return on assets	0	0.0%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	4,554,000	100.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Group in the year to 31 March 2015 is £3,046,000.

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.

	2014/15	2013/14
	%	%
Experience gains and (losses) on Assets	8%	1%
Experience gains and (losses) on Liabilities	-9%	5%

6d Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Group's Fund liabilities have been assessed by AON Hewitt Limited, an independent firm of actuaries, estimates for the Group Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2015.

	2014/15	2013/14
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.2	22.1 years
Women	24.7	24.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4	24.3 years
Women	27	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		
Service to April 2009	75%	75%
Service post April 2009	0%	0%

6e Pension Assumptions Sensitivity Analysis

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

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

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	114.268	118.731
% change in the present value of the total obligation	-4.50%	4.50%
Projected service cost (£M's)	3.689	3.931
Approximate % change in projected service cost	-6.90%	7.10%
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 (£M's)	117.293	115.673
% change in the present value of the total obligation	2.00%	-2.00%
Projected service cost (£M's)	3.808	3.808
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 (£M's)	118.044	114.934
% change in the present value of the total obligation	2.80%	-2.80%
Projected service cost (£M's)	3.931	3.689
Approximate % change in projected service cost	7.10%	-6.90%

* 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.

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

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

	2014/15	2013/14
	%	%
Equity investments	73	74.2
Property	12.6	11.2
Government Bonds	5.7	5.9
Corporate Bonds	6.5	6.1
Cash	2	2.6
Other	0.2	0.0
	100.0	100.0

6g Pension Liability Former Gasworks Employees

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

The Pension Liability is as follows:

	Note	2014/15	2013/14
		£	£
Balance as at 1 April 2014		73,047	69,352
Payments during year	3	(9,027)	(8,790)
Increase/(Decrease) in liability		10,998	12,485
Balance as at 31 March 2015		75,018	73,047

**DERRY CITY COUNCIL
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Accounts Authorised for Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 29th June 2015 is at today's date hereby authorised for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

IAS 10 sets out

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

The following material amendment was made:-

- Reduction in Property plant and construction cost of £2,139,381 and decrease in Capital adjustment account of £2,139,381 in respect of grant funded additions where Council was acting as lead partner but does not own the building. While there was no impact on the general fund the net assets of the council reduced by £2,139,381.

Further, given funding arrangements have now been confirmed as being in place in respect of the City of Derry Airport assets, the Group General Fund increased by £986,623 and Group Capital Adjustment Account decreased by £986,623.

Signed
Chief Financial Officer

Date 26/10/15