

STATEMENT OF ACCOUNTS

Derry City and Strabane District Council

For the year ended 31st March 2016

**DERRY CITY AND STRABANE DISTRICT COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2016 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2016 (the Code) and the Department of the Environment Accounts Direction, Circular LG 04/2016. 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 and Strabane District Council's finances during the financial year 2015/16 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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

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 and Strabane District 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 and Strabane District Council continues to provide support to CODA (Operations) Limited to ensure it meets its day to day working and fixed capital requirements. Derry City and Strabane District 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 considers 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 2016 drawing attention to this issue.

The Movement in Reserves Statement

This Statement, as set out on page 27, 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 28, 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 29, 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 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 2016 the Council increased its General Fund reserve by £692,534 to £4,250,553. The Council's budget of £52,712,663 was supplemented by £371,995 for finalisation payment of district rates and derating grant, £150,000 additional Transferring Functions Grant and an increase in Rates Support Grant of £556,637. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £59,217,206. Allocations of £1,290,800 have been made to the Economic Development Fund, £45,000 to the Election Fund, £1,741,978 to Repairs and Renewals, £171,790 to the Capital Fund and £117,768 to fund capital expenditure.

Included within 2015/16 net expenditure is a sum of £3,012,431 relating to severance payments to officers who have left the organisation and which has enabled the new organisation to realise recurrent savings in excess of £1.2million.

Expenditure on capital projects during the year amounted to £8,946,325. The breakdown of this expenditure is shown in Note 11 (Fixed Assets Schedules) to the Financial Statements. The major items of expenditure, including work in progress, were as follows:-

	£
City Cemetry	691,120
Pennyburn Recycling Site	1,189,381
Brandywell Stadium	207,093
Brooke Park Restoration	3,519,346
Foyle Arena	771,934
Parks & Play Areas	964,201
Greenways	58,147
Vehicles & Equipment	711,168
City of Derry Airport	214,014
Cemetry Conservation works	118,454
IT equipment	102,906
Maritime Museum	127,826

Grants to the value of £1,977,857 were received/or were receivable to partly fund the capital expenditure. A number of disposals took place that raised £32,000 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 12 to the Financial Statements.

The total amount outstanding on Government Loans as at 31st March 2016 was £52,279,376. Advances of £1,864,735 were taken up during the year. The cost of servicing these long-term loans during the year was £4,921,352.

Council has also committed to a further £21.23m of capital expenditure as part of its' ambitious capital plan, of which £11.09m has been secured from external sources.

Under the Reform of Local Government (RLG), Derry City and Strabane District Council came into existence on 26th May 2014 replacing the legacy Councils of Derry City Council and Strabane District Council. The Council operated in shadow form until taking over full responsibility for local government along with a number of transferred functions from Central Government on 1st April 2015. Details of these transferred functions are provided in note 10 to the financial statements. As part of these arrangements, a number of assets and liabilities were transferred to the new Council on 1st April 2015 which are summarised in Note 25 (Opening Balance Sheet) to the financial statements.

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 2016 the actuary estimates that £24,809,000 is Derry City and Strabane District 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 £75,939 as at 31 March 2016.

Self Insurance

Council has been operating under a form of partial Self-Insurance since 1st April 2015. Under Council's Combined Public/Employer's Liability Insurance, it is responsible for up to an aggregate of £250,000 claims in any one year. There is also an excess of £10,000 on each and every claim, which does not apply in the calculation of the annual aggregate amount of £250,000.

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

The Council's Responsibilities

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

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

These accounts were approved by the Chief Financial Officer on 14 September 2016.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Derry City & Strabane District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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 & Strabane District 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 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

Derry City & Strabane District 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 & Strabane District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Derry City & Strabane District Council for the year ending 31st March 2016 and up to the date of approval of the financial statements.

The governance framework

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

- identifying and communicating Derry City and Strabane District Council's vision of its purpose and intended outcomes for citizens and service users.

As part of the Community Planning process the Council has undertaken circa 5,000 engagements in the development of a long term plan to improve the social, economic and environmental wellbeing of the City and District. These range from 5 stakeholder plenaries, task and finish working group meetings, statutory partners workshops, a citizen survey of 1,400 people, 8 thematic working groups with 2,200 people registered and a local community planning process.

As part of this significant consultation and engagement process a range of outcomes have been agreed and were communicated as part of the most recent stakeholder plenary on the 8th December 2015. Full details of this event can be found on the Council's website.

Pending the completion of the Strategic Community Plan, the Council agreed a Corporate Plan for 2015/16. This Plan was informed by six engagement sessions 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 legacy councils (at all grades) and transferring functions and local and regional Trade Union representatives. These engagement events were designed to co-develop the strategic direction and principles which formed the organisational design. The outputs from these have been used to formulate the first year corporate plan and structure of the organisation.

Twelve local engagement sessions were also held in January and February 2014 to engage directly with citizens and to ascertain their views and aspirations for the new Council. Subsequently the Corporate and Improvement plan for Derry City and Strabane District Council 2015/16, was approved in May 2015.

Pending the completion of the Community Planning process, the draft Corporate Plan (2016-17) is once again an interim document. This document, which was presented to the June 2016 meeting of the Council's Governance and Strategic planning Committee, permits the flexibility to fully assimilate the out workings of the approved Strategic Community Plan into the core strategy of the Council i.e. its Corporate Plan as soon as practicable.

The Corporate Plan 2016/17 takes the emerging Community Plan as a starting point, to ensure that the Council is delivering its commitments and to highlight the priorities that the Council must take forward. The Corporate Plan 2016/17 continues to reflect mission and objectives as set out in the Corporate Plan 2015/16 pending the finalisation of the Strategic Community Plan.

Copies of the draft corporate plan which includes the Performance Improvement Plan were made available in hardcopy, on the website, and via e-mail during the consultation process. The final document will be made available to the public (and interested parties) on request and via the Council's website.

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. A Google URL link was devised to monitor visitors to the rates page via social media. It should be noted that within 24 hours the page was visited over 400 times which highlights the effectiveness of this model.

In addition to this, the Council provides a daily media service for updating the public on corporate initiatives and achievements.

- reviewing Derry City and Strabane District Council's vision and its implications for Derry City and Strabane District Council's governance arrangements.

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."

The Council's 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.

Governance and decision-making arrangements were reviewed prior to the Annual Meeting in March 2015 and the Council has adopted a committee structure which reflects the above objectives / priorities. Accordingly, there are 6 committees:

1. Environment & Regeneration,
2. Health & Community,
3. Business and Culture,
4. Planning,
5. Governance & Strategic Planning, and
6. Assurance, Audit & Risk.

With exception to the inclusion of an additional committee to look specifically at the development of the Local Development Plan, the governance and decision-making arrangements remain unchanged for 2016/17.

In addition, the objectives / priorities identified above are reflected in the new organisational structure which is based on 3 outcome focused directorates – Environment & Regeneration, Health & Community and Business and Culture plus a number of strategic support units.

These corporate objectives will be reviewed bi-annually with our various stakeholders using our Community Planning database as a platform and a process of engagement will collate feedback and ensure any necessary amendments are made to Council objectives.

- measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with Derry City and Strabane District Council's objectives and for ensuring that they represent the best use of resources.

The Council has 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.

Service delivery standards were also reviewed in the context of the annual service/delivery planning process 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 City & 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.

These corporate campaigns are monitored and evaluated to determine the level of effectiveness and depth of engagement. From this, Council can identify potential gaps and devise methods to mitigate these.

As part of the Community Planning process a Citizen Survey was also undertaken and the results published in 2015. This survey included details of citizen satisfaction with services and is available on the link: <http://www.derrystrabane.com/Subsites/Community-Planning/Citizen-Survey-2015>.

- 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.

A Code of Governance was developed for the Council for the year 2015/2016, 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 reporting lines. Regular senior Management team meetings take place on a fortnightly basis and each department has their own arrangements in place for effective communication including departmental meeting and staff briefings.

- 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 and Strabane District Council have signed up to the Code of Conduct. Training was provided to Members on the Code of Conduct both at their induction following election to the Council, and subsequently by Mr Tom Frawley, the NI Ombudsman in November 2015.

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 is 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 & a Scheme of Delegation have been prepared for Derry City & Strabane District Council. All of these clearly define how decisions are taken and the processes and controls required to manage risks.

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

- Budgetary Control Procedures;
- Credit Control Procedures;
- Treasury Management Procedures;
- Procedure for the Purchase of Supplies & Services;
- Risk Management Strategy;
- Corporate and Budgetary Planning;
- Register of Decisions;
- 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 & Strabane District 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 Chief Executive has delegated authority for all decisions at times when the Council is in recess.

Derry City & Strabane District Council's Risk Management Strategy was approved in January 2015. The Risk Management Strategy forms part of Derry City & Strabane District 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. The objective is to ensure a consistent approach is taken to risks, which may have an adverse impact on the Council's ability to achieve its strategic aims and objectives.

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

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

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.

A new Corporate Risk Register has been developed and was approved by the Governance & Strategic Planning Committee in April 2016. The Corporate Risk Register is reviewed by the Senior Leadership Team quarterly and the Assurance, Audit & Risk Committee bi-annually.

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

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 & Strabane District Council has agreed a risk appetite of '10' (which include all medium and high scoring risks), 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 relevant Directors.

Risk Management is embedded across all activities of Derry City & Strabane District Council; however it is important to note that risk management is a continuously evolving process, which is monitored closely by the Insurance & Risk Manager, the Internal Audit Manager and the 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 & Strabane District Council have an Assurance, Audit & Risk Committee. The Committee is a Standing Committee of Council and meets monthly. 14 Elected Members and 1 independent advisor sit on the Committee. All meetings are attended by the Chief Executive, the Directors, the Lead Assurance Officer and the Internal Audit Manager. A representative of the Local Government Auditor is invited to attend all meetings.

The Assurance, Audit & Risk 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 Public Sector Internal Audit Standards 2013. The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Assurance, Audit & Risk 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 their responsibility for ensuring:

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

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.

All committee reports are obliged to note any legal or financial issues arising. Council has a scheme of delegation in respect of officer decisions and has now approved a reporting policy in respect of delegated decisions and maintains a register of such decisions in line with the policy.

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 & Strabane District Council's Whistleblowing Policy was presented to and approved by the Assurance, Audit & Risk Committee in November 2015. Following this it was communicated to all staff.

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.

There is an annual Learning and Development Programme agreed for Members. This Programme is developed following completion of a Member Training Needs Analysis and covers all identified learning and development needs required to support Members to effectively fulfil their role within Council.

Council has also achieved the NI Charter for Elected Member Development.

The Council is currently rolling out an appraisal process for its employees, which is linked to job descriptions and the Local Government competency framework.

In addition to this, there is also a considered approach to training as training needs are identified by senior officers in relation to their strategic role.

- 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 2015/16:

- Community Planning Sessions – strategic and local.
- The establishment of 8 thematic working groups with over 2,200 people registered.
- Ongoing community information events across the district electoral areas of Council.
- Statutory partner workshops.
- Task and finish working groups.
- Citizen survey.
- Three stakeholder plenaries.
- Corporate Plan.
- Website and social media engagement through various platforms and channels for various service-users i.e. corporate, festival and events, sports and leisure etc.
- Equality group established to assist in development of the Community Plan, thus ensuring equality was at the forefront of participation and engagement.
- Elected members acting as spokespersons for the local government organisation.
- Council and Committee meetings – open meetings, communicating key messaging derived from the Council meetings as well as live-streaming of full Council 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.

The Local Government Act (NI) 2014 legislated the Council's general power of competence enabling a Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their borough.

Decisions taken under the power of general competence must be taken in line with the council's standing orders and council's constitution. There is no such provision for such decisions to be taken under the council scheme of delegation.

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 & Strabane District 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 Assurance, Audit & Risk 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 & Strabane District Council during 2015/2016 consisting of the following:

- Governance & Strategic Planning Committee;
- Planning Committee;
- Business & Culture Committee;
- Health & Community Committee;
- Environment & Regeneration Committee; and
- Assurance, Audit & Risk Committee.

- the senior officers

Directors, Heads of Service and Lead Officers completed an Annual Assurance Statement for 2015/2016 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.

- the Assurance, Audit & Risk Committee / Overview and Scrutiny Committees /

Derry City & Strabane District Council have an Assurance, Audit & Risk Committee. The Committee is a Standing Committee of Council and meets monthly. 14 Elected Members and 1 independent advisor sit on the Committee. All meetings are attended by the Chief Executive, the Directors, the Lead Assurance Officer and the Internal Audit Manager. A representative from the NIAO is invited to attend all meetings.

- Internal Audit

During 2015 / 2016 the Internal Audit team spent a considerable amount of time on non planned audit work. The key challenge for the Internal Audit Section in 2015-2016 was to continue to provide an appropriate level of assurance for the new Council whilst also delivering on a number of competing demands. The vast majority of time spent by the Internal Audit Section was on work associated with a major investigation that has been ongoing since January 2015. This included carrying out the internal investigation, completing an overall systems review and assisting with the completion of a review of the investigation carried out by external consultants. Additionally, the section was responsible for carrying out a review into the arrangements around amendments to supplier's bank details. As per the Audit Strategy, investigations are always given priority over other work in the plan and it is extremely difficult to quantify the time that will be required to complete this work.

An Internal Audit of Foyle Arena Leisure Centre Income Collection commenced in September 2015 and resulted in a 'Limited' assurance rating (see page 18 for further details). However, Internal Audit's recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales. This audit will be reviewed again in 2016/2017 with a view to hopefully being able to increase the assurance rating. The remaining Council audits completed during 2015/2016 were the audit of Visitor Services Income Collection Follow Up and the audit of the North West Region Waste Management group which both resulted in a 'Substantial' assurance rating.

The general level of control remains satisfactory. 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 and placed some reliance on the Internal Audit work carried out in the previous three years in both Derry City Council and in Strabane District Council and the work carried out by External Audit. In addition to this, there are a number of critical and high scoring strategic risks facing the Council at 31st March 2016 however these are being continuously monitored and reviewed by Council's Senior Leadership Team.

- other explicit review/assurance

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 Senior Leadership Team and the Assurance, Audit & Risk 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 2015/2016 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 & Strabane District Council. At this time all assets and employees belonging to the Council were transferred over to the new Company. Derry City & Strabane District Council, as part of the Annual Rates Estimates, approved an annual revenue subvention to CODA Operations Ltd for 2015/2016. CODA Operations Ltd is governed by a Board of Directors, which meets monthly. The Board of Directors consists of 8 Directors / Members including 3 non-executive Directors (including the Chairman), 3 Elected Members from Derry City & Strabane District Council, Derry City & Strabane District Council's Chief Executive and Lead Finance Officer. The Lead Assurance Officer attends the Board meetings as an observer. The Board meetings are also attended by the Company Secretary and representatives from RCAM (Management Company). Derry City & Strabane District 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 quarterly. Work undertaken at CODA Operations Ltd is also discussed as a standing agenda item at Council's Assurance, Audit & Risk Committee. CODA Operations Ltd have their own external auditors. No significant audit issues were identified during 2015/2016 for CODA Operations Ltd and the overall audit opinion for the year is satisfactory. Derry City & Strabane District Council prepared Group Accounts for 2015/2016 to take account for CODA Operations Ltd.

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

Role of Chief Financial Officer

The Chief Executive is the Chief Financial Officer of Derry City & Strabane District Council. In fulfilling this role, the Chief Executive was supported by the Lead Finance Officer during 2015/2016 and the Lead Assurance Officer, both of whom are professionally qualified accountants. The Chief Financial Officer leads the promotion and delivery by the whole organisation of good financial management to ensure that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The Lead Finance Officer reports directly to the Chief Executive and is a member of the Senior Leadership Team. The Council's governance arrangements allow the Lead Finance Officer direct access to the Chief Executive, to other Senior Leadership Team members, the Assurance, Audit & Risk Committee and External Audit. The Lead Finance Officer has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role and the scope of the Lead Finance Officer responsibilities ensure that financial matters are not compromised.

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

Significant Governance Issues

In response to the issues raised in the Annual Governance Statement for 2014/2015, 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 Assurance, Audit & Risk Committee. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing and as appropriate are noted below.

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

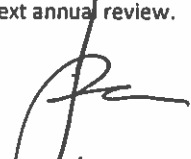
Governance Issue	Proposed Action
Local Government Reform – Adequacy of the transferring functions grant.	The first part of this risk related to an over estimation of the income budget and this has been successfully resolved with the receipt of an additional £150k from DRD (now Department of Infrastructure). The second part of the risk relates to potentially significant structural repair costs to Queens Quay Car Park. Legal proceedings and discussions with Central Government are ongoing in relation to the resolution of this issue.

<p>The Internal Audit Section was involved in a significant investigation which commenced in 2014/2015 but continued on in to 2015/2016 in relation to allegations made re procurement activities.</p>	<p>An internal investigation, a detailed audit systems report and an external review were all carried out in this area. A number of recommendations were made from these reports and management are currently in the process of ensuring that all recommendations are implemented within the required timeframes.</p> <p>At this time all of the recommendations made have either been fully or partially implemented; resulting in significant improvements in Council's procurement procedures and processes. Regular update reports are presented to the Councils Assurance, Audit & Risk Committee.</p>
<p>There were a number of high scoring strategic risks facing Council at the end of March 2016.</p>	<p>All risks identified during the risk management process are subject to continuous monitoring and review.</p> <p>Action plans are in place for all high scoring risks and these are reviewed and monitored continuously to ensure that they are being implemented.</p> <p>Risk Management is reported quarterly to the Senior Leadership Team and bi-annually to the Assurance, Audit & Risk Committee.</p> <p>In addition to this, Internal Audit have a system in place of Risk Based Auditing – essentially meaning that all risk registers are subject to audit as the Strategic & Operational audit plans are being delivered.</p>
<p>The Internal Audit Plan was not delivered in full in 2015/2016 due to increasing demands on the Internal Audit Section as a result of ongoing investigation.</p>	<p>In any large and complex organisation, it is unlikely that the Internal Audit plan will remain unchanged over the course of a year and it is never the priority of Internal Audit to complete the Audit Plan at the expense of its relevance. The Internal Audit Section will continue to be pragmatic in its approach; however despite this fact the Internal Audit Manager is content that satisfactory assurance has been provided to the Committee on the high risk areas facing the organisation. Members of the Assurance, Audit & Risk Committee were kept advised of progress on the completion of the Audit Plan.</p>
<p>The NWRWMG Residual Waste Project was abandoned during 2013/2014. In common with other Councils in Northern Ireland, there is a continuing risk that the Council would incur fines for non-achievement of Waste Management targets.</p>	<p>Derry City & Strabane District 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, NIEA and all other NI District Councils to secure adequate waste treatment infrastructure facilities.</p>

<p>Internal Audit Report – Limited Assurance:</p> <ul style="list-style-type: none"> • Foyle Arena – the main recommendations related to income collection systems and documenting procedures. 	<p>Internal audit recommendations, agreed with Management, to be implemented within agreed timeframes. Follow up audit to be completed during 2016/2017.</p> <p>Internal Audit are working closely with Management to ensure that all of the system improvements made as a result of this audit are replicated across all of Council's leisure facilities.</p>
<p>High levels of absenteeism.</p>	<p>Management are continuously monitoring absenteeism and introducing additional control measures to try to reduce the figures.</p> <p>The overall absence rate for 2015-16 was 7.8% (short term rate 3.68% and long term rate 4.12%).</p> <p>Absenteeism will be continuously monitored during 2016/2017.</p>
<p>In April 2015 Council were advised by NIEA that one of their Waste Management Companies had not been complying with the terms of their contract as they had not been processing wastes as detailed in the specification contained in the contract.</p>	<p>In considering the information provided by NIEA, Council suspended all affected payments to the Company pending a resolution of this matter. Officers undertook significant diligence checks in order to release any possible payments to the company that could be made at this time and to offer the company every opportunity to provide the evidence that the contract required. The company went into administration in July 2015 and the Council are currently liaising with the administrators to ascertain if any payment can be made or indeed if under the terms of contract any payment is due to Council.</p>

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

Signed
Chief Financial Officer



Date 14/09/2016

Signed
Chair of Assurance, Audit and Risk Committee



Date 14/09/2016

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

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2016

INTRODUCTION

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

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

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

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2015 were issued by the Department of the Environment on 24 February 2015 (Circulars LG 04/2015 and LG 05/2015 respectively). The determinations and rates have been updated in LG 29/2015 due to the increase in Dependants' Carer's Allowance from 1 October 2015. Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Derry City and Strabane District Council had 40 councillors in 2015/16.

SENIOR EMPLOYEES

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

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

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

ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances in 2015/16, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

Table 1: Total Allowances paid to councillors in 2015/16 (audited information)

Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	£565,991.83	40
Special Responsibility Allowance	£69,390.06	13
Chairperson/Deputy Mayor Allowance	£30,133.04	1
Vice Chairperson/ Deputy Mayor Allowance	£7,527.96	1
Mileage Allowance	£38,442.72	23
Other Travel Allowance	£0.00	0
Public Transport	£0.00	0
Subsistence	£1,305.64	11
Courses/ Conferences Visits	£3,337.27	0
Dependents' Carers Allowance	£7,023.78	3
TOTAL ALLOWANCES	£723,152.30	

Details of the allowances paid to individual councillors in 2015/16 are published on the council website at www.derrystrabane.com/remunerationreport.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Executive Management Team/Senior Management Team. The following table provides details of the remuneration paid to senior employees in 2015/16:

Table 2: Remuneration of Senior Employees in 2015/16 (audited information)

Officers	2015/16			
	Salary Bands (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000
Chief Executive - John Kelpie	95-100	0	0	95-100
Director of Business & Culture - Stephen Gillespie	75-80	0	0	75-80
Director of Health & Community - Karen McFarland	75-80	0	0	75-80
Director of Environment & Regeneration - Karen Phillips	75-80	0	0	75-80
Director of Legacy - Oonagh McGillion	65-70	0	0	65-70

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2015/16 was £100,000. This was 4.37 times the median remuneration of the workforce, which was £22,877.

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

	2015/16 £'000
Salary band of highest paid Executive in £5k band	95-100
Median Total Remuneration	22,877
Ratio	4.37

In 2015/16, no employee received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

Salary

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

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2015/16 relate to performance in 2015/16.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument

Exit Packages for staff

The number of exit packages provided to all staff by the Council during 2015/16, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 4: Exit Packages in 2015/16 (audited information)

Severance Package Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	1	2	3	44,916
£20,001 - £40,000		1	1	30,000
£40,001 - £60,000		2	2	114,462
£60,001 - £80,000		2	2	142,918
£80,001 - £100,000		5	5	443,125
£100,001 - £150,000		11	11	1,371,251
£150,001 - £200,000		3	3	605,677
Total	1	26	27	2,752,349

In addition to the above, Council incurred costs of £260,082 to reimburse another Council for its' share of group exit packages costs.

Pension Benefits

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

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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department of the Environment in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2015, were as follows:

Table 5: Employee Contribution Rates

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

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. The 2013 triennial valuation was undertaken as at 31 March 2013 and an employer contribution rate of 20% for those employers whose participation in the Scheme is deemed to be indefinite has been set for the following three years, effective from 1 April 2014:

Table 6: Employer Contribution Rates

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2015/16 was £87,672.

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

Table 7: Pension Benefits of senior staff in 2015/16 (audited information)

Officers	Accrued Pension at pension age as at 31/3/16 Bands of £5k £'000	Real increase in pension and related lump sum at pension age Bands of £5k £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000
Chief Executive - John Kelpie	15-20	2.5-5 plus lump sum 0-2.5	247	207	29
Director of Business & Culture - Stephen Gillespie	10-15	0-2.5 plus lump sum 0-2.5	165	136	22
Director of Health & Community - Karen McFarland	30-35	2.5-5 plus lump sum 5-7.5	553	464	82
Phillips Director of Environment & Regeneration - Karen	10-15	2.5-5 plus lump sum 2.5-5	126	80	40
Director of Legacy - Oonagh McGillion	15-20	0-2.5 plus lump sum 0-2.5	234	215	13

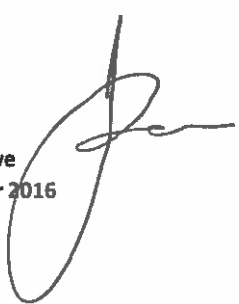
The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Chief Executive
14 September 2016



Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2016 on pages 27 to 97 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 31 to 45.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2016.

Chief Financial Officer



Date 14/09/2016

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 14 September 2016.

Chair of Assurance, Audit and Risk Committee



Date 14/09/2016

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

I have audited the financial statements of Derry City and Strabane District Council and its group for the year ended 31 March 2016 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. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the Members of Derry City 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.

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16, of the financial position of Derry City and Strabane District Council and its group as at 31 March 2016 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities (formerly Department of the Environment) directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with

the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Narrative Report for the financial year ended 31 March 2016 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 2015-16 ;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the statement of accounts and the part of the remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

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



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

Date *23 September 2016*

Derry City and Strabane District Council
 Movement in Reserves Statement for the year ended 31 March 2016

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2014	-	-	-	-	-	-
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	30,232	-	-	30,232	-	30,232
Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	30,232	-	-	30,232	-	30,232
Adjustments between accounting basis & funding under regulations	(30,232)	-	-	(30,232)	30,232	-
Net increase before transfers to Statutory and Other Reserves	-	-	-	-	30,232	30,232
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
Increase/ (Decrease) in year	-	-	-	-	30,232	30,232
Balance as at 31 March 2015	-	-	-	-	30,232	30,232
Balance as at 1 April 2015	Note 25 3,558,019	15,421,582	710,142	19,689,743	81,352,377	101,042,120
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(3,486,149)	-	-	(3,486,149)	-	(3,486,149)
Other Comprehensive Income and Expenditure	-	-	-	-	15,211,480	15,211,480
Total Comprehensive Income and Expenditure	(3,486,149)	-	-	(3,486,149)	15,211,480	11,725,331
Adjustments between accounting basis & funding under regulations	5,152,420	(410,260)	32,000	4,774,160	(4,291,355)	482,805
Net increase before transfers to Statutory and Other Reserves	1,666,271	(410,260)	32,000	1,288,011	10,920,125	12,208,136
Transfers to / from Statutory and Other Reserves	(973,736)	973,736	-	-	-	-
Increase in year	692,535	563,476	32,000	1,288,011	10,920,125	12,208,136
Balance as at 31 March 2016	4,250,554	15,985,058	742,142	20,977,754	92,272,502	113,250,256

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

Derry City and Strabane District
Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

	Notes	2015/16			2014/15		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure		£	£	£	£	£	£
Leisure and Recreational Services	2	26,095,696	(4,259,955)	21,835,741	-	-	-
Environmental Services	2	22,600,814	(1,472,434)	21,128,380	-	-	-
Planning and Development Services	2	7,458,211	(3,322,209)	4,136,001	-	-	-
Highways and Transport Services	2	450,553	(920,538)	(469,985)	-	-	-
DRM and Corporate Management	2	4,612,693	(44,358)	4,568,335	1,093,246	(1,123,478)	(30,232)
Other Services	2	5,077,530	(742,012)	4,335,519	-	-	-
Cost of Services on Continuing Operations		66,295,497	(10,761,506)	55,533,991	1,093,246	(1,123,478)	(30,232)
Other Operating Expenditure	7	118,884	(347,836)	(228,952)	-	-	-
Financing and Investment Income and Expenditure	8	5,989,811	(68,509)	5,921,302	-	-	-
Surplus or Deficit on Discontinued Operations		-	-	-	-	-	-
Net Operating Expenditure		72,404,192	(11,177,851)	61,226,341	1,093,246	(1,123,478)	(30,232)
Taxation and Non-Specific Grant Income	9	-	(57,740,192)	(57,740,192)	-	-	-
Surplus/(Deficit) on the Provision of Services		72,404,192	(68,918,043)	(3,486,149)	1,093,246	(1,123,478)	(30,232)
Surplus/(Deficit) on revaluation of non-current assets	11			8,892,539			-
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	21			6,318,941			-
Other Comprehensive Income and Expenditure				15,211,480			-
Total Comprehensive Income and Expenditure				11,725,331			(30,232)

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

Derry City and Strabane District Council
Balance Sheet as at 31 March 2016

	Note	31st March 2016	31st March 2015
		£	£
Fixed Assets	11	174,151,838	30,232
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors	15	816,905	-
LONG TERM ASSETS		174,968,743	30,232
Short Term Investments	16	-	-
Inventories	14	159,158	-
Short Term Debtors	15	17,686,666	676,150
Cash and Cash Equivalents	26b	18,020,275	-
Assets Held for Sale	11	-	-
CURRENT ASSETS		35,866,099	676,150
Bank Overdraft		-	-
Short Term Borrowing	17	2,964,192	-
Short Term Creditors	18	15,148,243	676,150
Provisions	19	1,806,200	-
CURRENT LIABILITIES		19,918,635	676,150
Long Term Creditors	18	-	-
Provisions	19	3,465,828	-
Long Term Borrowing	17	49,315,184	-
Other Long Term Liabilities	5,21	24,884,939	-
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
LONG TERM LIABILITIES		77,665,951	-
NET ASSETS		113,250,256	30,232
USABLE RESERVES			
Capital Receipts Reserve	27	742,142	-
Capital Grants Unapplied Account	27	7,765,117	-
Capital Fund	27	2,867,209	-
Renewal and Repairs Fund	27	3,235,718	-
Other Balances and Reserves	27	2,117,015	-
General Fund	27	4,250,553	-
		30,977,754	-
UNUSABLE RESERVES			
Capital Adjustment Account	28	61,750,774	30,232
Financial Instruments Adjustment Account	28	-	-
Revaluation Reserve	28	55,717,647	-
Available for Sale Financial Instruments Reserve	28	-	-
Pensions Reserve	28	(24,884,939)	-
Capital Receipts Deferred Account	28	-	-
Accumulated Absences Account	28	(310,980)	-
Landfill Regulations Reserve	28	-	-
Provisions Discount Rate Reserve	28	-	-
		92,272,502	30,232
NET WORTH		113,250,256	30,232

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

Derry City and Strabane District Council
Cash Flow Statement at 31 March 2016

	Note	2015/16 €	2014/15 €
Net Surplus/ (Deficit) on the provision of services		(3,486,149)	30,232
Adjustment for non-cash movements	26a	12,240,608	(30,232)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a	(4,880,896)	-
Net cash flows from operating activities	26	3,873,563	-
Cash flows from Investing Activities	26d	(3,880,533)	-
Net Cash flows from Financing Activities	26e	(452,531)	-
Net increase or decrease in cash and cash equivalents		(459,501)	-
Cash and cash equivalents transferred from Legacy Councils	25	18,479,776	-
Cash and cash equivalents at the end of the reporting period	26b	18,020,275	-

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

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

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

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

iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in [specified period, no more than three months] or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv) **Contingent Assets**

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

v) **Contingent Liabilities**

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

vi) **Employee Benefits**

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- a) when the offer cannot be withdrawn or
- b) when the related restructuring costs are incurred.

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon Hewitt GBP Select AA Curve over the duration of the Employer's liabilities.

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

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

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

Within the Cost of Services

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

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

vii) Events After the Balance Sheet Date

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

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

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

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

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

viii) Exceptional Items

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

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

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

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

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

x) **Financial Instruments**

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

Financial Liabilities

Amortised Cost

Financial Assets

Loans and Receivables

Available for Sale

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

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

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

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

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

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.

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:

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

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

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

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

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 District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) 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 District Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi) **Landfill Allowance Scheme**

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

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

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

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

The Council as Lessee - Finance Lease

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

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

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

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

The Council as Lessor - Operating Lease

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

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 exceeding £5,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

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 CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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:

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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.

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

Revaluations

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

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. 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:

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

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

xxv) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxvi) **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.

The Carbon Reduction Commitment Scheme (CRC)

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the last year of its introductory phase, which ends on 31st March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is produced (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii) **Fair Value Measurement**

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

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

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

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

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

b) **Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

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

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

Annual Improvements to IFRS 2010 - 2012 Cycle and 2012 - 2014 Cycle

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 2012 - 2014 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.

Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)

When the acquisition of an interest in a joint operation in which the joint operation constitutes a business, as defined by IFRS 3, it shall apply, all of the principles on business combinations accounting in IFRS 3 and disclose the information required. This is applicable to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The exception of the principles that conflict with guidance in IFRS 11.

Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

These changes apply to local authorities though CIPFA/LASAAC considers that local authorities do not use the depreciation and amortisation methods prohibited by the amendments to the standard. This amendment clarifies the treatment as it is the IASB's view that the restatement of the accumulated depreciation is not always proportionate to the change in the gross carrying amount. The amendment sets out that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

Under the IASB Disclosure Initiative, in December 2014 changes were published on IAS 1 Financial Statements. The presentation of financial statements has amended the reporting requirements for the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement. Improvements in the presentation of the financial statements will take effect in 2016/17 Code.

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

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

(i) Pension Liability

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

2 Segmental Reporting
a Segmental Reporting Analysis

Services	2015/16			2014/15		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	4,446,932	(282,910)	4,164,022	-	-	-
Recreation and Sport	14,831,178	(2,356,889)	12,474,289	-	-	-
Tourism	3,252,428	(171,784)	3,080,644	-	-	-
Community Services	3,565,158	(1,448,372)	2,116,786	-	-	-
Leisure and Recreational Services	26,095,696	(4,259,955)	21,835,741	-	-	-
Cemetery, Cremation & Mortuary	1,886,151	(175,055)	1,711,096	-	-	-
Environmental Health	3,058,958	(466,109)	2,592,849	-	-	-
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	170,834	(259)	170,575	-	-	-
Licensing	149,278	(73,512)	75,766	-	-	-
Other Cleaning	4,191,244	(165,247)	4,025,997	-	-	-
Waste Collection	6,045,643	(450,623)	5,595,020	-	-	-
Waste Disposal	6,238,693	(38,529)	6,200,164	-	-	-
Other Community Assets	-	-	-	-	-	-
Minor Works	860,013	(103,100)	756,913	-	-	-
Environmental Services	22,600,814	(1,472,434)	21,128,380	-	-	-
Community Planning	102,622	(18,954)	83,668	-	-	-
Economic Development	3,742,615	(1,663,981)	2,078,633	-	-	-
EU Rural Development	73,266	(66,202)	7,064	-	-	-
Urban Regeneration and Community Development	214,557	-	214,557	-	-	-
Planning Policy	395,377	-	395,377	-	-	-
Development Control	1,584,231	(830,331)	753,900	-	-	-
Building Control	1,345,543	(742,741)	602,802	-	-	-
Environmental Initiatives	-	-	-	-	-	-
Planning and Development Services	7,458,210	(3,322,209)	4,136,001	-	-	-
Off-street Parking Services	450,553	(920,538)	(469,985)	-	-	-
Highways and Transport Services	450,553	(920,538)	(469,985)	-	-	-
Democratic Representation and Management	1,848,472	(594)	1,847,878	469,908	(469,908)	-
Corporate Management	2,764,221	(43,764)	2,720,457	623,338	(653,570)	(30,232)
DRM and Corporate Management	4,612,693	(44,358)	4,568,335	1,093,246	(1,123,478)	(30,232)
Trading Services	1,960,090	(26,229)	1,933,862	-	-	-
Non Distributed Costs	1,904,409	-	1,904,409	-	-	-
Central Services to the Public	1,213,031	(715,783)	497,248	-	-	-
Other Services	5,077,530	(742,012)	4,335,519	-	-	-
CONTINUING OPERATIONS	66,295,496	(10,761,506)	55,533,991	1,093,246	(1,123,478)	(30,232)

The above figures are prepared to two decimal places but rounding due to formatting may occur.

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

	2015/16	2015/16	2014/15	2014/15
	£	£	£	£
Net Cost of Services In Service Analysis		55,533,991		(30,232)
Items excluded from Service Analysis:				
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		55,533,991		(30,232)
Items Included in Net Operating Expenditure excluded from Service Analysis:				
Other Operating Expenditure	(228,952)		-	
Financing and Investment Income and Expenditure	5,921,302		-	
		5,692,350		-
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		61,226,341		(30,232)

3 Adjustment between an Accounting Basis and Funding Basis under Regulations

Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Revaluation increases/decreases plus impairments taken to Surplus/Deficit on the Provision of Services	11	263,635	-	-	-
Depreciation charged in the year on non-current assets	11	8,513,815	8,777,450	7,558	7,558
Net Revenue expenditure funded from capital under statute	11	-	-	-	-
Carrying amount of non current assets sold	7	118,884	-	-	-
Proceeds from the sale of PP&E, investment property and intangible assets	26,27	(32,000)	86,884	-	-
Net charges made for retirement benefits in accordance with IAS 19	21b	-	7,612,000	-	-
Direct revenue financing of Capital Expenditure	12,27	-	(117,768)	-	(37,790)
Capital Grants and Donated Assets Receivable and Applied in year	9b	-	(855,036)	-	-
Capital Grants Receivable and Unapplied in year	9c	-	(3,993,860)	-	-
Adjustments in relation to Short-term compensated absences	18	-	(8,674)	-	-
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	28	-	(575,576)	-	-
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21b & 21h	-	(5,773,000)	-	-
Net transfers to / from Accumulated Absences -Adjustments in relation to Short-term compensated absences			5,152,420		(30,232)
b Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Capital Fund					
Transfer to District Fund	27	914,189	-	-	-
Transfer from District Fund re Landfill Provision decrease	27	(171,790)	742,400	-	-
Renewal and Repairs Fund					
Transfer to District Fund	27	613,588	-	-	-
Transfer from District Fund	27	(1,741,978)	(1,128,389)	-	-
Other Funds and earmarked reserves					
Transfer to District Fund	27	748,054	-	-	-
Transfer from District Fund	27	(1,335,800)	(587,746)	-	-
			(973,736)		-

The above figures are prepared to two decimal places but rounding due to formatting may occur.

4 Cost of Services on Continuing Operations

a General Power of Competence

Prior to Local Government Reform on 01 April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

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

The actual expenditure under the power of competence amounted to £0 during 2015/16.

4 b External Audit Fees

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

	2015/16	2014/15
	£	£
External Audit Fees *	55,500	6,000
	55,500	6,000

* The figure of £55,500 includes an amount of -£1,500 in respect of over accrued 2014-15 audit fees from the legacy Councils.

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

5 Operating and Finance Leases

Council as lessor

a Finance Leases (Council as lessor)

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

b Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £85,324. 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 900 years. Future minimum lease income is set out below:

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	64,981	-	-	-
Later than 1 year and no later than 5 years	211,440	-	-	-
Later than 5 years	118,430	-	-	-
	394,851			

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

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost/Revaluation/Addition				
Accumulated depreciation and impairments at 1 April	2,371,589	-	-	-
Depreciation charge for the year	(1,854)	-	-	-
Revaluation/Impairments for the year	(111,671)	-	-	-
	235,434			
	2,493,498			

Council as Lessee

c Finance Leases (Council as lessee)

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

d Operating Leases (Council as lessee)

The Council has a number of office photocopiers and printers acquired by entering into operating leases with typical lives of 5 years. It also has leased various sites 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:

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease payments	280,968	28,399	-	-
Total	280,968	28,399	-	-

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:

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	198,941	24,613	-	-
Later than 1 year and no later than 5 years	494,425	15,642	-	-
Later than 5 years	164,950	3,491	-	-
Total	858,316	44,746	-	-

6 Employee Costs and Member Allowances

Staff Costs	2015/16	2014/15
	£	£
Salaries and Wages	24,848,850	618,456
Employers NIC	1,518,563	90,169
Employers Superannuation	3,812,698	46,998
Total staff costs	30,180,112	755,623

The Employer's superannuation figure in Note 6a above does not include £2,073k for the Capital costs incurred in respect of the Council's 2015-16 exit packages.

Agency costs during the year amounted to £991,647.

The Council's current contribution rate to 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% of the liabilities accrued up to that date. Council also paid £3,016,172 during 2015-16 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.

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		2015/16	2014/15
		FTE	FTE
Full-time numbers employed		726	8
Part-time numbers employed		126	-
Total Number		852	-

		31-Mar-16	31-Mar-15
		Actual Numbers	Actual Numbers
Full-time numbers employed		711	-
Part-time numbers employed		231	-
Total Number		942	-

c Senior Employees' Remuneration		2015/16	2014/15
		Actual Numbers	Actual Numbers
£50,001 to £60,000		15	2
£60,001 to £70,000		1	-
£70,001 to £80,000		3	2
£90,001 to £100,000		1	1
Total Number		20	5

d Members' Allowances

		2015/16	2014/15
		£	£
Basic allowance		565,992	329,992
Mayor's & Deputy Mayor's Allowance		37,661	4,375
Special Responsibility Allowances		69,390	49,097
Dependents' carers allowance		7,024	660
PCSP Allowance		6,540	-
Employer costs		130,342	66,193
Mileage		38,443	18,167
Conferences and Courses		4,270	-
Travel & Subsistence Costs		6,322	1,244
Telephone Allowance		2,520	-
Miscellaneous Costs		-	180
Total		868,504	469,908

■ Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £245,932.78 were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2015-16. This valuation was used to determine employer contribution rates for the introduction of alpha, a new career average earning scheme from April 2015. For 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £0 were paid to one or more of a panel of two appointed stakeholder pension providers (currently Scottish Widows and Standard Life). Employer contributions are age related and range from 8% to 14.75% of pensionable pay (from October 2015 - EPN 20/2015 - A&B refers). Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0 (0.5%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period to date were £0. Contributions prepaid at that date were £0.

1 person retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £0.

7 Other Operating Expenditure

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

	2015/16	2014/15
	£	£
Proceeds from sale	(32,000)	-
Carrying amount of non-current assets sold (excl Investment Properties)	118,884	-
	<u>86,884</u>	<u>-</u>

b Other Operating Income/Expenditure

	2015/16	2014/15
	£	£
Income	(315,836)	-
Expenditure	-	-
	<u>(315,836)</u>	<u>-</u>

Other Operating Expenditure	2015/16	2014/15
	£	£
(Surplus) / Deficit on Non Current Assets	86,884	-
Other Operating (Income) / Expenditure	(315,836)	-
	<u>(228,952)</u>	<u>-</u>

The above figures are prepared to two decimal places but rounding due to formatting may occur.

8 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2015/16	2014/15
	£	£
Bank interest	25,724	-
Loan interest	2,604,087	-
	<u>2,629,811</u>	<u>-</u>

b Interest and Investment Income

	2015/16	2014/15
	£	£
Bank interest	64,818	-
Employee car loan interest	1,891	-
	<u>66,709</u>	<u>-</u>

c Pensions interest costs

	2015/16	2014/15
	£	£
Net interest on the net defined benefit liability (asset)	846,000	-
	<u>846,000</u>	<u>-</u>

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

	2015/16	2014/15
	£	£
Income/Expenditure from investment Properties:		
Income including rental income	(1,800)	-
Expenditure	-	-
Net income from investment properties	<u>(1,800)</u>	<u>-</u>
	<u>(1,800)</u>	<u>-</u>

Financing and Investment Income and Expenditure	2015/16			2014/15		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,629,811	-	2,629,811	-	-	-
Interest and Investment Income	-	(66,709)	(66,709)	-	-	-
Pensions interest cost	846,000	-	846,000	-	-	-
Other investment income	-	(1,800)	(1,800)	-	-	-
Writedown of value of shares purchased in CODA (Operations) Limited	2,514,000	-	2,514,000	-	-	-
Changes in Fair Value of Investment Properties	-	-	-	-	-	-
	5,989,811	(68,509)	5,921,302	-	-	-

9 Taxation and Non Specific Grant Income

a Revenue Grants

	2015/16	2014/15
	£	£
General	5,986,099	-
Other	-	-
	5,986,099	-

b Capital Grants and Donated Assets - Applied

	2015/16	2014/15
	£	£
Government & Other Grants - Conditions met and applied in year	855,036	-
	855,036	-

c Capital Grants - Unapplied

	2015/16	2014/15
	£	£
Government & Other Grants - Conditions met and not applied in year	3,993,860	-
Other	-	-
	3,993,860	-

d District Rates

	2015/16	2014/15
	€	€
Current year	47,101,076	-
Finalisation - previous year	(470,801)	-
Finalisation - other years	274,922	-
	<u>46,905,197</u>	-

Taxation and Non Specific Grant Income	2015/16	2014/15
	€	€
District Rate Income	46,905,197	-
Revenue Grants	5,986,099	-
Capital Grants and Contributions	4,848,896	-
	<u>57,740,192</u>	-

10 Acquired and Discontinued Operations

Local Government reform was implemented on 1st April 2015, when 11 New Councils took over from the previous 26 Councils. As a result of reform a number of functions which were previously delivered by NI Executive departments are now carried out by local councils. These include:

Planning

local development plan functions
development control and enforcement

Roads

off-street parking (except Park and Ride)

Local economic development

Start a Business Programme and Enterprise Shows
Youth entrepreneurship
social entrepreneurship
Investing for Women
neighbourhood renewal funding relating to enterprises initiatives

Local tourism

small-scale tourism accommodation development
providing business support including business start-up advice
providing advice to developers on tourism policies and related issues

Heritage

control of alterations, extension and demolition of listed buildings
conservation area designation and management
listed building enforcement notices
compensation where listed building consent has been revoked or modified
issuing of Building Preservation Notices
issuing notices to require Urgent Works to preserve a building
community listing of buildings of special architectural or historic interest

Other services

some elements of the delivery of the EU Rural Development Programme
local water recreational facilities
local sports

As a result of Local Government Reform Derry City and Strabane District Council acquired all of the assets and associated liabilities of the functions from Derry City Council and from Strabane District Council.

11 Fixed Assets

Cost or Valuation	Land		Buildings		Infrastructure Assets		Landfill Sites		Vehicles, Plant & Equipment		Community Assets		PP&E Under Construction		Surplus Assets		Total PP&E		Heritage Assets		Investment Properties		Intangible Assets		Assets Held for Resale		TOTAL
	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	
Balance as at 1 April 2015	22,547,985	-	70,086,897	-	64,954,375	-	37,169,846	-	5,235,315	-	18,650,079	-	392,945	-	219,037,442	-	4,057,903	-	44,000	-	628,272	-	-	-	-	-	223,767,617
Balance as at 1 April 2015	22,547,985	-	70,086,897	-	64,954,375	-	37,169,846	-	5,235,315	-	18,650,079	-	392,945	-	219,037,442	-	4,057,903	-	44,000	-	628,272	-	-	-	-	-	223,767,617
Additions	-	-	397,371	-	871,029	-	2,633,325	-	-	-	5,044,600	-	-	-	8,946,325	-	-	-	-	-	-	-	-	-	-	-	8,946,325
Revaluation increases/ decreases to Revaluation Reserve	1,690,839	-	9,210,835	-	-	-	-	-	-	-	-	-	-	-	10,901,674	-	-	-	-	-	-	-	-	-	-	-	10,901,674
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(6,759)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,759)	-	-	-	-	-	-	-	-	-	-	-	(6,759)
Impairment to Surplus or Deficit on the Provision of Services	-	-	(256,876)	-	-	-	-	-	-	-	-	-	-	-	(256,876)	-	-	-	-	-	-	-	-	-	-	-	(256,876)
Derecognition - Disposals	1,074,007	-	10,626,542	-	4,353,855	-	401,627	-	(1,367,202)	-	(116,456,031)	-	-	-	(1,367,202)	-	-	-	-	-	-	-	-	-	-	-	(1,367,202)
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified to: (i) / from: (*) Surplus Assets	(300,000)	-	(2,493,627)	-	-	-	(882,142)	-	-	-	-	-	3,675,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	25,006,072	-	87,571,142	-	70,179,259	-	37,955,454	-	5,235,315	-	7,238,648	-	4,068,714	-	237,254,604	-	4,057,903	-	44,000	-	628,272	-	-	-	-	-	241,984,779
Depreciation and Impairment																											
Balance as at 1 April 2015	-	-	3,869,831	-	30,484,926	-	25,601,818	-	-	-	-	-	-	-	59,955,575	-	-	-	-	-	611,870	-	-	-	-	-	60,567,445
Balance as at 1 April 2015	-	-	3,869,831	-	30,484,926	-	25,601,818	-	-	-	-	-	-	-	59,955,575	-	-	-	-	-	611,870	-	-	-	-	-	60,567,445
Depreciation Charge	-	-	1,869,324	-	1,556,930	-	2,958,431	-	-	-	-	-	95,895	-	6,500,580	-	-	-	-	-	4,100	-	-	-	-	-	6,504,680
Depreciation written out on Revaluation Reserve	-	-	957,573	-	1,010,903	-	-	-	-	-	-	-	40,659	-	2,009,135	-	-	-	-	-	-	-	-	-	-	-	2,009,135
Derecognition - Disposals	-	-	-	-	(1,248,318)	-	-	-	-	-	-	-	-	-	(1,248,318)	-	-	-	-	-	-	-	-	-	-	-	(1,248,318)
Eliminated on reclassification to Surplus Assets	-	-	-	-	(764,952)	-	-	-	-	-	-	-	764,952	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	-	6,715,728	-	33,052,759	-	26,546,979	-	-	-	-	-	901,506	-	67,216,972	-	-	-	-	-	615,970	-	-	-	-	-	67,832,942

Net Book Values

Balance as at 31 March 2016	25,006,072	80,855,318	37,176,500	11,408,475	5,235,315	7,238,648	3,167,208	170,037,632	4,057,903	44,000	12,302	174,151,837
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Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 1 April 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (Note 11)	-	-	-	-	31,890	-	-	-	31,890	-	-	5,900	-	37,790
Balance as at 31 March 2015	-	-	-	-	31,890	-	-	-	31,890	-	-	5,900	-	37,790

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 1 April 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	-	6,378	-	-	-	6,378	-	-	1,180	-	7,558
Balance as at 31 March 2015	-	-	-	-	6,378	-	-	-	6,378	-	-	1,180	-	7,558

Net Book Values	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 31 March 2015	25,906,072	80,855,414	27,126,500	-	17,408,475	5,235,315	72,185,448	3,167,208	170,037,632	4,057,903	44,000	12,302	-	174,151,837
Balance as at 31 March 2016	-	-	-	-	25,512	-	-	-	25,512	-	-	4,720	-	30,232

Valuations

A full valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services. Please refer to Note 1axx for further information on revaluation and depreciation policies. The continued changes in property prices over the last 3 years 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 2015. The net Revaluation gains/losses and impairments have been reflected in the above figures for 2015/16.

Investment properties were revalued at 31 March 2016 by an independent valuer from Land & Property Services.

City of Derry Airport

Council has transferred some additional operational assets at the Airport in the sum of £123,313 to City of Derry Airport (Operations) Limited during 2015/16 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.

11 c Intangible Assets

The Council owns Intangible Assets which relate to various pieces of software purchased by the Council to assist in the delivery of services. These assets are being depreciated over their estimated useful lives

Intangible Assets	31/03/2016	31/03/2015
	£	£
Computer Software & Telephone Systems	12,302	4,720
	12,302	4,720

d Investment Properties

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

Investment Properties	31/03/2016	31/03/2015
	£	£
Rental Income from Investment Activities	1,800	-
Direct Operating expenses arising from investment properties	-	-
Net gain/(loss)	1,800	-

e Heritage Assets

All 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 2019-20.

Sculptures

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

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

Art Collection

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

The art collection includes the Dunbar Museum Collection, the Civic Chain of Office, an abstract painting by Felim Egan and several paintings and art pieces which are displayed throughout the main Council building.

Additions during the year

There were no additions during 2015/2016.

h Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2016 are as follows:

2015/16 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2016
	£	£	£	£
Existing at 01 April 2015	292,945	-	-	292,945
Transfers from Operational during year	-	2,874,262	-	2,874,262
	-	-	-	-
Total	292,945	2,874,262	-	3,167,207

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

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

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

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant observable inputs – Level 2

During the year two properties have been transferred from operational Land Buildings Plant & Machinery to surplus assets. These assets were last valued at 31 March 2013 at existing use value. No indexation increases have been applied during the year and depreciation has been applied to the carrying amount.

Highest and best use of surplus assets

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Gains arising from changes in the fair value of surplus assets are recognised in the revaluation reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of the surplus assets reduce any revaluation reserve balance relating to that asset and, thereafter, are recognised in Surplus or Deficit on the Provision of Services.

Depreciation of £95,895 on surplus assets has been included within the surplus on the provision of services for the year.

Valuation Process for Surplus Assets

The fair value of the Council's Surplus Assets is measured at minimum 5 year intervals. All valuations are carried out externally by Land & Property Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

i Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2016 are as follows

2015/16 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2016
	£	£	£	£
Office Units	16,000	-	-	16,000
Other Assets	28,000	-	-	28,000
Total	44,000	-	-	44,000

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Highest and best use of Investment Properties

In estimating the fair value of the Council's Investment Properties, the highest and best use of the properties is their current use. The relevant properties have been valued by Land & Property Services at 31st March 2016 at open market value.

Valuation Techniques

There has been no change in the valuation techniques used during the year for Investment Properties.

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Capital Expenditure		2015/16	2014/15
		£	£
Opening Capital Financing Requirement		52,154,124	-
Capital Investment			
Property Plant and Equipment	11a	8,946,325	31,890
Intangible Assets		-	5,900
Revenue Expenditure Funded from Capital under Statute		-	-
Investments		-	-
Sources of Finance			
Government Grants and Other Contributions	9	(855,036)	-
Government Grants and Other Contributions applied from Prior year		(1,122,821)	-
Transfers from Earmarked Reserves		(1,745,831)	-
Sums set aside from Revenue:			
Direct Revenue Contributions	3a, 27	(117,768)	(37,790)
Minimum Revenue Provision *	3a, 27	(575,576)	-
Closing Capital Financing Requirement		56,683,417	-
Explanation of Movements in Year		2015/16	2014/15
		£	£
Increase in underlying need to borrow		4,529,293	-
Increase/(decrease) in Capital Financing Requirement		4,529,293	-

The Council's MRP policy is as follows:-

- borrowings made before the introduction of MRP - Loan Principal.
- borrowings following the introduction of MRP - Annuity Method (commencing in the year following completion of the asset). This differs from the Legacy Council's policies and has resulted in an in year saving of £2M

13 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	13,263,214	6,133,872	7,129,342
Other Commitments	7,970,764	4,953,447	3,017,317
Total	21,233,978	11,087,319	10,146,659

The Council has scoped and identified capital projects to the value of £180,000,000 as part of its capital plan. External funding will be critical in ensuring that these projects will be delivered.

Inventories	2015/16	2014/15
	£	£
Stock Derry Fuel	3,924	-
Stock Strabane	52,418	-
Stock Derry Bins	53,463	-
Stock Stores Items	49,353	-
Total	159,158	

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

15 Debtors

a Long Term Debtors		2015/16	2014/15
		£	£
Employee car loans		19,880	-
Gas Income		797,025	-
Total Long Term Debtors		816,905	-

b Short Term Debtors		2015/16	2014/15
		£	£
Government Departments		12,143,488	137,807
Other Councils		205,313	538,343
Employee car loans		14,264	-
Revenue Grants		623,656	-
Capital Grants		2,247,535	-
Value Added Tax		1,557,611	-
NHS		3,095	-
Gas Income		87,881	-
Other		566,469	-
Trade receivables		674,118	-
Impairment loss - Trade receivables		(436,764)	-
Total Short Term Debtors		17,686,666	676,150

Total Debtors	2015/16	2014/15
	18,503,571	676,150

16 Investments

a Long Term Investments		2015/16	2014/15
		£	£
Investments - general		-	-
Investments - repairs and renewals		-	-
Investments - capital fund		-	-
Investments - other		-	-
Total Long term Investments		-	-

Analysed over		2015/16	2014/15
		£	£
Shares purchased in CODA (Operations) Limited		2,637,313	-
Writedown of value of shares purchased in CODA (Operations) Limited		(2,637,313)	-

Total Long-term Investments

The difference between the value above of £2,637,313 for the writedown of value of shares purchased in CODA and the value of £2,514,000 in Note 8 is £123,313 which relates to CODA fixed asset additions purchased in 2015-16 of which £118,884 were disposed off for 'nil' consideration to CODA which is reflected in the Capital Adjustment Account.

17 Borrowings			
a Short Term Borrowing		2015/16	2014/15
		€	€
Loans re-payable within one year		2,964,192	-
Finance Lease Principal		-	-
Total Short Term Borrowing		2,964,192	-
b Long Term Borrowing		2015/16	2014/15
		€	€
Between 1 and 2 years		2,987,869	-
Between 2 and 5 years		8,789,520	-
Between 5 and 10 years		12,838,592	-
In more than 10 years		24,699,203	-
Government Loans Fund		49,315,184	-
Total Borrowing		52,279,376	-

Interest rates on Government Loans range between 1.49% and 16.25%.

18 Creditors			
a Short Term Creditors		2015/16	2014/15
		€	€
Government Departments		1,444,540	-
Other Councils		284,465	505,239
Remuneration due to employees		199,261	-
Accumulated Absences		310,980	-
Creditor Accruals		2,230,567	13,201
Receipts in advance *		2,912,446	-
Trade creditors		4,962,715	157,710
Loan Interest		418,184	-
Capital Creditors		2,086,565	-
Other		298,520	-
Total Short Term Creditors		15,148,243	676,150

* Included within Receipts in advance is a sum of €1.9M provided to Derry City and Strabane District Council by the Republic of Ireland Government under the terms of the Fresh Start Agreement.

Total Creditors		15,148,243	676,150
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b Payment of Invoices

The Council's default target for paying supplier invoices, where no other terms are agreed, is within 30 calendar days. During the year the Council paid 25,663 invoices totalling €69,946,507.

The Council paid:

19,585 (76%) Invoices within 30 calendar days,
9,049 (35%) invoices within 10 working days, and
6,078 (24%) invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 21.7 days.

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

Provisions	Balance as at 1 April 2015	Increase/(Reduction) in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2016
Provisions	£	£	£	£	£	£
Landfill Provision	5,061,209	(229,490)	1,566,326	-	-	3,265,393
Reorganisation Provision	1,275,767	3,012,431	3,333,735	-	-	954,463
Claims Management Provision	1,067,757	160,412	175,997	-	-	1,052,172
Total	7,404,733	2,943,353	5,076,058	-	-	5,272,028

Current Provisions	3,396,214	3,310,047	4,900,061	-	-	1,806,200
Long Term Provisions	4,008,519	(366,694)	175,997	-	-	3,465,828
Total	7,404,733	2,943,353	5,076,058	-	-	5,272,028

Landfill Provision

The restoration of Culmore Landfill Site has commenced and it is estimated that the remainder of the restoration costs and the aftercare costs for 53 years will be £3,265,393. During 2015-16 professional advice was sought from Arlingclose and based on that advice the Council has applied the Arlingclose and CIPFA recommended discount rates to the Landfill Provision which are based on National Loans Fund borrowing rates.

Reorganisation Provision

At 31st March 2016 there remains a number of single status claims/appeals and severance payments outstanding which are expected to be resolved or paid during the 2016-17 year.

Claims Management Provision

This provision relates to the estimated cost to the Council under its self-insurance policy of unsettled Public & Employer Liability claims as at 31st March 2016.

20 Financial Instruments

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

Credit Risk

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

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

Trade debtors, inclusive of VAT, can be analysed by age as follows		
		£
Less than three months		475,252
Three to six months		50,777
Six months to one year		128,315
More than one year		166,167
**		820,511

** Includes the government element of trade debtors which is reflected in the Government Department figure in Note 15b.

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 18. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its 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 £71,449,053 broken down as follows:

Government Loans		71,449,053
Market Loans		-
Total		71,449,053

21 Retirement Benefits

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

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

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

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

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

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	Note	2015/16	2014/15
		£	£
Net cost of services:			
Current service cost		5,003,000	-
Past service cost/(gain)		1,763,000	-
Net interest on net defined benefit Liability (asset)		846,000	-
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		7,612,000	-
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(7,612,000)	-
Employers' contributions payable to scheme		5,773,000	-
Net charge to the Comprehensive Income and Expenditure Statement		(1,839,000)	-

The service cost figures include an allowance for administration expenses of £0.059M

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2015/16	2014/15
		£	£
Liability gains/(losses) due to change in assumptions		5,838,000	-
Liability experience gains/(losses) arising in the year		947,000	-
Actuarial gains/(losses) on plan assets		(456,000)	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		6,329,000	-

c. Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities		Note	2015/16	2014/15
			£	£
Balance as at 1 April 2015			145,958,000	-
Current service cost			5,003,000	-
Interest cost			4,639,000	-
Contributions by members			1,246,000	-
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in financial assumptions			(5,838,000)	-
Actuarial gains/losses arising on liabilities from experience			(947,000)	-
Past service costs/(gains)			1,763,000	-
Estimated unfunded benefits paid			(112,000)	-
Estimated benefits paid			(3,171,000)	-
Balance as at 31 March 2016			148,541,000	-

Reconciliation of present value of the scheme assets:		Note	2015/16	2014/15
			£	£
Balance as at 1 April 2015			116,659,000	-
Interest income			3,793,000	-
Contributions by members			1,246,000	-
Contributions by employer			5,661,000	-
Contributions in respect of unfunded benefits			112,000	-
Remeasurement gain/(loss)			(456,000)	-
Unfunded benefits paid			(112,000)	-
Benefits paid			(3,171,000)	-
Balance as at 31 March 2016			123,732,000	-

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 £3,337,000.

Fair Value of Plan Assets	31/03/2016	31/03/2015
	£	£
Equity Investments	88,963,108	-
Bonds	14,971,572	-
Property	16,332,624	-
Cash	2,845,836	-
Other	618,660	-
	123,732,000	-

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 2016 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):

	Note	31/03/2016	31/03/2015
		£	£
Fair Value of Employer Assets		123,732,000	-
Present value of funded defined benefit obligation		(146,739,000)	-
Pension asset/(liability) of Funded Scheme		(23,007,000)	-
Present Value of unfunded defined benefit obligation		(1,802,000)	-
Net asset/(liability) arising from the defined benefit obligation		(24,809,000)	-
Amount in the Balance sheet:			
Liabilities		(24,809,000)	-
Net Asset/(Liability)		(24,809,000)	-

d. Scheme history

	Note	31/03/2016	31/03/2015
		£	£
Analysis of scheme assets and liabilities			
Fair Value of Assets in pension scheme		123,732,000	-
Present Value of Defined Benefit Obligation		(148,541,000)	-
Surplus/(deficit) in the Scheme		(24,809,000)	-

	Note	31/03/2016	31/03/2015
		£	£
Amount recognised in Other Comprehensive Income and Expenditure			
Actuarial gains/(losses)		6,329,000	-
Remeasurements recognised in Other Comprehensive Income and Expenditure		6,329,000	-
Cumulative actuarial gains and losses		6,329,000	-
History of experience gains and losses:			
Experience gains and (losses) on assets		(456,000)	-
Experience gains and (losses) on liabilities		6,785,000	-

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £24,809,000 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 should remain healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund should 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 2017

	31/03/2017	31/03/2017
	£	%
Projected current cost	4,877,000	0.0%
Net interest on the net defined benefit liability (asset)	773,000	0.0%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	5,650,000	0.0%

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 2017 is £4,065,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2016

	31/03/2016	31/03/2015
	%	%
Experience gains and (losses) on Assets	-0.37	0
Experience gains and (losses) on Liabilities	4.57	0

e Basis for estimating assets and liabilities

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

Long term expected rate of return on assets in the scheme	2015/16	2014/15
	%	%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	22.3	0
Women	24.8	0
<i>Longevity at 65 for future pensioners:</i>		
Men	24.5	0
Women	27.2	0
Inflation/Pension Increase Rate	1.80%	0.00%
Salary Increase Rate	3.30%	0.00%
Discount Rate	3.40%	0.00%
Pension accounts revaluation rate	1.80%	0.00%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	0%

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 2016 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	144,007	149,522
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	4,733	5,025
Approximate % change in projected service cost	-3.00%	3.00%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	147,576	145,910
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	4,877	4,877
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	148,677	144,828
% change in the present value of the total obligation	1.30%	-1.90%
Projected service cost	5,025	4,733
Approximate % change in projected service cost	3.00%	-3.00%
Post Retirement Mortality Assumption		
	-1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	150,580	142,898
% change in the present value of the total obligation	2.60%	-2.60%
Projected service cost	5,039	4,715
Approximate % change in projected service cost	3.30%	-3.30%

* 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.

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

	31/03/2016	31/03/2015
	%	%
Equity investments	71.90%	0.00%
Government Bonds	5.70%	0.00%
Corporate Bonds	6.40%	0.00%
Property	13.20%	0.00%
Cash	2.30%	0.00%
Other	0.50%	0.00%
Total	100.00%	0.00%

g Northern Ireland Civil Service Pension Arrangements (Relating solely to Planners who joined the Council on 01/04/15)

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment is unable to identify the share of the underlying assets and liabilities transferred to Councils at 01 April 2015. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

h 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:

Gasworks Pension liability	Note	31/03/2016	31/03/2015
		£	£
Balance as at 01 April 2015		75,018	0
Payments during the year		-9,138	0
Increase/(Decrease) in liability		10,059	0
Balance as at 31 March 2016		75,939	0

Donated Assets Account	Note	2015/16	2014/15
		£	£
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

Analysis of Donated Assets Account

The balance of the Donated Assets Account represents donations received that have yet to be recognised as income, as they have conditions attached to them, which will require the donated assets to be returned, if conditions are not met. The balances at the year end are as follows:

Donated Assets Account	Note	2015/16	2014/15
		£	£
Donation A		0	0
Donation B		0	0
Donation C		0	0
		0	0

Capital Grants Received In Advance	Note	2015/16	2014/15
		£	£
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. The balances at the year end are as follows:

Capital Grants Receipts in Advance	Note	2015/16	2014/15
		£	£
Grant A		0	0
Grant B		0	0
Grant C		0	0
		0	0

24 Contingencies

In accordance with the Code (and IAS 37), Councils should disclose by way of note if there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- the amount of the obligation cannot be measured with sufficient reliability.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented and until this is known the impact of allowing for it on the pension liability is uncertain. No allowance for GMP equalisation has therefore been made to date.

25 Opening Balance Sheet Note as at 1st April 2015

	Derry City Council	Strabane District Council	Elimination of inter council balances	Shadow Council	Transfers as a result of Boundary change	Transfers from Central Government	Transfers from Joint Committees	Balance as at 1 April 2015
	€	€	€	€	€	€	€	€
Property Plant & Equipment	135,312,236	21,689,478	-	25,512	-	2,054,642	-	159,081,868
Heritage Assets	3,263,698	794,205	-	-	-	-	-	4,057,903
Investment Properties	-	44,000	-	-	-	-	-	44,000
Intangible Assets	-	11,682	-	4,720	-	-	-	16,402
Assets Held for Sale	-	-	-	-	-	-	-	-
Long Term Investments	-	-	-	-	-	-	-	-
Investment in Associates and Joint Ventures	-	-	-	-	-	-	-	-
Long Term Debtors	957,411	-	-	-	-	-	-	957,411
LONG TERM ASSETS	139,573,345	22,533,765	-	30,232	-	2,054,642	-	164,157,984
Short Term Investments	-	-	-	-	-	-	-	-
Inventories	122,927	87,243	-	-	-	-	-	210,170
Short Term Debtors	20,070,010	2,531,492	(432,934)	676,150	-	456,386	-	23,301,104
Cash and Cash Equivalents	16,019,019	2,460,757	-	-	-	-	-	18,479,776
Assets Held for Sale	-	-	-	-	-	-	-	-
CURRENT ASSETS	36,211,956	5,079,492	(432,934)	676,150	-	456,386	-	41,991,050
Bank Overdraft	-	-	-	-	-	-	-	-
Short Term Borrowing	2,073,832	243,434	-	-	-	-	-	2,317,266
Short Term Creditors	11,889,351	3,041,567	(432,934)	676,150	-	421,726	-	15,595,860
Provisions	3,360,214	36,000	-	-	-	-	-	3,396,214
Liabilities in Disposal Groups	-	-	-	-	-	-	-	-
CURRENT LIABILITIES	17,123,397	3,321,001	(432,934)	676,150	-	421,726	-	21,300,340
Long Term Creditors	-	-	-	-	-	-	-	-
Provisions	4,008,519	-	-	-	-	-	-	4,008,519
Long Term Borrowing	44,442,723	5,971,914	-	-	-	-	-	50,414,637
Other Long Term Liabilities	24,252,018	5,122,000	-	-	-	-	-	29,374,018
Capital Grants Receipts In Advance	-	-	-	-	-	-	-	-
Donated Assets Account	-	-	-	-	-	-	-	-
LONG TERM LIABILITIES	72,703,260	11,093,914	-	-	-	-	-	83,797,174
NET ASSETS	85,718,644	13,203,942	101	30,232	-	2,089,302	-	101,042,120
USABLE RESERVES								
Capital Receipts Reserve	396,887	313,255	-	-	-	-	-	710,142
Capital Grants Unapplied Account	6,429,545	-	-	-	-	-	-	6,429,545
Capital Fund	4,660,401	-	-	-	-	-	-	4,660,401
Renewal and Repairs Fund	2,038,222	764,145	-	-	-	-	-	2,802,367
Other Balances and Reserves	1,501,269	28,000	-	-	-	-	-	1,529,269
General Fund	2,581,152	942,207	-	-	-	34,660	-	3,558,019
TOTAL USABLE RESERVES	17,607,476	2,037,607	-	-	-	34,660	-	19,689,743
UNUSABLE RESERVES								
Capital Adjustment Account	47,469,882	14,666,185	-	30,232	-	2,054,642	-	64,220,941
Financial Instruments Adjustment Account	-	-	-	-	-	-	-	-
Revaluation Reserve	45,098,848	1,726,260	-	-	-	-	-	46,825,108
Available for Sale Financial Instruments Reserve	-	-	-	-	-	-	-	-
Pensions Reserve	(24,252,018)	(5,122,000)	-	-	-	-	-	(29,374,018)
Capital Receipts Deferred Account	-	-	-	-	-	-	-	-
Accumulated Absences Account	(205,544)	(114,110)	-	-	-	-	-	(319,654)
Landfill Regulations Reserve	-	-	-	-	-	-	-	-
Provisions Discount Rate Reserve	-	-	-	-	-	-	-	-
TOTAL UNUSABLE RESERVES	68,111,369	11,156,335	-	30,232	-	2,054,642	-	81,352,577
NET WORTH	85,718,644	13,203,942	101	30,232	-	2,089,302	-	101,042,120

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

26 Other cash flow disclosures

The cashflow movement is the difference between the opening balance sheet of the new council (as provided in Note 25) and the closing balance sheets of the legacy Councils.

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

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2015/16	2014/15
		£	£
Depreciation	10b	8,513,815	7,558
Impairment & downward revaluations (& non-sale derecognitions)	10c	263,635	-
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		51,012	-
(Increase)/Decrease in Debtors		4,249,319	-
Increase/(decrease) in impairment provision for bad debts		18,360	-
Increase/(Decrease) in Creditors		(708,658)	-
Increase/(Decrease) in Interest Creditors		27,942	-
Payments to NILGDSC	20	1,839,000	-
Carrying amount of non-current assets sold	10c	118,884	-
AIC/WIP written off to Net Cost of Services	10a	-	-
Contributions to Other Reserves/Provisions		(2,132,702)	(37,790)
Movement in value of investment properties-included above in impairment & downward revaluations (& non-sale derecognitions)		-	-
Amounts posted to CIES from Donated Assets Account	21	-	-
		12,240,608	(30,232)

The above figures are prepared to two decimal places but rounding due to formatting may occur.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2015/16	2014/15
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		(32,000)	-
Capital grants included in "Taxation & non-specific grant income"		(4,848,896)	-
		(4,880,896)	-

b Cash and Cash Equivalents

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

	2015/16	2014/15
	£	£
Cash and Bank balances	2,030,500	-
Short Term Deposits (considered to be Cash Equivalents)	15,989,775	-
Short Term Investments (considered to be Cash Equivalents)	-	-
Bank Overdraft	-	-
	18,020,275	-

c Cash Flow Statement: Operating Activities

The cash flows from operating activities include:	2015/16	2014/15
	£	£
Interest received	58,845	-
Interest paid	2,603,844	-

d Cash flows from Investing Activities

	Notes	2015/16	2014/15
		£	£
Purchase of PP&E, investment property and intangible assets		(8,713,227)	-
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		-	-
Other Payments for Investing Activities		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		32,000	-
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		4,800,694	-
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		(3,880,533)	-

e Cash flows from Financing Activities

	Notes	2015/16	2014/15
		£	£
Cash Receipts from Short and Long Term Borrowing		1,864,735	-
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		-	-
Repayment of Short and Long Term Borrowing		(2,317,266)	-
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		(452,531)	-

27 Usable Reserves

a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		710,142	-
Movement			
Transfers between statutory & other reserves & the General Fund		-	-
Disposal of Non Current Assets/ Capital Sales	3.11, 24	32,000	-
Capital Receipts used to finance capital expenditure	3, 12	-	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	-
At 31 March 2016		742,142	-

b Capital Grants Unapplied account

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

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

Capital Grants Unapplied account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		6,429,545	-
Movement			
Unapplied Capital Grants received in year		4,848,896	-
Grant transferred to revenue in year *		(1,535,467)	-
Unapplied Capital Grants transferred to CAA in year		(1,977,857)	-
At 31 March 2016		7,765,117	-

* The Council acted as an agent for the 'Heros of the Great Siege Project'. £1,535K grant has been transferred to revenue and netted off against the spend in 2015-16 for the project. There is no impact on the Comprehensive Income & Expenditure Account during the year.

c Capital Fund

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

Capital Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		4,660,401	-
Transfer from Revenue re: reduction in the Landfill Provision	3b	171,790	-
Transfers between statutory & other reserves & the General Fund	3b	(914,189)	-
Transfers between Capital Fund & CAA to finance Capital Expenditure		(1,050,793)	-
At 31 March 2016		2,867,209	-

	£
Capital plan unallocated	1,390,891
Culmore landfill	667,622
Convergence costs	311,422
City of Culture legacy	135,009
General	362,264
Total	2,867,208

d Renewal and Repairs Fund (used to meet repairs&renewals and other known future revenue commitments)

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

Renewal and Repairs Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		2,802,366	-
Transfers from District Fund	3b	1,741,978	-
Transfers to District Fund	3b	(613,588)	-
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		(695,038)	-
At 31 March 2016		3,235,718	-
			£
Severance costs			589,000
Office reorganisation			250,000
Museum of Free Derry			175,000
Brown bins			300,000
Brooke Park Fit out			160,000
Convergence/ ICT costs			246,209
Melvin 3G			113,310
General			1,402,198
Total			3,235,718

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		1,529,269	-
Transfers from District Fund	3b	1,335,800	-
Transfers to District Fund	3b	(748,054)	-
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure		-	-
At 31 March 2016		2,117,015	-

This reserve is used for Economic Development purposes and 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.

f General Fund

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

General Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		3,558,019	-
Applied Capital Grants	3, 22, 24	(855,036)	-
Unapplied Capital Grants received in year		(3,993,860)	-
Direct Revenue Financing	3, 12	(117,768)	(37,790)
Depreciation and impairment adjustment	3	8,777,450	7,558
Statutory Provision for financing Capital Investment	3, 12	(575,576)	-
Net Revenue expenditure funded from capital under statute		-	-
Surplus/(Deficit) on the Provision of Services	CIES	(3,486,150)	30,232
Transfers between Statutory and Other Reserves and the General Fund			
		(973,736)	-
Net movements on Pension Reserve	3, 21	1,839,000	-
Disposal of Fixed Assets/Capital Sales	3, 11, 24	86,884	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(8,674)	-
Other Movements		-	-
At 31 March 2016		4,250,553	-

a Capital Adjustment Account

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

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

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

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

Capital Adjustment Account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		64,220,941	-
Applied Capital Grants	3, 22, 24	855,036	-
Unapplied Capital Grants transferred to CAA in year		1,122,821	-
Direct Revenue Financing	3, 12	117,768	37,790
Depreciation & impairment adjustment	11	(8,777,450)	(7,558)
Statutory Provision for financing Capital Investment	3	575,576	-
Net Revenue expenditure funded from Capital under statute	3, 12	-	-
Disposal of Fixed Assets/ Capital Sales	3, 11	(118,884)	-
Capital Receipts used to finance capital expenditure	3, 12	-	-
Other Movements	28c	2,009,135	-
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	1,745,831	-
At 31 March 2016		61,750,774	30,232

c 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) are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		46,825,108	-
Revaluations	11	10,901,674	-
Other Movements	11, 28b	(2,009,135)	-
At 31 March 2016		55,717,647	-

e Pension Reserve

Pension Reserve	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		(29,374,018)	-
Net Movements on Pension Reserve	3	(1,829,862)	-
Revaluation & Impairment	21	6,318,941	-
At 31 March 2016		(24,884,939)	-

g Accumulated Absences Account

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

Accumulated Absences Account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April 2015		(319,654)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		8,674	-
At 31 March 2016		(310,980)	-

29 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2, namely Income of £920,538 and costs of £450,553.

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 and Strabane District Council has been involved in the following transactions during 2015/2016:

(A) Payments below £25,000

Council made payments in aggregate of £49,938, each individually below £25,000, to 12 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 8 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:-

	2015/16
	£
City Centre Initiative	68,756
ERNACT EEIG	115,554
Citizen's Advice Bureau	498,699
RAPID Limited	43,635
W.E.L.B.	198,014
N.I. Local Government Association	58,121
Dove House	150,689
Derry Visitor & Convention Bureau	526,052

(C) 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 2016 were £34,144. The total outstanding for Chief Officers was £7,596.

(D) Department for Communities (formerly known as Department of Environment)

Council receives an annual operating grant from the Department for Communities. During 2015/2016 it received £5,986,099, details of which are given in Note 9.

(E) Derry Visitor & Convention Bureau / Visit Derry

Council is represented by 4 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 2015/2016 Council paid £526,052 in Management Fees to the Bureau. The Bureau is situated in a Council owned building for which Council received £36,000 from a lease arranged through the Land & Property Services, an independent body. Derry City and Strabane District 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.

(F) 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 2015/2016 Council paid £443,300 in Management Fees to Derry Theatre Trust. Derry City and Strabane District 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 £5,325 to the Trust during 2015/2016 for Room Hire Charges, Office Box Services and Joint Productions.

(G) 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 and the Strategic Director of Business and Culture. Both Councils have given a commitment to provide deficit funding to ERNACT EEIG and during 2015/2016 a sum of £84,220 was provided by Derry City and Strabane District 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.

(H) 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 2015/2016 Council made no net contribution to the running costs of the Partnership. Council also provides legal, financial and personnel services to the Partnership for which it received £9,300 during 2015/2016.

(I) Other Local Authorities

During 2015/2016 the Council had expenditure of £1,167,316 to other Local Authorities of which £284,465 (Note 18) was outstanding at 31st March 2016. The Council also received £497,458 from other Local Authorities of which £205,313 (Note 15) was outstanding as at 31st March 2016. These amounts mainly relate to services provided in the areas of Legal, Environmental Health, North West Regional Waste Management Group administration and Property Certificate fee income.

(J) 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 4 Members /Officers out of the total Board of 8 Directors. During 2015/16 further operational assets in the value of £123,313 were transferred to the company in exchange for shares with an Issued value of £123,313. The Infrastructure Assets have not yet been transferred to the company but are being operated by the company under Licence. Council also purchased additional shares during 2015/16 to the value of £2,514,000, which are also deemed to be of minimal value. 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 2015/2016 the Council invoiced CODA (Operations) Limited for £26,962 for expenditure incurred on it's behalf and also received invoices from the Company for £2,735,548 mainly for capital expenditure incurred by the Company on behalf of the Council. At 31 March 2016 £197,913 was owed to the company by Derry City and Strabane District Council and £20,316 was receivable from the company.

(K) North West Region Waste Management Group Joint Committee

Derry City and Strabane District Council is a member of the NWRWMG Joint Committee, which is a partnership of 2 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 £174,304. The transactions for the Joint Committee are not reflected in the Accounts for Derry City and Strabane District Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2016. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor.

Derry City and Strabane District Council acts as the lead Council for the NWRWMG 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 2015/2016. Council paid a sum of £89,194 to the Joint Committee as it's share of operating costs for 2015/2016.

As the Joint Committee uses Derry City and Strabane District Council to cashflow it's activities there was a balance owed to the Council as 31st March 2016 of £13,409 in relation to 2015/16.

(L) North West Air Access Consortium

Derry City and Strabane District 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 and Strabane District Council acts as the lead Council and as at 31st March 2016 had a sum of £282,745 in it's Bank Account and within receipts in advance which belonged to the Consortium. These funds are to be used for joint marketing campaigns to develop air routes to the region.

Derry City and Strabane District Council
Group Movement in Reserves Statement for the year ended 31 March 2016

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2014	-	-	-	-	-	-
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	30,232	-	-	30,232	-	30,232
Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	30,232	-	-	30,232	-	30,232
Adjustments between accounting basis & funding under regulations	(30,232)	-	-	(30,232)	30,232	-
Net increase before transfers to Statutory and Other Reserves	-	-	-	-	30,232	30,232
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
Increase/(Decrease) in year	-	-	-	-	30,232	30,232
Balance as at 31 March 2015	-	-	-	-	30,232	30,232
Balance as at 1 April 2015	Note 25	1,589,267	15,421,582	710,142	19,720,991	81,780,114
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(3,697,624)	-	-	(3,697,624)	-	(3,697,624)
Other Comprehensive Income and Expenditure	-	-	-	-	15,571,480	15,571,480
Total Comprehensive Income and Expenditure	(3,697,624)	-	-	(3,697,624)	15,571,480	11,873,856
Adjustments between accounting basis & funding under regulations	Group Note 2	5,442,976	(410,260)	32,000	5,064,716	(4,479,686)
Net increase before transfers to Statutory and Other Reserves	1,745,352	(410,260)	32,000	1,367,092	11,091,794	12,458,886
Transfers to / from Statutory and Other Reserves	(973,737)	973,737	-	-	-	-
Increase in year	771,615	563,477	32,000	1,367,092	11,091,794	12,458,886
Balance as at 31 March 2016		4,360,882	15,985,059	742,142	21,088,083	92,871,908

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

Derry City and Strabane District Council

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

	2015/16			2014/15		
	Gross Expenditure €	Gross Income €	Net Expenditure €	Gross Expenditure €	Gross Income €	Net Expenditure €
Service Expenditure						
Leisure and Recreational Services	26,095,696	(4,259,955)	21,835,741	-	-	-
Environmental Services	22,600,814	(1,472,434)	21,128,380	-	-	-
Planning and Development Services	7,458,211	(3,322,209)	4,136,001	-	-	-
Highways and Transport Services	450,553	(920,538)	(469,985)	-	-	-
DRM and Corporate Management	4,612,693	(44,358)	4,568,335	1,093,246	(1,123,478)	(30,232)
Other Services	5,077,530	(742,012)	4,335,519	-	-	-
CODA Operations Limited	4,584,635	(1,878,160)	2,706,475	-	-	-
Cost of Services on Continuing Operations	70,880,132	(12,639,666)	58,240,466	1,093,246	(1,123,478)	(30,232)
Other Operating Expenditure	118,884	(347,836)	(228,952)	-	-	-
Financing and Investment Income and Expenditure	3,494,811	(68,509)	3,426,302	-	-	-
Surplus or Deficit on Discontinued Operations	-	-	-	-	-	-
Net Operating Expenditure	74,493,827	(13,056,011)	61,437,816	1,093,246	(1,123,478)	(30,232)
Taxation and Non-Specific Grant Income	-	(57,740,192)	(57,740,192)	-	-	-
Surplus/(Deficit) on the Provision of Services	74,493,827	(70,796,203)	(3,697,624)	1,093,246	(1,123,478)	(30,232)
Surplus/(Deficit) on revaluation of non-current assets			8,892,539			
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets			-			
Remeasurements of the Net Defined Benefit Liability (Asset)			6,678,941			
Other Comprehensive Income and Expenditure			15,571,480			
Total Comprehensive Income and Expenditure			11,873,856			(30,232)

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

Derry City and Strabane District Council
Group Balance Sheet as at 31 March 2016

	Note	31st March 2016	31st March 2015
Fixed Assets	Group Note 4	175,142,617	30,232
Long Term Investments		-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors		816,905	-
LONG TERM ASSETS		175,959,522	30,232
Short Term Investments		-	-
Inventories		284,583	-
Short Term Debtors		18,028,477	676,150
Cash and Cash Equivalents	Group Note 5b	18,108,689	-
Assets Held for Sale		-	-
CURRENT ASSETS		36,421,749	676,150
Bank Overdraft		-	-
Short Term Borrowing		2,964,192	-
Short Term Creditors		15,588,937	676,150
Provisions		1,806,200	-
CURRENT LIABILITIES		20,359,329	676,150
Long Term Creditors		-	-
Provisions		3,465,828	-
Long Term Borrowing		49,315,184	-
Other Long Term Liabilities	Group Note 6	25,280,939	-
Donated Assets Account		-	-
Capital Grants Receipts in Advance		-	-
LONG TERM LIABILITIES		78,061,951	-
NET ASSETS		113,959,991	30,232
USABLE RESERVES			
Capital Receipts Reserve	Group MIRS	742,142	-
Capital Grants Unapplied Account	Group MIRS	7,765,117	-
Capital Fund	Group MIRS	2,867,209	-
Renewal and Repairs Fund	Group MIRS	3,235,718	-
Other Balances and Reserves	Group MIRS	2,117,015	-
General Fund	Group MIRS	4,360,882	-
UNUSABLE RESERVES		71,069,074	-
Capital Adjustment Account	Group MIRS	62,746,180	30,232
Financial Instruments Adjustment Account	Group MIRS	-	-
Revaluation Reserve	Group MIRS	55,717,647	-
Available for Sale Financial Instruments Reserve	Group MIRS	-	-
Pensions Reserve	Group MIRS	(25,280,939)	-
Capital Receipts Deferred Account	Group MIRS	-	-
Accumulated Absences Account	Group MIRS	(310,980)	-
Landfill Regulations Reserve	Group MIRS	-	-
Provisions Discount Rate Reserve	Group MIRS	-	-
		117,871,908	30,232
NET WORTH		113,959,991	30,232

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

Derry City and Strabane District Council
Group Cash Flow Statement at 31 March 2016

	Note	2015/16	2014/15
		€	€
Net Surplus/ (Deficit) on the provision of services		(3,697,624)	30,232
Adjustment for non-cash movements	Group Note 5a	12,347,822	(30,232)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Group Note 5b	(4,880,896)	-
Net cash flows from operating activities		3,769,302	-
Cash flows from Investing Activities	Group Note 5d	(3,757,220)	-
Net Cash flows from Financing Activities	Group Note 5e	(452,531)	-
Net increase or decrease in cash and cash equivalents		(440,449)	-
Cash and cash equivalents transferred from Legacy Councils	Group Note 7 (Opening Balance Sheet)	18,549,138	-
Cash and cash equivalents at the end of the reporting period		18,108,689	-

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

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31ST MARCH 2016

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 and Strabane District 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.

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 and Strabane District 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 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 2015/2016 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.

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

Derry City and Strabane District 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 2016 drawing attention to this issue.

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

2 Adjustment between an Accounting Basis and Funding Basis under Regulations

a Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	263,635	-	-	-
Depreciation charged in the year on non-current assets	11	8,777,460	9,041,095	7,558	7,558
Net Revenue expenditure funded from capital under statute	11	-	-	-	-
Carrying amount of non current assets sold	7	118,884	-	-	-
Proceeds from the sale of PP&E, Investment property and	26,27	(32,000)	86,884	-	-
Net charges made for retirement benefits in accordance with IAS 19	21b	-	7,877,000	-	-
Direct revenue financing of Capital Expenditure	12,27	-	(117,768)	-	(37,790)
Capital Grants and Donated Assets Receivable and Applied in year					
Capital Grants Receivable and Unapplied in year	9b	-	(855,036)	-	-
Adjustments in relation to Short-term compensated absences	9c	-	(3,993,860)	-	-
Adjustments in relation to Short-term compensated absences	18	-	(8,674)	-	-
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	28	-	(575,576)	-	-
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21b & 21h	-	(6,011,089)	-	-
Net transfers to / from Accumulated Absences - Adjustments in relation to Short term compensated absences					
			5,442,976		(30,232)
b Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Capital Fund					
Transfer to District Fund	27	914,189	-	-	-
Transfer from District Fund re Landfill Provision Decrease	27	(171,790)	742,399	-	-
Renewal and Repairs Fund					
Transfer to District Fund	27	613,588	-	-	-
Transfer from District Fund	27	(1,741,978)	(1,128,390)	-	-
Other Funds and earmarked reserves					
Transfer to District Fund	27	748,054	-	-	-
Transfer from District Fund	27	(1,335,800)	(587,746)	-	-
			(973,737)		-

The above figures are prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

Employee Costs and Member Allowances		
Staff Costs		
	2015/16	2014/15
	£	£
Salaries and Wages		
Employers NIC	26,902,344	618,456
Employers Superannuation	1,655,264	90,169
	4,050,787	46,998
Total staff costs	32,608,396	755,623

Agency costs during the year amounted to £991,647.

The Council's current contribution rate to 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% of the liabilities accrued up to that date. Council also paid £3,016,172 during 2015-16 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.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees		
	2015/16	2014/15
	FTE	FTE
Other		
Full-time numbers employed	111	-
Part-time numbers employed	726	8
	126	-
Total Number	963	8

	31-Mar-16	31-Mar-15
	Actual Numbers	Actual Numbers
Full-time numbers employed	800	-
Part-time numbers employed	231	-
Total Number	1,031	-

Senior Employees' Remuneration		
	2015/16	2014/15
	Actual Numbers	Actual Numbers
£50,001 to £60,000	15	2
£60,001 to £70,000	1	-
£70,001 to £80,000	3	2
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
Total Number	20	5

Exit Packages for staff

Severance Package Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	1	2	3	44,916
£20,001 - £40,000		1	1	30,000
£40,001 - £60,000		2	2	114,462
£60,001 - £80,000		2	2	142,918
£80,001 - £100,000		5	5	443,125
£100,001 - £150,000		11	11	1,371,251
£150,001 - £200,000		3	3	605,677
Total	1	26	27	2,752,349

In addition to the above, Council incurred costs of £260,082 to reimburse another Council for its' share of group exit packages costs.

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

Fired Assets

Cost of Valuation	Land	Buildings	Infrastructure Assets	Leasable Sites	Vehicles Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Intangible Assets	Investment Properties	Assets Held for Sale	TOTAL
Balance as at 1 April 2015	22,547,985	70,086,897	64,954,375	-	42,508,119	5,235,315	18,650,079	392,245	224,375,715	44,000	628,272	-	229,305,890
Balance as at 1 April 2015	22,547,985	70,086,897	64,954,375	-	42,508,119	5,235,315	18,650,079	392,245	224,375,715	44,000	628,272	-	229,305,890
Additions	-	397,371	871,029	-	2,756,638	-	5,044,600	-	9,064,638	-	-	-	9,064,638
Revaluation increases/ decreases to Revaluation Reserve	1,650,839	9,210,835	-	-	-	-	-	-	10,901,674	-	-	-	10,901,674
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(6,759)	-	-	-	-	-	-	-	(6,759)	-	-	-	(6,759)
Impairment to Surplus or Deficit on the Provision of Services	-	(756,876)	-	-	-	-	-	-	(756,876)	-	-	-	(756,876)
Disrecognition - Disposals	-	-	-	-	(1,367,207)	-	-	-	(1,367,207)	-	-	-	(1,367,207)
Reclassifications & Transfers	1,074,007	10,676,542	4,353,855	-	401,627	-	(16,456,031)	-	(1,967,202)	-	-	-	(1,967,202)
Reclassified to: / from: (*) Surplus Assets	(300,000)	(2,493,627)	-	-	(862,142)	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	25,006,072	87,571,142	70,179,259	-	43,417,040	5,235,315	7,238,648	4,068,714	242,716,190	44,000	628,272	-	247,446,165
Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	3,868,831	30,484,926	-	29,808,979	-	64,162,736	-	64,162,736	-	611,870	-	64,774,606
Balance as at 1 April 2015	-	3,868,831	30,484,926	-	29,808,979	-	64,162,736	-	64,162,736	-	611,870	-	64,774,606
Depreciation Charge	-	1,889,324	1,556,930	-	3,272,076	-	95,895	-	6,764,225	-	4,300	-	6,768,325
Depreciation written out on Revaluation Reserve	-	957,573	1,010,903	-	-	-	-	-	-	-	-	-	-
Disrecognition - Disposals	-	-	-	-	(1,748,318)	-	-	-	-	-	-	-	-
Eliminated on reclassification to Surplus Assets	-	-	-	-	(764,952)	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	-	6,715,728	33,052,759	-	31,017,785	-	-	764,952	71,647,778	-	615,970	-	72,907,748
Net Book Values	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	15,006,072	80,855,424	67,126,500	-	11,139,275	5,235,315	7,238,648	3,147,208	111,028,812	44,000	12,802	-	125,146,617
Balance as at 31 March 2016	15,006,072	80,855,424	67,126,500	-	11,139,275	5,235,315	7,238,648	3,147,208	111,028,812	44,000	12,802	-	125,146,617

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 1 April 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions (Note 11)	-	-	-	-	31,890	-	-	-	31,890	-	-	5,900	-	37,790
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	-	-	-	-	31,890	-	-	-	31,890	-	-	5,900	-	37,790
Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	-	6,378	-	-	-	6,378	-	-	1,100	-	7,558
Balance as at 31 March 2015	-	-	-	-	6,378	-	-	-	6,378	-	-	1,100	-	7,558
Net Book Values														
Balance as at 1 March 2015					25,512				25,512			4,720		30,232
Balance as at 31 March 2015					25,512				25,512			4,720		30,232

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

5 Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for	Notes	2015/16	2014/15
		£	£
Depreciation	10b	8,777,460	7,558
Impairment & downward revaluations (& non-sale derecognitions)	10c	263,635	-
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		41,738	-
(Increase)/Decrease in Debtors		4,253,417	-
Increase/(decrease) in impairment provision for bad debts		18,360	-
Increase/(Decrease) in Creditors		(763,513)	-
Increase/(Decrease) in Interest Creditors		27,942	-
Payments to NILGOSC		1,865,911	-
Carrying amount of non-current assets sold	20	118,884	-
AIC/WIP written off to Net Cost of Services	10c	-	-
Contributions to Other Reserves/Provisions	10a	-	-
Movement in value of investment properties included above in		(2,256,013)	(37,790)
Amounts posted to CIES from Donated Assets Account	21	-	-
		-	-
		12,347,822	(30,232)

The above figures are prepared to two decimal places but rounding due to formatting may occur.

Adjust for items included in the net surplus or deficit on the provision	Notes	2015/16	2014/15
		£	£
Purchase of short-term (not considered to be cash equivalents) and long		-	-
Proceeds from short-term (not considered to be cash equivalents) and		-	-
Proceeds from the sale of PP&E, investment property and intangible		(32,000)	-
Capital grants included in "Taxation & non-specific grant income"		(4,848,896)	-
		(4,880,896)	-

b Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and

	2015/16	2014/15
	£	£
Cash and Bank balances	2,118,914	-
Short Term Deposits (considered to be Cash Equivalents)	15,989,775	-
Short Term Investments (considered to be Cash)	-	-
Bank Overdraft	-	-
	18,108,689	-

c Cash Flow Statement: Operating Activities

The cash flows from operating activities include:	2015/16	2014/15
	£	£
Interest received	58,845	-
Interest paid	2,603,844	-

d Cash flows from Investing Activities		2015/16	2014/15
		£	£
Purchase of PP&E, investment property and intangible assets		(8,589,914)	-
Purchase of Short Term Investments (not considered to be cash		-	-
Purchase of Long Term Investments		-	-
Other Payments for Investing Activities		-	-
Proceeds from the sale of PP&E, investment property and intangible		32,000	-
Proceeds from Short Term Investments (not considered to be cash		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		4,800,693	-
Other Receipts from Investing Activities		-	-
Net Cash flows from Investing Activities		(3,757,220)	-

The above figures are prepared to two decimal places but rounding due to formatting may occur.

e Cash flows from Financing Activities		2015/16	2014/15
		£	£
Cash Receipts from Short and Long Term Borrowing		1,864,735	-
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a		-	-
Repayment of Short and Long Term Borrowing		(2,317,266)	-
Other payments for Financing Activities		-	-
Net Cash flows from Financing Activities		(452,531)	-

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

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

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	2015/16	2014/15
		£	£
Net cost of services:			
Current service cost		5,249,000	0
Past service cost/(gain)		1,763,000	0
Gains and losses on settlements or curtailments		0	0
Net operating expenditure:			
Net interest on net defined benefit liability (asset)		865,000	0
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		7,877,000	0
Adjustments between accounting basis & funding basis under regulations:			
Reversal of net charges made for retirement benefits in accordance with IAS 19		(7,877,000)	0
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		6,011,089	0
Net charge to the Comprehensive Income and Expenditure Statement		(1,865,911)	0

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

Remeasurements recognised in Other Comprehensive Income and Expenditure

	Note	2015/16	2014/15
		£	£
Liability gains/(losses) due to change in assumptions		6,207,000	0
Liability experience gains/(Losses) arising in the year		960,000	0
Actuarial gains/(losses) on plan assets		(478,000)	0
Other - (if applicable)		0	0
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		6,689,000	0

6c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Note	2015/16	2014/15
		£	£
Balance as at 1 April 2015		152,793,000	0
Current service cost		5,249,000	0
Interest cost		4,858,000	0
Contributions by members		1,322,000	0
Remeasurements (gains) and losses:			
Actuarial gains/losses arising on liabilities from experience		(960,000)	0
Actuarial gains/losses arising from demographic changes		0	0
Actuarial gains/losses arising from changes in financial assumptions		(6,207,000)	0
Other (if applicable)		0	0
Past service costs/(gains)		1,763,000	0
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		(112,000)	0
Estimated benefits paid		(3,239,000)	0
Balance as at 31 March 2016		155,467,000	0

Reconciliation of present value of the scheme assets:

	Note	2015/16	2014/15
		£	£
Balance as at 1 April 2015		122,786,000	0
Interest income		3,993,000	0
Contributions by members		1,322,000	0
Contributions by employer		5,878,000	0
Contributions in respect of unfunded benefits		112,000	0
Remeasurements gain/(loss)		(478,000)	0
Assets distributed on settlements		0	0
Unfunded benefits paid		(112,000)	0
Benefits paid		(3,239,000)	0
Balance as at 31 March 2016		130,262,000	0

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 £3,515,000.

Fair Value of Plan Assets

	31/03/2016	31/03/2015
	£	£
Equity investments	93,658,378	0
Property	17,194,584	0
Government Bonds	7,424,934	0
Corporate Bonds	8,336,768	0
Cash	2,996,026	0
Other	651,310	0
	130,262,000	0

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 2016 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):

	2015/16	2014/15
	£	£
Fair Value of Employer Assets	130,262,000	0
Present value of funded defined benefit obligation	(155,467,000)	0
Pension asset/(liability) of Funded Scheme	(25,205,000)	0
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	(25,205,000)	0
<i>Amount in the Balance sheet:</i>		
Liabilities	(25,205,000)	0
Assets	0	0
Net Asset/(Liability)	(25,205,000)	0

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £20,083,000 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 should remain healthy. The deficit on the Northern Ireland Local Government Officers' Pension Fund should 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 2017

	2016/17	2016/17
	£	%
Projected current cost	5,114,000	0.0%
Interest on obligation	783,000	0.0%
Expected return on assets	0	0.0%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	5,897,000	0.0%

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 2016 is £4,290,000.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2016.

	2015/16	2014/15
	%	%
Experience gains and (losses) on Assets	0%	0%
Experience gains and (losses) on Liabilities	5%	0%

6d Basis for estimating assets and liabilities

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

	2015/16	2014/15
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.3	0
Women	24.8	0
<i>Longevity at 65 for future pensioners:</i>		
Men	24.5	0
Women	27.2	0
Inflation/Pension Increase Rate	1.90%	0.00%
Salary Increase Rate	3.40%	0.00%
Discount Rate	3.50%	0.00%
Pension Accounts Revaluation Rate	1.90%	0.00%
Take-up of option to convert annual pension into retirement (lump sum):		
Service to April 2009	75%	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 2016 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	150,755	156,631
% change in the present value of the total obligation	-4.50%	4.50%
Projected service cost (£M's)	4,961	5,271
Approximate % change in projected service cost	-6.60%	6.70%
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)	154,579	152,76
% change in the present value of the total obligation	1.70%	-1.70%
Projected service cost (£M's)	5,114	5,114
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)	155,708	151,651
% change in the present value of the total obligation	2.80%	-2.80%
Projected service cost (£M's)	5,271	4,961
Approximate % change in projected service cost	6.70%	-6.60%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£M's)	157,687	149,642
% change in the present value of the total obligation	5.20%	-5.20%
Projected service cost (£M's)	5,284	4,944
Approximate % change in projected service cost	6.80%	-6.80%

* 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:

	2015/16	2014/15
	%	%
Equity investments	71.9	0.0
Property	13.2	0.0
Government Bonds	5.7	0.0
Corporate Bonds	6.4	0.0
Cash	2.3	0.0
Other	0.5	0.0
	100.0	0.0

6g Northern Ireland Civil Service Pension Arrangements (Relating solely to Planners who joined the Council on 01/04/15)

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment is unable to identify the share of the underlying assets and liabilities transferred to Councils at 01 April 2015. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

6h Pension Liability Former Gasworks Employees

Council also has a liability for Pension payment for 1 former employee of the City Gasworks. This The Pension Liability is as follows:

	Note	2015/16	2014/15
		£	£
Balance as at 1 April 2015		75,018	0
Payments during year	3	(9,138)	0
Increase/(Decrease) in liability		10,059	0
Balance as at 31 March 2016		75,939	0

DERRY CITY AND STRABANE DISTRICT COUNCIL
Notes to the Group Financial Statements
FOR THE YEAR ENDED 31ST MARCH 2016

7 Group Opening Balance Sheet Note as at 1st April 2015

	Derry City Council (€)	Strabane District Council (€)	Elimination of inter-council balances	Shadow financial (€)	Transfers to Central Boundary Change	Transfers from Central Government	Group consolidation adjustments	Balance as at 1st April 2015
Property Plant & Equipment	135,312,236	21,649,478	-	25,512	-	2,054,642	1,131,112	160,111,980
Heritage Assets	3,263,698	744,205	-	-	-	-	-	4,057,903
Investment Properties	-	44,000	-	-	-	-	-	44,000
Intangible Assets	-	31,882	-	4,770	-	-	-	16,402
Assets Held for Sale	-	-	-	-	-	-	-	-
Long Term Investments	-	-	-	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-	-	-	-
Long Term Debtors	957,411	-	-	-	-	-	-	957,411
GROUP TOTAL ASSETS	139,575,345	22,543,165	-	30,282	-	2,054,642	1,131,112	165,288,696
Short Term Investments	-	-	-	-	-	-	-	-
Inventories	122,927	87,243	-	-	-	-	-	210,170
Short Term Debtors	20,070,010	2,531,492	(432,934)	676,150	-	456,346	116,151	21,647,013
Cash and Cash Equivalents	16,019,019	2,460,757	-	-	-	-	69,162	18,549,138
Assets Held for Sale	-	-	-	-	-	-	-	-
GROUP TOTAL LIABILITIES	36,211,956	5,079,492	(432,934)	676,150	-	456,346	185,473	42,857,471
Bank Overdraft	-	-	-	-	-	-	-	-
Short Term Borrowing	2,073,812	243,334	-	-	-	-	-	2,317,146
Short Term Creditors	11,889,351	3,041,567	(432,934)	676,150	-	421,726	495,549	16,091,409
Provisions	3,360,214	36,000	-	-	-	-	-	3,396,214
Liabilities in Disposal Groups	-	-	-	-	-	-	-	-
GROUP TOTAL EQUITY	103,363,389	17,463,673	132,934	4,432	-	421,726	255,639	121,827,695
Long Term Creditors	4,008,519	-	-	-	-	-	-	4,008,519
Provisions	44,442,723	5,971,914	-	-	-	-	-	50,414,637
Other Long Term Liabilities	24,232,018	5,122,000	-	-	-	-	708,000	30,082,018
Capital Grants Receipts in Advance	-	-	-	-	-	-	-	-
Donated Assets Account	-	-	-	-	-	-	-	-
GROUP TOTAL LIABILITIES	29,683,260	11,093,914	-	-	-	-	-	40,777,174
USABLE RESERVES	2,728,613	11,701,957	30	30,212	-	2,054,642	432,915	20,918,169
CAPITAL RECEIPTS RECEIVABLE	396,487	311,255	-	-	-	-	-	707,742
Capital Grants Unapplied Account	6,429,545	-	-	-	-	-	-	6,429,545
Capital Fund	4,660,401	-	-	-	-	-	-	4,660,401
Renewal and Repairs Fund	2,018,222	764,145	-	-	-	-	-	2,782,367
Other Balances and Reserves	1,501,269	28,000	-	-	-	-	-	1,529,269
General Fund	2,581,132	942,207	-	-	-	34,660	31,248	3,589,247
TOTAL USABLE RESERVES	11,660,140	13,647,469	-	-	-	34,660	31,248	25,373,317
UNUSABLE RESERVES	47,469,882	14,866,185	-	30,232	-	2,054,642	1,135,737	65,356,678
Capital Adjustment Account	-	-	-	-	-	-	-	-
Financial Instruments Adjustment Account	45,098,348	1,726,760	-	-	-	-	-	46,825,108
Available for Sale Financial Instruments Reserve	(24,352,018)	(5,122,000)	-	-	-	-	(708,000)	(30,082,018)
Capital Receipts Deferred Account	(205,544)	(114,130)	-	-	-	-	-	(319,674)
Accumulated Absences Account	-	-	-	-	-	-	-	-
Unfunded Pensions Reserve	-	-	-	-	-	-	-	-
Provisions Discount Rate Reserve	-	-	-	-	-	-	-	-
TOTAL UNUSABLE RESERVES	20,532,836	6,490,630	-	30,232	-	2,054,642	27,837	29,106,175
TOTAL EQUITY	82,730,553	10,973,043	132,934	4,462	-	421,726	283,472	103,914,770

Derry City and Strabane District Council
Financial Statements
For the year ended 31 March 2016

Events after the Reporting Period

There were no events occurring after 31st March 2016 which require adjustment to the Council's financial statements or additional disclosures.

Date of Authorisation for Issue

The Chief Financial Officer authorised these Financial Statements for issue on 14th September 2016.