

Belfast City Council Financial Report 2015



Belfast City Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

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Explanatory Foreword

Introduction

Belfast City Council was the largest of the 26 District Councils in Northern Ireland. The Council had 51 elected Councillors representing nine electoral areas across Belfast with a total population as per the 2013 census of 281,735. The Council was, by any definition, an organisation of size, importance and stature and in particular was responsible for the delivery of key services such as those relating to Refuse Collection and Disposal, Street Cleansing, the provision of indoor and outdoor Leisure and Recreational Facilities, Community Services and importantly, in the expanding and high profile area of Health and Environmental Services.

Local Government Reform

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

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

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

Leisure Transformation Programme

The Council's Leisure Transformation Programme received final approval in May 2014 for the introduction of a new leisure trust model which led to the establishment of Active Belfast Limited. Greenwich Leisure Limited (GLL), a charitable social enterprise, was appointed as a strategic operating partner to manage the leisure facilities and its operations from 1 January 2015 by Active Belfast Limited and the Council, as a tripartite agreement. GLL's four strategic pillars of 'Better Service, Better Communities, Better People and Better Business' are the heart of what GLL will achieve and deliver in Belfast. GLL's ethos aligns strategically with the Council's corporate plan and the city's emerging community plan- The Belfast Agenda. GLL is working towards the delivery of annual operational savings to be reinvested back to the leisure estate and community.

Current Year Performance

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

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

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

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. Belfast City Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Movement in Reserves Statement

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

The Comprehensive Income and Expenditure Statement

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

The Balance Sheet

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

The Cash Flow Statement

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

Financial Report

For the year ended 31 March 2015 the Council increased its General Fund reserve by £2,085k to £22,028k and the reserve represents on average 12.1% of annual gross expenditure. The Council's budget of £134,346k was supplemented by £4,706k for prior year finalisation payment of district rates. The total net income reported in the Comprehensive Income and Expenditure Statement is £15,210k and thereafter allocations of £7,043k to fund capital expenditure.

The following gives a comparison between the budgeted and actual net cost for the Council for the year to March 2015

| | Actual | Estimate | Variance |
|-------------------|-------------|-------------|-------------|
| Net Cost | 140,334,605 | 134,346,474 | 5,988,131 |
| Income: | | | |
| General Grant | 4,829,062 | 4,830,116 | (1,054) |
| District Rates | 134,536,548 | 129,716,358 | 4,820,190 |
| Surplus/(Deficit) | 1,168,995 | 0 | (1,168,995) |

During the year the Council repaid external loans of £779,174. At 31 March 2015 the total amount outstanding on external loans was £23,158,244. Of this total £6,434,700 (or 28%) represents the outstanding debt of the former Belfast Corporation Services which is now the responsibility of the Northern Ireland Housing Executive, and on whose behalf the Council is administering the loans.

The capital expenditure of the Council can be financed using:

- Loans;
- Grants;
- Proceeds from the sale of capital assets;
- Capital Funds and
- Revenue Contributions directly from the District Fund.

Expenditure on capital projects during the year amounted to £25.5m, the most significant spend was on Belfast Waterfront Exhibition and Conference Centre £8,342k, Girdwood Hub £4,667k and Connswater Community Greenway £3,038k.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. Transactions relating to retirement benefits are included in Note 19 to these Statement of Accounts.

The Gas Pension Fund Accounts included on pages 86 to 87 are not consolidated within the Council Balance Sheet.

The Council does not, at present, have any commitments to finance capital expenditure by way of Private Finance Initiative or Public Private Partnership Schemes.

This foreword provides an explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. Further information about the accounts can be obtained from:

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

The Council's Responsibilities

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

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

These accounts were approved by the Strategic Policy and Resources Committee on 19 June 2015.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

Annual Governance Statement 2014/2015

The Council's Annual Governance Statement (AGS) follows the guidance issued by DOE Local Government Division in 2008, DOE accounts directions and where applicable, the factsheet on governance statements issued by the NIAO in 2013, and comprises the following sections:

- Scope of responsibility
- The purpose of the governance framework
- The governance framework
- Review of effectiveness
- Significant governance issues

Scope of Responsibility

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

In discharging this overall responsibility, the 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 has complied with the code and also meets the requirements of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads its communities. 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 services and value for money.

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

The governance framework has been in place at Belfast City Council for the year ending 31 March 2015. From 1 April 2015 to the date of approval of the Annual Governance Statement and statement of accounts, the governance arrangements are those of the new Belfast City Council. The following section sets out the key elements of the Council's governance framework.

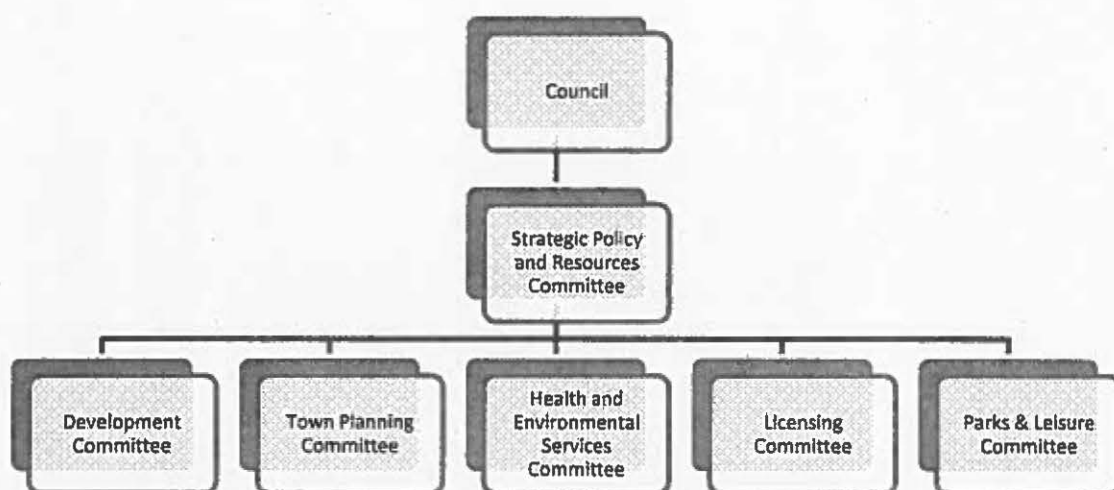
The Governance Framework

This section of the Annual Governance Statement provides a brief description of the key elements of the governance framework the Council has in place.

To prepare for reform, each of the new 11 district council areas was required to establish a statutory transition committee. The Belfast Statutory Transition Committee was operational from December 2013 and was responsible for providing political leadership and direction in preparations for the new Belfast Council. Following the local government elections on 22 May 2014, the Statutory Transition Committee was replaced by the New Belfast District Council – referred to internally as the shadow Council on 19 June 2014. The New Council was made up of 60 elected members, an increase of nine from the previous 51 members, to

reflect the extended council boundary area. A dual council operated until 31 March 2015. The Council of 51 members continued to oversee the day to day running of the council until 1 April 2015. The New Council of 60 elected members prepared our organisation for our new roles and responsibilities, ensuring we are ready to continue service delivery on day one of the new council.

Council continued to operate under the departmental committee structure as illustrated below.



Whereas the New Council's purpose was to prepare for reform and so their committee structure reflected the purpose of their work, as illustrated and described below.



The Shadow Strategic Policy and Resources Committee made decisions or recommendations in relation to: budgets; post 2015 governance arrangements; organisational development and design; and corporate planning and performance processes. In addition the Council was

required to comply with expenditure controls by seeking the consent of the New Council for material decisions regarding disposal of land, capital expenditure and revenue expenditure.

Any projects that ran into the new council term of 1 April 2015 and beyond were considered by the New Council as well as the Council.

In addition to the Committees listed in the diagrams above there are a number of Working Groups established which include the Audit Panel, Budget and Transformation Panel and a number of Area Working Groups.

The Audit Panel 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 Audit Panel met six times during 2014/15. The Audit Panel was reconstituted for the new council from 1 April 2015, and renamed the Audit and Risk Panel.

The Council's Code of Governance is based on the six core principles set out in the CIPFA/SOLACE Framework. How we meet these six core principles is reviewed and updated annually and a summary of the key elements of our governance framework are set out in the following table:

Focus on purpose and outcomes

We will do this through the following:

- Community planning, the Belfast Conversation and the Belfast Agenda
- Belfast City Centre Regeneration Strategy and Investment Plan
- Local Development Plan
- 'One Council' corporate communication guidelines
- Regular surveys for public, officers and members
- Corporate complaints, comments and compliments procedure
- Corporate and departmental planning process
- Leisure transformation programme
- Investment programme
- Performance management system
- Annual financial report
- Integrated financial planning
- Strategic financial management framework
- Efficiency programme and value for money work
- Procurement policies, procedures and guidelines

Working together

We will do this through the following:

- Our corporate values
- Consultation and engagement work
- Council constitution
- Council Standing Orders
- Scheme of Delegation
- Financial regulations
- Committee structure and protocols
- Committee reporting system
- Party Group briefings
- Members remuneration scheme
- Job descriptions
- Terms and conditions of employment

Promoting values of good governance

We will do this through the following:

- Our corporate values
- Standing orders
- Financial regulations
- Good relations plan
- Equality scheme and action plan
- Disability strategy and action plans
- Lesbian, Gay, Bisexual and Transgender Action Plan
- Race Action Plan
- Sustainable development action plan
- Codes of conduct for members and officers
- Appraisal framework
- Fraud and corruption and whistle blowing policies
- Declarations of interests is a standing agenda item for committees and working groups
- Register of Members Declarations and Gifts and Hospitality Register
- Policy and guidance for officers on gifts and hospitality and conflicts of interest
- Development of DPA / FOI policy framework

Taking informed, transparent decisions and managing risk

We will do this through the following:

- Community planning and the Belfast Agenda
- Local Development Plan
- Council Constitution
- Standing orders
- Scheme of delegation
- Committee structure and protocols
- Committee reporting system
- Online minutes system (modern.gov)
- Performance management system
- Audit and Risk Panel with an external independent member

- Internal audit service
- Risk management framework
- Quarterly Assurance Statements
- Development of Health and Safety Assurance Framework
- Budgetary control and reporting framework
- Financial Regulations and accounting manual
- Business continuity management policy
- Town Solicitor and Legal Services

Developing capacity and capability

We will do this through the following:

- Member development programme (we became the first local authority to be awarded the Northern Ireland Charter for elected member development)
- Organisational development programme
- Personal development planning
- Learning and development policy
- Appraisal framework
- Development of the Belfast Manager profile
- Investors in people award
- Performance management system
- Recruitment and selection procedures
- Corporate induction courses

Community engagement and making accountability real

We will do this through the following:

- The Belfast Conversation
- Community planning and the Belfast Agenda
- Local Development Plan
- Consultation and engagement work
- Communication of corporate plan, capital programme and financial report
- Open council and committee meetings and live webcasts
- Online minutes system (Modern.gov)
- Our website and use of social media
- 'My Belfast' app
- Regular surveys for public, officers and members
- Corporate complaints, comments and compliments process
- City Matters magazine
- Performance management system
- Negotiation and discussion with trade unions
- Creation of advisory member area working groups

The Deputy Chief Executive and Director of Finance and Resources is the Council's designated Chief Financial Officer under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs.

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: Framework.

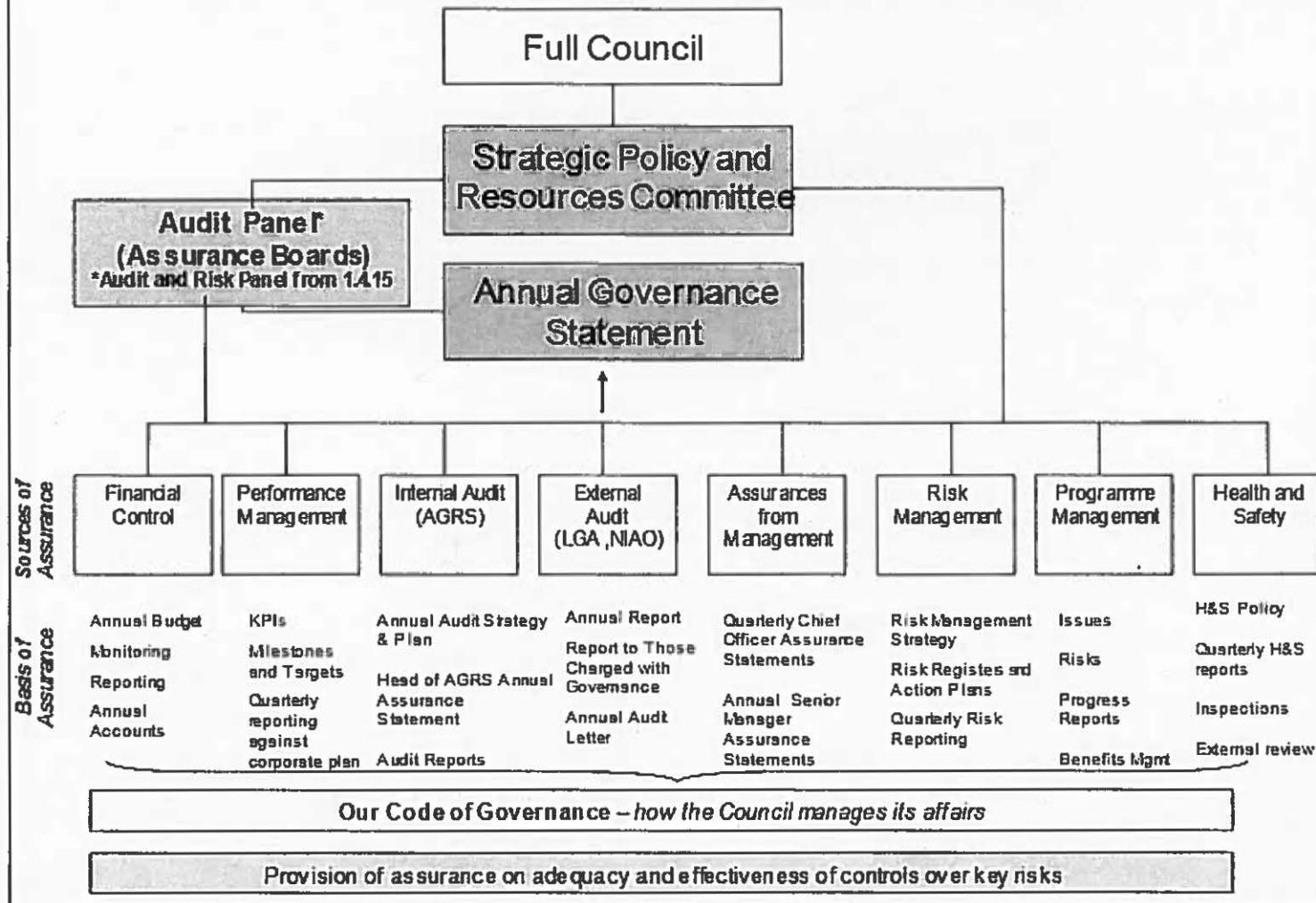
The CIPFA Statement on the Role of the Head of Internal Audit (2010) sets out the five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit (HIA) in public service organisations and the organisational arrangements needed to support them.

The Head of AGRS, and the supporting operational arrangements in place, conform to the 5 principles set out in the CIPFA Statement. This is demonstrated through a self-assessment exercise undertaken by AGRS. While the principles state that the HIA should not be responsible for preparing the annual governance report, the arrangements within BCC involve AGRS co-ordinating the preparation of the Annual Governance Statement which is then reviewed and approved by the Corporate Management Team, Assurance Board, Audit and Risk Panel before being signed by the Chair of Strategic Policy & Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.

Review of Effectiveness

The following diagram illustrates the Assurance Framework in place that provides information on compliance with the various elements of the Council's Governance Framework, including performance reports, health and safety reports, finance reports, internal audit reports and risk management reports.

Belfast City Council's Assurance Framework



The various in year and year end reports arising from the Assurance Framework are reviewed and approved by the Audit and Risk Panel and Strategic Policy and Resources Committee annually.

In addition, the review of the effectiveness of the Governance Framework is also informed by:

- the annual review and update of the Code of Governance;
- comments or recommendations made by the external auditors during their annual audit; and
- the Head of Audit Governance and Risk Services (AGRS) annual assurance statement for the period ending 2014/15, which gives an opinion on the Council's risk and control environment.

The Head of Audit, Governance and Risk Services (AGRS), on the basis of work carried out, provided a reasonable assurance regarding the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion was based on the following:

- evidence from audit work that the Council's key corporate risks have been identified, assessed and are being actively managed
- evidence from audit work that, in the case of the majority of functional areas / systems subject to detailed internal audit during 2014/15, AGRS has been able to provide a positive statement of assurance
- the evidence set out in the review of the Council's Code of Governance and Annual Governance Statement regarding the range of key assurance and governance arrangements that the Council has in place to direct / oversee its activities. In particular, audit work during 2014/15 has confirmed that appropriate governance arrangements to meet the requirement of the Local Government Act 2014 have been put in place.

Some weaknesses and areas for improvement were identified through our audit work. These have been reported in detail to the Council's Assurance Board and Audit Panel during 2014/15. The Head of AGRS highlighted the following key issues:

- AGRS was unable to provide a positive statement of assurance for the internal audit of the capital programme. Management has established a project to review this area and implement improvements.
- while it is understandable that the focus of management in the last year has been on local government reform, the level of outstanding audit actions / recommendations remains high, albeit that a number of recommendations are in the process of being implemented. The outstanding issues will be discussed further with Directors in the context of the priorities of the new Council. AGRS will continue to monitor and report to the Audit and Risk Panel on the progress being made to implement outstanding actions during 2015/16.
- audit and investigation work has identified areas where enabling (internal) policies and related procedures / processes, need more effective 'custodianship' i.e. clear roles and responsibilities and arrangements to ensure that they are regularly reviewed, managed and monitored.
- while it has improved in recent years, there is a degree of inconsistency in the quality of the risk management process across the council. It has been used effectively to help manage local government reform related risks and the Corporate Management Team has regularly reviewed the key corporate risks during 2014/15. However, our review of the management of key risks has identified areas where further action is required to reduce risk exposure. We have also identified non-compliance issues with the timely completion of the quarterly risk reviews and the application of the process to 'business as usual' risks.

The Head of AGRS has raised the latter two issues with the Deputy Chief Executive and Director of Finance and Resources who has indicated that these issues are to be addressed during 2015/16 through the emerging performance accountability framework and ongoing Organisational Development work.

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

- a process whereby senior managers are required to sign annual assurance statements;
- a process whereby Directors are required to sign quarterly assurance statements;
- embedding risk management;
- embedding the action tracking process;
- business planning and related performance reporting arrangements;
- an Audit and Risk Panel;
- a professional internal audit function; and
- a Health & Safety Assurance Board.

Significant Governance Issues

As a result of Local Government Reform and related legislation, the old Belfast City Council ceased to operate on 31 March 2015. From 1 April 2015 the new Council was responsible for providing services to the extended council boundary area and delivering new functions transferred from central government along with new powers and responsibilities.

After careful consideration we did not identify any significant governance issues associated with the day to day running of the old Belfast city Council in 2014/15.

During 2014/15 a new corporate risk relating to the future operating model for the Waterfront was identified. This issue along with other issues that are long-term and strategic in nature are appropriately disclosed in the Annual Governance Statement of the new Council, which is responsible for the future management of these issues.

A brief description of the issues facing the new Council is detailed below. For further detail please refer to the Annual Governance Statement for the new Council.

1. Local Government Reform – this relates to meeting the challenges and maximising the benefits presented by LGR (phase 2)
2. Belfast Agenda – this relates to meeting our new statutory responsibilities with regards to community planning

3. Organisational Development – this relates to the need for the new Council to realign the organisation to ensure it is fit to deliver the new priorities
4. Medium Term Financial Plan – this relates to the need to take account of the income and expenditure risks in the medium term
5. European Regional Development Fund – this relates to the potential financial consequences associated with extended delivery dates and compliance issues in relation to major capital projects
6. Waterfront Hall Operating Model – this relates to the need to meet strategic economic objectives for the Waterfront
7. Management of leisure contract and capital investment – this relates to management of the leisure contract between the Council, Active Belfast Limited and Greenwich Leisure Limited to ensure that key outcomes are achieved.
8. Information Management – this relates to the need to ensure that the organisation has effective systems and procedures in place for information management
9. Robinson Centre – this relates to the closure of the centre.

Local Government Reform


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

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

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

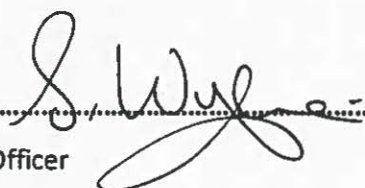
As a result of Local Government Reform and related legislation, the old Belfast City Council ceased to operate on 31 March 2015. The Director of Finance and Resources is responsible for ensuring that the final financial statements of the old Council were produced in accordance with relevant Accounts Directives. All the assets / liabilities pertaining to the 'old' council have transferred to the 'new' council.

Signed:



Chair Strategic Policy and Resources Committee

Signed:



Chief Executive Officer

Signed:



Chief Financial Officer

Certificate of the Chief Financial Officer

I certify that:

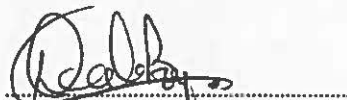
- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 21 to 87 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 25 to 36.
- (b) In my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2015.



.....
Chief Financial Officer


.....
Date

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Strategic Policy and Resources Committee on 19 June 2015 and subject to the amendments set out on page 88.


.....
Chairman


.....
Date

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

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

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

Respective responsibilities of the Chief Financial Officer and the independent auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion:

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

Opinion on other matters

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

Matters on which I report by exception

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

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

Certificate

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



Louise Mason
Local Government Auditor
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Belfast City Council
Movement in Reserves Statement
For the current and comparative year

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

| | General Fund Summary | Statutory Reserves | Other Fund Balances & Reserves | Capital Receipts Reserve | Total Usable Reserves | Total Unusable Reserves | Total Council Reserves |
|---|-------------------------|--------------------|--------------------------------------|-----------------------------|--------------------------|----------------------------|---------------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 April 2013 | 20,614,051 | 17,979,319 | 7,395,483 | 961,790 | 46,950,643 | 313,367,941 | 360,318,584 |
| Movement in reserves during the year | | | | | | | |
| Surplus or (deficit) on the provision of services | (4,707,813) | 0 | 0 | 0 | (4,707,813) | 0 | (4,707,813) |
| Other Comprehensive Income and Expenditure | 0 | 0 | 0 | 0 | 0 | 50,295,897 | 50,295,897 |
| Total Comprehensive Income and Expenditure | (4,707,813) | 0 | 0 | 0 | (4,707,813) | 50,295,897 | 45,588,084 |
| Adjustments between accounting basis & funding basis under regulations | 10,739,926 | 0 | 0 | (56,725) | 10,683,201 | (12,307,294) | (1,624,093) |
| Net Increase/Decrease before Transfers to Statutory and Other Reserves | 6,032,113 | 0 | 0 | (56,725) | 5,975,388 | 37,988,603 | 43,963,991 |
| Other movements | (596,752) | (583,579) | 1,049,611 | 38,000 | (92,720) | | (92,720) |
| Transfers to/from Statutory and Other Reserves | (6,106,897) | 6,007,000 | 106,897 | 0 | 7,000 | 0 | 7,000 |
| Increase/Decrease in Year | (671,536) | 5,423,421 | 1,156,508 | (18,725) | 5,889,668 | 37,988,603 | 43,878,271 |
| At 31 March 2014 | 19,942,515 | 23,402,740 | 8,551,991 | 943,065 | 52,840,311 | 351,356,544 | 404,196,855 |
| Opening balance adjustment | 916,095 | | (8,031,207) | | (7,115,112) | 8,031,207 | 916,095 |
| Movement in reserves during the year | | | | | | | |
| Surplus or (deficit) on provision of services | 15,209,705 | 0 | 0 | 0 | 15,209,705 | 0 | 15,209,705 |
| Other Comprehensive Income and Expenditure | 0 | 0 | 0 | 0 | 0 | 9,467,654 | 9,467,654 |
| Total Comprehensive Income and Expenditure | 15,209,705 | 0 | 0 | 0 | 15,209,705 | 9,467,654 | 24,677,359 |
| Adjustments between accounting basis & funding basis under regulations | (13,002,664) | 0 | 0 | (46,350) | (13,049,014) | 10,284,883 | (2,764,131) |
| Net Increase/Decrease before Transfers to Statutory and Other Reserves | 2,207,041 | 0 | 0 | (46,350) | 2,160,691 | 19,752,537 | 21,913,228 |
| Other movements | 0 | (118,189) | 0 | 346,350 | 228,161 | | 228,161 |
| Transfers to/from Statutory and Other Reserves | (1,038,046) | 4,304,532 | (517,886) | 0 | 2,748,600 | 0 | 2,748,600 |
| Increase/Decrease in Year | 1,168,995 | 4,186,343 | (517,886) | 300,000 | 5,137,452 | 19,752,537 | 24,889,989 |
| At 31 March 2015 | 22,027,605 | 27,589,083 | 2,898 | 1,243,065 | 50,862,651 | 379,140,288 | 430,002,939 |

Belfast City Council

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

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

| | Notes | Gross Expenditure £ | 2014/15 Gross Income £ | Net Cost £ | Gross Expenditure £ | 2013/14 Gross Income £ | Net Cost £ |
|---|--------------------|---------------------------|---------------------------------|--------------------|---------------------------|---------------------------------|--------------------|
| Services Expenditure | | | | | | | |
| Leisure and Recreational Services | | 70,901,017 | 12,501,086 | 58,399,951 | 76,331,167 | 15,059,548 | 61,271,619 |
| Environmental Services | | 67,654,663 | 12,717,786 | 54,936,877 | 68,373,565 | 11,585,044 | 56,788,521 |
| DRM and Corporate Management | | 19,523,482 | 2,995,600 | 16,527,882 | 18,914,858 | 3,658,237 | 13,256,621 |
| Other Services | | 23,844,639 | 7,535,045 | 16,309,594 | 21,853,999 | 7,058,317 | 14,795,682 |
| Cost of Services on Continuing Operations | 2a | 181,923,801 | 35,749,497 | 146,174,304 | 183,473,589 | 37,361,148 | 146,112,443 |
| Other Operating Expenditure | 7 | 0 | 15,584 | (15,564) | 0 | 6,110 | (6,110) |
| Financing and Investment Income and Expenditure | 8 | 5,164,716 | 14,266,490 | (9,101,774) | 7,417,474 | 6,816,737 | 600,737 |
| Surplus or Deficit on Discontinued Operations | | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Operating Expenditure | | 187,088,517 | 50,031,551 | 137,056,966 | 190,891,063 | 44,183,993 | 146,707,070 |
| Taxation and Non-Specific Grant Income | 9 | 0 | 152,266,671 | (152,266,671) | 0 | 141,999,257 | (141,999,257) |
| Surplus/(Deficit) on the Provision of Services | | 187,088,517 | 202,298,222 | 15,209,705 | 190,891,063 | 188,183,250 | (4,707,813) |
| Surplus/(Deficit) on revaluation of non-current assets | 10a/10b/10d | | | 22,791,654 | | | 15,536,109 |
| Impairment losses on non-current assets charged to the Revaluation Reserve | 10a/10b/10d | | | 0 | | | (744,212) |
| Surplus/(Deficit) arising on revaluation of available-for-sale financial assets | 25a/25b | | | 0 | | | 0 |
| Remeasurements of the Net Defined Benefit Liability (Asset) | 19 | | | (13,324,000) | | | 35,504,000 |
| Other Comprehensive Income and Expenditure | | | | 9,467,654 | | | 50,295,897 |
| Total Comprehensive Income and Expenditure | | | | 24,677,359 | | | 45,588,084 |

Belfast City Council
Balance Sheet As At 31 March 2015

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

| | | 2014/15 | 2013/14 |
|--|---------|--------------------|--------------------|
| | Notes | £ | £ |
| Property Plant & Equipment (PP&E) | 10a/10b | 425,887,219 | 390,999,145 |
| Land & Buildings | 10a/10b | 375,920,703 | 360,566,874 |
| Infrastructure Assets | 10a/10b | 0 | 0 |
| Landfill Site | 10a/10b | 0 | 0 |
| Vehicles, Plant, Furniture and Equipment | 10a/10b | 13,097,909 | 10,600,323 |
| Community Assets | 10a/10b | 196 | 193 |
| PP&E under Construction | 10a/10b | 34,612,410 | 16,624,290 |
| Surplus Assets | 10a/10b | 2,256,001 | 3,207,465 |
| Heritage Assets | 10c | 3,257,665 | 3,042,465 |
| Investment Properties | 10a/10b | 84,445,000 | 77,095,000 |
| Intangible Assets | 10a/10b | 274,559 | 0 |
| Assets Held for Sale | 10d | 1,695,001 | 0 |
| Long Term Investments | | 0 | 0 |
| Investment in Associates and Joint Ventures | | 0 | 0 |
| Long Term Debtors | 14a | 7,707,676 | 9,824,133 |
| LONG TERM ASSETS | | 523,267,120 | 480,960,743 |
| Inventories | 13 | 288,677 | 309,031 |
| Short Term Debtors | 14b | 24,826,050 | 14,729,380 |
| Cash and Cash Equivalents | 24b | 87,700,811 | 83,777,392 |
| Assets Held for Sale | 10d | 1,500,000 | 4,497,574 |
| CURRENT ASSETS | | 114,315,538 | 103,313,377 |
| Bank Overdraft | | 42,023,555 | 37,833,021 |
| Short Term Borrowing | 15a | 3,073,373 | 0 |
| Short Term Creditors | 16a | 24,357,382 | 19,244,673 |
| Provisions | 17 | 6,242,512 | 6,042,717 |
| Liabilities in Disposal Groups | | 0 | 0 |
| CURRENT LIABILITIES | | 75,696,822 | 63,120,411 |
| Long Term Creditors | 16b | 0 | 0 |
| Provisions | 17 | 2,899,257 | 1,351,998 |
| Long Term Borrowing | 15b | 20,084,871 | 23,937,418 |
| Other Long Term Liabilities | 19 | 108,466,942 | 91,174,942 |
| Donated Assets Account | 20 | 410,000 | 410,000 |
| Capital Grants Receipts in Advance | 21 | 21,827 | 82,496 |
| LONG TERM LIABILITIES | | 131,882,897 | 116,956,854 |
| NET ASSETS | | 430,002,939 | 404,196,855 |
| USABLE RESERVES | 25a/25b | 50,862,651 | 52,840,311 |
| Capital Receipts Reserve | 25a/25b | 1,243,065 | 943,065 |
| Capital Grants Unapplied Account | 25a/25b | 0 | 0 |
| Capital Fund | 25a/25b | 27,589,083 | 23,402,740 |
| Renewal and Repairs Fund | 25a/25b | 0 | 0 |
| Other Balances and Reserves | 25a/25b | 2,898 | 8,551,991 |
| General Fund | 25a/25b | 22,027,605 | 19,942,515 |
| UNUSABLE RESERVES | 25a/25b | 379,140,288 | 351,356,544 |
| Capital Adjustment Account | 25a/25b | 388,840,756 | 364,209,597 |
| Financial Instruments Adjustment Account | 25a/25b | 0 | 0 |
| Revaluation Reserve | 25a/25b | 100,028,623 | 79,446,295 |
| Available for Sale Financial Instruments Reserve | 25a/25b | 0 | 0 |
| Pensions Reserve | 25a/25b | (108,466,942) | (91,174,942) |
| Capital Receipts Deferred Account | 25a/25b | 0 | 0 |
| Accumulated Absences Account | 25a/25b | (1,262,149) | (1,124,406) |
| Landfill Regulations Reserve | 25a/25b | 0 | 0 |
| Provisions Discount Rate Reserve | 25a/25b | 0 | 0 |
| NET WORTH | | 430,002,939 | 404,196,855 |

Belfast City Council
Cash Flow Statement at 31 March 2015

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

| | Notes | 2014/15 £ | 2013/14 £ |
|--|------------|-------------------------------|-------------------------------|
| Net (surplus) or deficit on the provision of services | | 15,209,705 | (4,707,813) |
| Adjustment to surplus or deficit on the provision of services for noncash movements | | 9,379,998 | 24,470,230 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | (15,788,992) | (5,363,734) |
| | | <hr/> | <hr/> |
| Net cash flows from operating activities | 24a), 24c) | 8,800,711 | 14,398,683 |
| Net Cash flows from Investing Activities | 24d) | (8,288,651) | (6,996,195) |
| Net Cash flows from Financing Activities | 24e) | (779,174) | (3,751,089) |
| Net increase or decrease in cash and cash equivalents | | (267,114) | 3,651,399 |
| Cash and cash equivalents at the beginning of the reporting period | | 45,944,371 | 42,292,972 |
| Cash and cash equivalents at the end of the reporting period | | <hr/> 45,677,257 <hr/> | <hr/> 45,944,371 <hr/> |

1A Accounting Policies

General Principles

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

ii) 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 six 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. Bank overdrafts are shown within current liabilities on the balance sheet.

iii) 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.

iv) 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.

v) Employee Benefits

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

Termination benefits

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

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 3.2%. A discount rate is required to be set equal to the current rate of return on an AA-rated (or equivalent) corporate bond "of equivalent currency and term to the scheme liabilities". The discount rate is based on the Aon Hewitt GBP Select AA Curve using the duration of the Council's Liability.

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

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

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

Within the Cost of Services

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

Past Service Cost – (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.

vi) Events After the Balance Sheet Date

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

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

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

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

vii) 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.

viii) 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.

ix) 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:

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

Loans and Receivables

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

x) 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.

xi) Government Grants and Contributions

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

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

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

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

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

xii) 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.

xiii) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the latest invoiced price. This is not materially different from valuation on a First In First Out (FIFO) basis as recommended by International Accounting Standard 2 Inventories (IAS2).

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

xiv) Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the 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.

xv) Landfill Allowance Schemes

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

xvi) Leases

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

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

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

The Council as Lessee

Finance Lease:

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

Amounts greater than £5,000 received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii) Overheads and Support Services

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

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

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

xix) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. 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.

The Council applies a de-minimis level of £25,000 to Plant & Machinery, Information Technology Equipment, Fixtures and Fittings and Office Equipment, meaning only assets over £25,000 are capitalised. Subsequent capital expenditure is only capitalised where it provided an enhancement to the economic benefits of the asset in excess of those previously assessed.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure assets and assets under construction – depreciated historic cost
- community assets – at a nominal value as advised by the independent Chartered Surveyor
- short life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IS equipment – depreciated historic cost as an estimate of fair value
- surplus assets – market value
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value)

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.

The Council operates a rolling programme for the revaluation of Land and Buildings with approximately 25% of these being revalued by physical inspection each year and the remainder being revalued by a desktop exercise.

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 account where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

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

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

Depreciation

Depreciation is provided for on all depreciable 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 (that is, freehold land and certain Community Assets) and assets that are not yet available for use (for example, assets under construction).

Depreciation is charged on a straight-line basis on the following classes of tangible asset.

- buildings, installation and fittings are depreciated on their fair value over the estimated remaining lives of those assets as advised by the Independent Chartered Surveyors. Depending on the type of building, installation or fitting the maximum useful life will be in a range up to 60 years.
- infrastructure assets, short-life assets, including road vehicles, plant and equipment, fixtures and fittings, office equipment, and IT and IS equipment over their estimated useful lives.

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Depreciation is calculated on the following bases:

- straight-line allocation of the estimated useful lives;
- depreciation is charged in the month of capitalisation but not in the month of disposal.

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.

xx) Heritage Assets

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

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations, they would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

The Council's collection of Heritage Assets (Works of Art and Civic Items) is reported in the balance sheet at insurance valuation, which is based on market values, or if it is not possible to obtain a valuation, they are maintained at historical cost less any depreciation, amortisation or impairment losses. These insurance valuations based on market values are updated on a periodic basis.

Summary information on Heritage Assets has been provided for transactions in the 2013/14 and 2014/15 financial years. Detailed information relating to transactions has not been included for prior years as it would not be practical to do so and there is little value added for the users of the accounts.

xxi) Doubtful debts

A review of debt recoverability is undertaken at year end to determine the level of doubtful debts and an impairment loss is recognised in respect of specific debts where recoverability is uncertain.

xxii) Provisions

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

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

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

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

xxiii) Reserves

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

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

xxiv) Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise District Rates to cover depreciation, revaluation 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.

xxvii) The Carbon Reduction Commitment Scheme (CRC)

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. 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.

xxviii) Landfill Exploration and Evaluation

The Council considers the facts and circumstances to determine whether an exploration and evaluation asset should be recognised in respect of the landfill site including assessment of the amount, timing and certainty of future cash flows under IFRS 6. The Council's landfill site produces gas to generate electricity and the income from this electricity generation is reducing year on year due to environmental and other uncontrollable variables, with income of £1,265k in 2014/15 in comparison to £1,687k in 2013/14 (this income is before deduction of relevant expenses resulting in net income of 14/15 £540k, 13/14 £614k). The Council does not recognise any asset in respect of this gas production as any forecasting or estimating of future income is uncertain. The Council cannot reliably measure or value such an asset under IAS 38.

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

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

IFRS 13 Fair Value Measurement (2011)

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

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

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

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

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

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

Annual Improvements cycles 2010 - 2012 and 2011 - 2013.

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

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

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

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

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

1C Critical Judgements In Applying Accounting Policies

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

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

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

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

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

Pensions Liability

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

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2015 and the projected service cost for the year ending 31 March 2016 is set out in Note 19.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2a Segmental Reporting Analysis - Current Year

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

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

| Services | 2014/15 | | |
|--|--------------------|-------------------|------------------------------|
| | Gross Expenditure | Gross Income | Net Expenditure/(Inc ome) |
| | £ | £ | £ |
| Culture and Heritage | 7,743,844 | 2,901,672 | 4,842,172 |
| Recreation and Sport | 46,819,470 | 6,521,564 | 40,297,906 |
| Tourism | 6,989,966 | 1,365,098 | 5,624,868 |
| Community Services | 9,347,737 | 1,712,732 | 7,635,005 |
| Leisure and Recreational Services | 70,901,017 | 12,501,066 | 58,399,951 |
| Cemetery, Cremation and Mortuary | 2,670,036 | 2,450,757 | 219,279 |
| Environmental Health | 18,220,011 | 2,841,557 | 15,378,454 |
| Flood Defence and Land Drainage | 0 | 0 | 0 |
| Public Conveniences | 466,406 | 2,285 | 464,121 |
| Licensing | 0 | 682 | (682) |
| Other Cleaning | 14,765,415 | 52,504 | 14,712,911 |
| Waste Collection | 16,775,732 | 4,117,497 | 12,658,235 |
| Waste Disposal | 9,613,157 | 139,619 | 9,473,538 |
| Building Control | 5,143,906 | 3,112,885 | 2,031,021 |
| Other Community Assets | 0 | 0 | 0 |
| Minor Works | 0 | 0 | 0 |
| Environmental Services | 67,654,663 | 12,717,786 | 54,936,877 |
| Democratic Representation and Management | 8,498,333 | 935,453 | 7,562,880 |
| Corporate Management | 11,025,149 | 2,060,147 | 8,965,002 |
| DRM and Corporate Management | 19,523,482 | 2,995,600 | 16,527,882 |
| Economic Development | 14,934,370 | 3,868,068 | 11,066,302 |
| Trading Services | 6,567,137 | 3,274,102 | 3,293,035 |
| Non Distributed Costs | (388,530) | (837,000) | 448,470 |
| Central Services to the Public | 2,731,662 | 1,229,875 | 1,501,787 |
| Other Services | 23,844,639 | 7,535,045 | 16,309,594 |
| CONTINUING OPERATIONS | 181,923,801 | 35,749,497 | 146,174,304 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2a Segmental Reporting Analysis - Current Year

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

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

| | £ | £ |
|--|-------------|--------------------|
| Net Cost of Services in Service Analysis | | 146,174,304 |
| <i>Items excluded from Service Analysis:</i> | | |
| Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement | 0 | |
| Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement | 0 | 0 |
| | | <hr/> |
| Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement | | 146,174,304 |
| <i>Items included in Net Operating Expenditure excluded from Service Analysis:</i> | | |
| Other Operating Expenditure | (15,564) | |
| Financing and Investment Income and Expenditure | (9,101,774) | |
| Surplus or Deficit on Discontinued Operations | 0 | |
| | | <hr/> |
| Net Operating Expenditure per the Comprehensive Income and Expenditure Statement | | 137,056,966 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

2b Segmental Reporting Analysis - Comparative Year

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

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

| Services | 2013/14 | | |
|--|--------------------|-------------------|--------------------------|
| | Gross Expenditure | Gross Income | Net Expenditure/(Income) |
| | £ | £ | £ |
| Culture and Heritage | 7,346,506 | 3,327,066 | 4,019,440 |
| Recreation and Sport | 51,103,524 | 7,278,561 | 43,824,963 |
| Tourism | 7,841,925 | 2,355,484 | 5,486,441 |
| Community Services | 10,039,212 | 2,098,437 | 7,940,775 |
| Leisure and Recreational Services | 76,331,167 | 15,059,548 | 61,271,619 |
| Cemetery, Cremation and Mortuary | 2,782,188 | 2,214,242 | 567,946 |
| Environmental Health | 19,075,571 | 2,916,577 | 16,158,994 |
| Flood Defence and Land Drainage | 0 | 0 | 0 |
| Public Conveniences | 348,928 | 2,391 | 346,537 |
| Licensing | 3,195 | 648 | 2,547 |
| Other Cleaning | 14,614,339 | 45,046 | 14,569,293 |
| Waste Collection | 15,860,061 | 3,701,302 | 12,158,759 |
| Waste Disposal | 10,412,079 | 7,818 | 10,404,261 |
| Building Control | 5,277,204 | 2,697,020 | 2,580,184 |
| Other Community Assets | 0 | 0 | 0 |
| Minor Works | 0 | 0 | 0 |
| Environmental Services | 68,373,565 | 11,585,044 | 56,788,521 |
| Democratic Representation and Management | 5,679,990 | 2,703 | 5,677,287 |
| Corporate Management | 11,234,868 | 3,655,534 | 7,579,334 |
| DRM and Corporate Management | 16,914,858 | 3,658,237 | 13,256,621 |
| Economic Development | 10,341,475 | 2,916,536 | 7,424,939 |
| Trading Services | 8,213,657 | 3,044,715 | 5,168,942 |
| Non Distributed Costs | 1,261,259 | (103,880) | 1,365,139 |
| Central Services to the Public | 2,037,608 | 1,200,946 | 836,662 |
| Other Services | 21,853,999 | 7,058,317 | 14,795,682 |
| CONTINUING OPERATIONS | 183,473,589 | 37,361,146 | 146,112,443 |

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

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

| | £ | £ |
|--|---------|--------------------|
| Net Cost of Services in Service Analysis | | 146,112,443 |
| <i>Items excluded from Service Analysis:</i> | | |
| Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement | 0 | |
| Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement | 0 | |
| | | <u>0</u> |
| Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement | | 146,112,443 |
| <i>Items included in Net Operating Expenditure excluded from Service Analysis:</i> | | |
| Other Operating Expenditure | (6,110) | |
| Financing and Investment Income and Expenditure | 600,737 | |
| Surplus or Deficit on Discontinued Operations | 0 | |
| | | <u>594,627</u> |
| Net Operating Expenditure per the Comprehensive Income and Expenditure Statement | | 146,707,070 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

3a Adjustments between accounting basis and funding basis under regulations

| | | 2014/15 | 2014/15 | 2013/14 | 2013/14 |
|---|---------------|-------------|--------------|-----------|--------------|
| | Notes | £ | £ | £ | £ |
| Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year: | | | | | |
| Impairments (losses & reversals) of non-current assets | 10a/b & 10d/e | (939,307) | | 0 | |
| Derecognition (other than disposal) of non-current assets | 10a/b & 10d/e | 10,753 | | 28,014 | |
| Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services | 10a/b & 10d/e | (5,067,619) | | 6,767,529 | |
| Depreciation charged in the year on non-current assets | 10a/10b,24a | 10,144,044 | 4,147,871 | 9,996,877 | 16,792,420 |
| Net Revenue expenditure funded from capital under statute | | | 0 | | 0 |
| Carrying amount of non current assets sold | 10a/b & 10d/e | 2,733,036 | | 24,873 | |
| Proceeds from the sale of PP&E, investment property and intangible assets | 24,25 | (2,748,600) | (15,564) | (30,983) | (6,110) |
| Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | 25 | | 0 | | 0 |
| Net charges made for retirement benefits in accordance with IAS 19 | 19 | | 17,216,000 | | 19,697,000 |
| Direct revenue financing of Capital Expenditure | 11,25 | | (7,043,243) | | (6,699,992) |
| Capital Grants and Donated Assets Receivable and Applied in year | 9b | | (13,101,061) | | (6,014,331) |
| Capital Grants Receivable and Unapplied in year | 9c | | 0 | | 0 |
| Rates Claw-Back Reserve | 25a/25b | | 0 | | |
| Adjustments in relation to Short-term compensated absences | 16 | | 137,743 | | 308,550 |
| Adjustments in relation to Lessor Arrangements | | | 48,350 | | 38,000 |
| Landfill Regulations Reserve Adjustment | 25a/25b | | 0 | | 0 |
| Provisions Discount Rate Reserve Adjustment | 25a/25b | | 0 | | 0 |
| Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year | | | | | |
| Statutory Provision for the financing of Capital Investment | 25a/25b | | (1,142,760) | | (1,049,611) |
| Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners | 19b | | (13,248,000) | | (12,326,000) |
| | | | (13,002,664) | | 10,739,926 |

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

| | | 2014/15 | 2014/15 | 2013/14 | 2013/14 |
|---|---------|-------------|-------------|-------------|-------------|
| | | £ | £ | £ | £ |
| Capital Fund | | | | | |
| Interest | | 0 | | 0 | |
| Other | 25a/25b | (1,555,932) | (1,555,932) | (6,000,000) | (6,000,000) |
| Renewal and Repairs Fund | | | | | |
| Interest | | 0 | | 0 | |
| Other | 25a/25b | 0 | 0 | 0 | 0 |
| Other Funds and earmarked reserves | | | | | |
| Interest | | (2,898) | | (6,897) | |
| Other | 25a/25b | 520,784 | 517,886 | (100,000) | (106,897) |
| | | | (1,038,046) | | (6,106,897) |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations

4a Miscellaneous powers to make payments

Section 40 of the Local Government Finance Act (Northern Ireland) 2011 enables District Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments, and the product of a rate of 0.00082p in the pound on the rateable value of domestic hereditaments for the benefit of all the inhabitants in their district, or part of their district, on activities not specifically authorised by other powers. This would allow for £307,089 in 2014/15 (£308,140 in 2013/14). The actual expenditure during 2014/15 amounted to £299,612 (£271,600 in 2013/14).

| | 2014/15 | 2013/14 |
|---|----------------|----------------|
| | £ | £ |
| Mary Peters Trust | 0 | 5,000 |
| City of Belfast Youth Concert Band | 5,000 | 0 |
| Common Purpose Belfast (Bursaries) | 6,000 | 6,000 |
| Redevelopment of Northern Ireland Hospice | 250,000 | 250,000 |
| Fuel Stamp Scheme | 7,600 | 7,600 |
| Commonwealth Games | 15,000 | 0 |
| Cinemagic | 6,500 | 0 |
| NI Street League Funding | 4,400 | 0 |
| International Men's Day | 5,112 | |
| Harlandic Male Voice Choir | 0 | 3,000 |
| | 299,612 | 271,600 |

4b External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors. The cost for 2014/15 is an estimate of the external audit fee.

| | 2014/15 | 2013/14 |
|---|---------------|---------------|
| | £ | £ |
| External Audit Fees Council | 80,000 | 75,059 |
| External Audit Fees STC | 2,000 | 1,941 |
| Under (Over) accrual from previous year | 12,669 | (2,635) |
| Other Fees- National Fraud Initiative | 2,112 | 0 |
| | 96,781 | 74,365 |

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

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations (Continued)

5 Operating and Finance Leases

Council as Lessor:

5a Finance Leases (Council as lessor)

The Council has leased out property to a local bank on a finance lease with a remaining term of 64 years.

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

| | 2015 | 2014 |
|--|----------------|----------------|
| | £ | £ |
| Long Term Debtors | | |
| Finance leases-gross receivables | 2,920,050 | 2,432,000 |
| Less-Unearned finance income | (2,294,023) | (1,806,708) |
| Less-Unguaranteed residual value of property | 0 | 0 |
| Net present value | 626,027 | 625,292 |

| | | |
|--|------------|------------|
| Short Term Debtors | | |
| Finance leases-gross receivables | 46,350 | 38,000 |
| Less-Unearned finance income | (45,845) | (37,098) |
| Less-Unguaranteed residual value of property | 0 | 0 |
| Net present value | 505 | 902 |

| | | |
|---|------------------|------------------|
| Gross receivables from finance leases | | |
| No later than 1 year | 46,350 | 38,000 |
| Later than 1 year and no later than 5 years | 185,400 | 152,000 |
| Later than 5 years | 2,734,650 | 2,280,000 |
| Total gross receivables | 2,966,400 | 2,470,000 |
| Less-Unearned future finance income on finance leases | (2,339,868) | (1,843,806) |
| Less-Unguaranteed residual value of property | 0 | 0 |
| Net investment in finance leases | 626,532 | 626,194 |

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

| | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| No later than 1 year | 505 | 902 |
| Later than 1 year and no later than 5 years | 0 | 0 |
| Later than 5 years | 626,027 | 625,292 |
| Total gross receivables | 626,532 | 626,194 |

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £0 (Previous year £0)

The accumulated allowance for uncollectable minimum lease payments receivable is £0 (comparative year £0)

No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 7.32% (comparative year 5.92%)

5b Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £6,577,583 (previous year: £6,433,539). 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 month and 999 years. Future minimum lease income is set out below:

| | 2015 | | 2014 | |
|---|--------------------|-------------------------------|-----------------------------|-------------------------------|
| | Land and buildings | Vehicles, plant and equipment | Land and buildings Restated | Vehicles, plant and equipment |
| | £ | £ | £ | £ |
| Minimum lease rentals receivable: | | | | |
| No later than 1 year | 5,874,939 | 0 | 5,361,528 | 0 |
| Later than 1 year and no later than 5 years | 19,734,826 | 0 | 18,281,726 | 0 |
| Later than 5 years | 379,974,821 | 0 | 346,723,333 | 0 |
| | 405,584,586 | 0 | 370,366,587 | 0 |

The comparative figures for Land Buildings have been amended for future minimum lease income totalling (£77,105,339).

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

| | 2015 | | 2014 | |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
| | Land and buildings | Vehicles, plant and equipment | Land and buildings | Vehicles, plant and equipment |
| | £ | £ | £ | £ |
| Cost | 74,200,000 | 0 | 74,700,000 | 0 |
| Accumulated depreciation and impairments at 1 April | 0 | 0 | 0 | 0 |
| Depreciation charge for the year | 0 | 0 | 0 | 0 |
| Impairments | 2,800,000 | 0 | (600,000) | 0 |

| | | | | |
|--------------|------------|---|------------|---|
| Revaluations | 4,550,000 | | 100,000 | |
| | | | | |
| | 81,550,000 | 0 | 74,200,000 | 0 |

Council as Lessee:

5c Finance Leases (Council as lessee)

The Council has no lessee finance leases during 2014/15 (2013/14 £Nil)

5d Operating Leases (Council as lessee)

The Council has acquired its office copiers and printers by entering into operating leases with typical lives of 5 years. The Council is also leasing a number of office buildings with lease terms up to 16 years and vehicles with lease terms of 3 years.

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

| | 2015 | | 2014 | |
|------------------------------------|--------------------|-------------------------------|--------------------|--|
| | Land and buildings | Vehicles, plant and equipment | Land and buildings | Vehicles, plant and equipment Restated |
| | £ | £ | £ | £ |
| Minimum lease payments | 1,110,716 | 207,022 | 1,093,927 | 18,601 |
| Contingent rentals | 0 | 0 | 0 | 0 |
| Less: Sublease payments receivable | 0 | 0 | 0 | 0 |
| | 1,110,716 | 207,022 | 1,093,927 | 18,601 |

The comparative figures have been restated to take account of printers and photocopiers charges £18,601.

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

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

| | 2015 | | 2014 | |
|---|--------------------|-------------------------------|-----------------------------|--|
| | Land and buildings | Vehicles, plant and equipment | Land and buildings Restated | Vehicles, plant and equipment Restated |
| | £ | £ | £ | £ |
| Minimum lease rentals payable: | | | | |
| No later than 1 year | 1,253,687 | 471,274 | 1,048,651 | 13,024 |
| Later than 1 year and no later than 5 years | 4,791,111 | 742,357 | 3,889,439 | 9,038 |
| Later than 5 years | 1,618,130 | 0 | 2,605,400 | 0 |
| | 7,662,928 | 1,213,631 | 7,543,490 | 22,062 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Cost of Services on Continuing Operations (Continued)

6 Employee Costs and Members' Allowances

6a Staff Costs

| | 2014/15 | 2013/14 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Salaries and wages | 66,856,878 | 66,608,006 |
| Employers National Insurance | 4,650,922 | 4,749,233 |
| Employers pension costs | 11,814,613 | 11,495,431 |
| Total | 83,322,413 | 82,852,670 |

In addition, agency costs during the year amounted to £3,728,405 (2013/14 £4,377,867.64).

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

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

| | 2014/15 | 2013/14 |
|----------------------------|-----------------------|-----------------------|
| | FTE | FTE |
| Environmental services | 840 | 828 |
| Leisure services | 600 | 656 |
| Other | 940 | 911 |
| Total Number | 2,380 | 2,395 |
| | | |
| | Actual Numbers | Actual Numbers |
| Full-time numbers employed | 2,022 | 2,281 |
| Part-time numbers employed | 299 | 329 |
| Total Number | 2,321 | 2,610 |

On 1 January 2015, 316 employees transferred to Greenwich Leisure Limited (GLL) as part of the Leisure Transformation Programme.

6c Senior Employees' Remuneration

| | 2014/15 | 2013/14 |
|----------------------|-----------|-----------|
| £50,001 to £60,000 | 34 | 37 |
| £60,001 to £70,000 | 5 | 6 |
| £70,001 to £80,000 | 10 | 11 |
| £80,001 to £90,000 | 1 | 1 |
| £90,001 to £100,000 | 3 | 4 |
| £100,001 to £110,000 | 0 | 0 |
| £110,001 to £120,000 | 0 | 0 |
| £120,001 to £130,000 | 0 | 0 |
| £130,001 to £140,000 | 0 | 0 |
| £140,001 to £150,000 | 0 | 1 |
| over £150,001 | 0 | 0 |
| Total Number | 53 | 60 |

6d Members' Allowances

During the year Members' allowances (paid under Part 3, Sections 31 to 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £586,482 (2013/14 £830,556) and are as follows:

| | 2014/15 | 2013/14 |
|---|----------------|----------------|
| | £ | £ |
| Salaries | 0 | 0 |
| Basic allowance | 302,914 | 484,561 |
| Policing & Community Safety Partnership Allowance | 16,860 | 20,820 |
| Mayor's & Deputy Mayor's Allowance | 41,050 | 40,883 |
| High Sheriff's Allowance | 7,812 | 5,500 |
| Dependents' carers allowance | 0 | 0 |
| Statutory Transition Committee Allowances | 17,168 | 14,175 |
| Employer costs | 21,194 | 29,843 |
| Mileage | 17,277 | 27,479 |
| Conferences and Courses | 22,880 | 23,198 |
| Travel Costs | 11,497 | 18,334 |
| Subsistence | 6,593 | 8,429 |
| Special Responsibility Allowances | 82,654 | 80,401 |
| Telephone Rental & mobile | 11,509 | 7,935 |
| Miscellaneous Costs | 2,674 | 1,398 |
| Severance Payments * | 24,400 | 67,600 |
| Total | 586,482 | 830,556 |

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

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

6e Exit Packages

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

| Exit package cost band (including special payments) | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | | Total cost of exit packages in each band | |
|---|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|----------------|
| | 2014/15 | 2013/14 | 2014/15 | 2013/14 | 2014/15 | 2013/14 | 2014/15 | 2013/14 |
| £0 to £20,000 | 0 | 0 | 35 | 0 | 35 | 0 | 396,948 | 0 |
| £20,001 to £40,000 | 0 | 0 | 21 | 0 | 21 | 0 | 577,026 | 0 |
| £40,001 to £60,000 | 0 | 0 | 10 | 1 | 10 | 1 | 453,943 | 41,904 |
| £60,001 to £80,000 | 0 | 0 | 6 | 0 | 6 | 0 | 401,803 | 0 |
| £80,001 to £100,000 | 0 | 0 | 2 | 1 | 2 | 1 | 186,149 | 92,423 |
| £100,001 to £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| over £150,000 | 0 | 0 | 2 | 0 | 2 | 0 | 578,242 | 0 |
| Total | 0 | 0 | 76 | 2 | 76 | 2 | 2,594,110 | 134,327 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

7 Other Operating Expenditure

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

| | 2014/15 | 2013/14 |
|---|-------------|----------|
| | £ | £ |
| Proceeds from sale | (2,748,600) | (30,983) |
| Carrying amount of non-current assets sold (excl Investment Properties) | 2,733,036 | 24,873 |
| | (15,564) | (6,110) |

7b Other Operating Income/Expenditure

| | 2014/15 | 2013/14 |
|-------------|---------|---------|
| | £ | £ |
| Income | 0 | 0 |
| Expenditure | 0 | 0 |
| | 0 | 0 |

| | | |
|-----------------------------------|----------|---------|
| Summary | | |
| Other Operating Gross Income | (15,564) | (6,110) |
| Other Operating Gross Expenditure | 0 | 0 |

Summary of Other Operating expenditure:

| | 2014/15 | 2013/14 |
|--|-----------------|----------------|
| | £ | £ |
| (Surplus)/Deficit on Non-Current Assets | (15,564) | (6,110) |
| Other Operating Income/Expenditure | 0 | 0 |
| Total Other Operating expenditure | (15,564) | (6,110) |

8 Financing and Investment Income and Expenditure

8a Interest Payable and Similar Charges

| | 2014/15 | 2013/14 |
|---------------------------------|-----------|-----------|
| | £ | £ |
| Lease/hire purchase interest | 0 | 0 |
| Bank interest | 0 | 0 |
| Loan interest | 1,166,976 | 1,450,493 |
| Other interest (please specify) | 0 | 0 |
| | 1,166,976 | 1,450,493 |

8b Interest and Investment Income

| | 2014/15 | 2013/14 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Bank interest | 0 | 0 |
| Investment income on Fund Balances | | |
| Capital Fund | 0 | 0 |
| Repairs & Renewals Fund | 0 | 0 |
| Other Funds | 0 | 0 |
| Other investment income | (338,907) | (383,198) |
| | (338,907) | (383,198) |

8c Pensions Interest costs

| | 2014/15 | 2013/14 |
|---|-----------|-----------|
| | £ | £ |
| Net interest on the net defined benefit liability (asset) | 3,621,000 | 5,095,000 |
| | 3,621,000 | 5,095,000 |

8d
Surplus/(Deficit) on trading operations

| | 2014/15 | 2013/14 |
|--------------------------------|---------|---------|
| | £ | £ |
| Income from trading | 0 | 0 |
| Expenditure | 0 | 0 |
| (Surplus)/Deficit for the year | 0 | 0 |

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

| | 2014/15 | 2013/14 |
|---|--------------|-------------|
| | £ | £ |
| Income/Expenditure from Investment Properties: | | |
| Income including rental income | (8,577,583) | (8,433,539) |
| Expenditure | 376,740 | 371,981 |
| De-recognition in relation to amounts written off | 0 | 0 |
| Net income from investment properties | (6,200,843) | (6,061,558) |
| Surplus/deficit on sale of Investment Properties: | | |
| Proceeds from sale | 0 | 0 |
| Carrying amount of investment properties sold | 0 | 0 |
| (Surplus)/deficit on sale of Investment Properties: | 0 | 0 |
| Changes in Fair Value of Investment Properties | | |
| | (7,350,000) | 500,000 |
| | (13,550,843) | (5,561,558) |

Summary

| | | |
|--|--------------|-------------|
| Financing and Investment Gross Income | (14,266,490) | (6,816,737) |
| Financing and Investment Gross Expenditure | 5,164,716 | 7,417,474 |

Summary of Financing and Investment Income and Expenditure:

| | 2014/15 £ | 2013/14 £ |
|--|--------------------|----------------|
| Interest Payable and Similar Charges | 1,166,976 | 1,450,493 |
| Interest and Investment Income | (338,907) | (383,198) |
| Pensions interest cost | 3,621,000 | 5,095,000 |
| Surplus/(Deficit) on trading operations | 0 | 0 |
| Changes in Fair Value of Investment Properties | (7,350,000) | 500,000 |
| Other investment income | (6,200,843) | (6,061,558) |
| Total Financing and Investment Income and Expenditure | (9,101,774) | 600,737 |

| | 2014/15 | | | 2013/14 | | |
|--|-------------------|--------------|-------------|-------------------|--------------|-------------|
| | Gross Expenditure | Gross Income | Net Cost | Gross Expenditure | Gross Income | Net Cost |
| | £ | £ | £ | £ | £ | £ |
| Interest Payable and Similar Charges | 1,166,976 | 0 | 1,166,976 | 1,450,493 | 0 | 1,450,493 |
| Interest and Investment Income | 0 | 338,907 | (338,907) | 0 | 383,198 | (383,198) |
| Pensions interest cost | 3,621,000 | 0 | 3,621,000 | 5,095,000 | 0 | 5,095,000 |
| Surplus/(Deficit) on trading operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Fair Value of Investment Properties | 0 | 7,350,000 | (7,350,000) | 500,000 | 0 | 500,000 |
| Other investment income | 376,740 | 6,577,583 | (6,200,843) | 371,981 | 6,433,539 | (6,061,558) |
| | 5,164,716 | 14,266,490 | (9,101,774) | 7,417,474 | 6,816,737 | 600,737 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

9 Taxation and Non-Specific Grant Income

9a Revenue Grants

| | 2014/15 | 2013/14 |
|---------|-----------|-----------|
| | £ | £ |
| General | 4,629,062 | 4,630,117 |
| Other | 0 | 0 |
| Other | 0 | 0 |
| Other | 0 | 0 |
| | 4,629,062 | 4,630,117 |

9b Capital Grants and Donated Assets-Applied

| | 2014/15 | 2013/14 |
|--|------------|-----------|
| | £ | £ |
| Government & Other Grants-Conditions met and applied in year | 13,040,392 | 5,332,751 |
| Government & Other Grants-Transfer from receipts in advance | 60,669 | 681,580 |
| Donated Assets-Conditions met | 0 | 0 |
| Donated Assets-Transfer from donated assets creditor | 0 | 0 |
| | 13,101,061 | 6,014,331 |

9c Capital Grants-Unapplied

| | 2014/15 | 2013/14 |
|--|---------|---------|
| | £ | £ |
| Government & Other Grants-Conditions met and not applied in year | 0 | 0 |
| Other | 0 | 0 |
| | 0 | 0 |

9d District Rates

| | 2014/15 | 2013/14 |
|------------------------------|-------------|-------------|
| | £ | £ |
| Current year | 134,536,548 | 131,354,809 |
| Finalisation - previous year | 0 | 0 |
| Transitional Relief | 0 | 0 |
| Finalisation - other years | 0 | 0 |
| | 134,536,548 | 131,354,809 |

Summary of Taxation and Non-Specific Grant Income:

| | 2014/15 | 2013/14 |
|---|--------------------|--------------------|
| | £ | £ |
| District Rates Income | 134,536,548 | 131,354,809 |
| Revenue Grants | 4,629,062 | 4,630,117 |
| Capital Grants and Contributions | 13,101,061 | 6,014,331 |
| Total Taxation and Non-Specific Grant Income | 152,266,671 | 141,999,257 |

10a Long-Term Assets Note - Current Year

| | Property, Plant & Equipment (PP&E) | | | | | | | | | Investment Properties | Intangible Assets | TOTAL |
|--|------------------------------------|--------------------|-----------------------|---------------|-----------------------------|------------------|-------------------------|------------------|--------------------|-----------------------|-------------------|--------------------|
| | Land | Buildings | Infrastructure Assets | Landfill Site | Vehicles, Plant & Equipment | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | | | |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | | £ |
| Cost or Valuation | | | | | | | | | | | | |
| At 1 April 2014 | 89,783,368 | 271,976,131 | 0 | 0 | 34,683,172 | 193 | 16,624,290 | 3,207,465 | 416,274,619 | 77,095,000 | 16,700,000 | 510,069,819 |
| Adjustments between cost/value & depreciation/impairment | 0 | (1,192,625) | 0 | 0 | (1,718,691) | 0 | 0 | 0 | (2,911,316) | 0 | 1,718,691 | (1,192,625) |
| Adjusted opening balance | 89,783,368 | 270,783,506 | 0 | 0 | 32,964,481 | 193 | 16,624,290 | 3,207,465 | 413,363,303 | 77,095,000 | 18,418,691 | 508,876,994 |
| Additions (Note 11) | 20,669 | 940,541 | 0 | 0 | 4,089,182 | 741,834 | 19,706,082 | 16,205 | 25,514,513 | 0 | 0 | 25,514,513 |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation increases/decreases to Revaluation Reserve | (87,287) | 14,920,442 | 0 | 0 | 0 | 0 | 0 | 550,997 | 15,384,152 | 0 | 0 | 15,384,152 |
| Revaluation increases/decreases to Surplus or Deficit on the Provision of Services | (406,046) | 1,033,999 | 0 | 0 | 0 | (741,831) | 0 | 31,497 | (82,381) | 7,350,000 | 0 | 7,267,619 |
| Derecognition - Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (22,000) | (22,000) | 0 | 0 | (22,000) |
| Derecognition - Other | 0 | 0 | 0 | 0 | (6,212) | 0 | (10,753) | 0 | (16,965) | 0 | 0 | (16,965) |
| Reclassifications & Transfers | 200,000 | 426,511 | 0 | 0 | 528,349 | 0 | (1,707,209) | 385,300 | (167,049) | 0 | 167,049 | 0 |
| Reclassified to Held for Sale | (140,000) | (1,555,000) | 0 | 0 | 0 | 0 | 0 | (1,913,463) | (3,608,463) | 0 | 0 | (3,608,463) |
| Reclassified from Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment-Landfill Deferred Charge (Note 18) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2015 | 89,370,704 | 286,549,999 | 0 | 0 | 37,575,800 | 196 | 34,612,410 | 2,256,001 | 450,365,110 | 84,445,000 | 18,585,740 | 553,395,850 |
| Depreciation and Impairment | | | | | | | | | | | | |
| At 1 April 2014 | 0 | 1,192,625 | 0 | 0 | 24,082,849 | 0 | 0 | 0 | 25,275,474 | 0 | 16,700,000 | 41,975,474 |
| Adjustments between cost/value & depreciation/impairment | 0 | (1,192,625) | 0 | 0 | (1,450,202) | 0 | 0 | 0 | (2,642,827) | 0 | 1,450,202 | (1,192,625) |
| Adjusted opening balance | 0 | 0 | 0 | 0 | 22,632,647 | 0 | 0 | 0 | 22,632,647 | 0 | 18,150,202 | 40,782,849 |
| Depreciation Charge | 0 | 8,131,809 | 0 | 0 | 1,851,456 | 0 | 0 | 0 | 9,983,065 | 0 | 160,979 | 10,144,044 |
| Depreciation written out on Revaluation Reserve | 0 | (7,192,302) | 0 | 0 | 0 | 0 | 0 | 0 | (7,192,302) | 0 | 0 | (7,192,302) |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/reversals to Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/reversals to Surplus or Deficit on the Provision of Services | 0 | (939,307) | 0 | 0 | 0 | 0 | 0 | 0 | (939,307) | 0 | 0 | (939,307) |
| Derecognition - Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 | 0 | (6,212) | 0 | 0 | 0 | (6,212) | 0 | 0 | (6,212) |
| Reclassifications & Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Eliminated on reclassification to Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2015 | 0 | 0 | 0 | 0 | 24,477,891 | 0 | 0 | 0 | 24,477,891 | 0 | 18,311,181 | 42,789,072 |
| Net Book Value | | | | | | | | | | | | |
| At 31 March 2015 | 89,370,704 | 286,549,999 | 0 | 0 | 13,097,909 | 196 | 34,612,410 | 2,256,001 | 425,887,219 | 84,445,000 | 274,559 | 510,606,778 |
| At 31 March 2014 | 89,783,368 | 270,783,506 | 0 | 0 | 10,600,323 | 193 | 16,624,290 | 3,207,465 | 390,999,145 | 77,095,000 | 0 | 468,094,145 |

Intangible Assets

Intangible Assets relate to landfill closure costs (net book value £nil, gross cost before amortisation £16.7m) and purchased licensed software and related implementation costs (net book value £275k, gross cost before amortisation £1,886k).

Investment properties

There were no additions in the year in relation to acquisitions and enhancements.

Valuations

The Council is not aware of any material changes in freehold and leasehold properties. The land and buildings assets held by the Council were originally valued as at 1st April 1997 by the Valuations and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The Council is operating a rolling programme for it's revaluation of land and buildings with approximately 25% of these being discreetly revalued by physical inspection each year and the remainder being discreetly revalued by desktop exercise.

In the 2014/15 year all assets have been valued as at 31 March 2015. The revaluation was carried out by Land and Property Services Agency.

Capital Commitments

A total of 14 capital contracts with a value of over £100,000 were entered into during the period with a total commitment value of £60,371,861.

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant and equipment during the period.

Impairments

There were no material impairments for property, plant and equipment during the period.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10b Long-Term Assets Note - Comparative Year

| | Property, Plant & Equipment (PP&E) | | | | | | | | | | Investment Properties | Intangible Assets Restated | TOTAL |
|--|------------------------------------|--------------------|-----------------------|---------------|--------------------------------------|------------------|-------------------------|----------------|-------------|------------|-----------------------|----------------------------|-------|
| | Land | Buildings Restated | Infrastructure Assets | Landfill Site | Vehicles, Plant & Equipment Restated | Community Assets | PP&E Under Construction | Surplus Assets | Total PP&E | | | | |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | | | | |
| Cost or Valuation | | | | | | | | | | | | | |
| At 1 April 2013 | 89,115,006 | 258,598,643 | 0 | 0 | 31,893,770 | 189 | 15,020,045 | 10,000,000 | 404,627,653 | 77,595,000 | 16,700,000 | 498,922,663 | |
| Adjustments between cost/value & depreciation/impairment | (5) | 0 | 0 | 0 | 0 | 0 | 168,848 | 2 | 168,846 | 0 | 0 | 168,846 | |
| Adjusted opening balance | 89,115,001 | 258,598,643 | 0 | 0 | 31,893,770 | 189 | 15,188,893 | 10,000,002 | 404,796,498 | 77,595,000 | 16,700,000 | 499,091,498 | |
| Additions (Note 11) | 17,907 | 1,709,621 | 0 | 0 | 2,258,366 | 2,875,591 | 5,657,748 | 129,270 | 12,648,503 | 0 | 0 | 12,648,503 | |
| Donations | 0 | 0 | 0 | 0 | 410,000 | 0 | 0 | 0 | 410,000 | 0 | 0 | 410,000 | |
| Revaluation increases/decreases to Revaluation Reserve | 113,777 | 9,525,131 | 0 | 0 | 0 | 0 | 0 | (1,849,999) | 7,788,909 | 0 | 0 | 7,788,909 | |
| Revaluation increases/decreases to Surplus or Deficit on the Provision of Services | 687,965 | 2,077,488 | 0 | 0 | 0 | (4,828,305) | 0 | (3,722,606) | (5,785,458) | (500,000) | 0 | (6,285,458) | |
| Derecognition - Disposals | 0 | 0 | 0 | 0 | (1,256,315) | 0 | 0 | 0 | (1,256,315) | 0 | 0 | (1,256,315) | |
| Derecognition - Other | 0 | 0 | 0 | 0 | (28,014) | 0 | (518,306) | 0 | (546,320) | 0 | 0 | (546,320) | |
| Reclassifications & Transfers | (99,624) | 65,248 | 0 | 0 | 1,405,365 | 1,952,718 | (3,704,045) | 380,338 | 0 | 0 | 0 | 0 | |
| Reclassified to Held for Sale | (51,658) | 0 | 0 | 0 | 0 | 0 | 0 | (1,786,540) | (1,838,198) | 0 | 0 | (1,838,198) | |
| Reclassified from Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 57,000 | 57,000 | 0 | 0 | 57,000 | |
| Adjustment-Landfill Deferred Charge (Note 18) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| At 31 March 2014 | 89,783,368 | 271,976,131 | 0 | 0 | 34,683,172 | 193 | 16,624,290 | 3,207,465 | 416,274,619 | 77,095,000 | 16,700,000 | 510,069,619 | |
| Depreciation and Impairment | | | | | | | | | | | | | |
| At 1 April 2013 | 0 | 490,212 | 0 | 0 | 23,022,815 | 0 | 0 | 0 | 23,513,027 | 0 | 16,700,000 | 40,213,027 | |
| Adjustments between cost/value & depreciation/impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Adjusted opening balance | 0 | 490,212 | 0 | 0 | 23,022,815 | 0 | 0 | 0 | 23,513,027 | 0 | 16,700,000 | 40,213,027 | |
| Depreciation Charge | 0 | 7,705,401 | 0 | 0 | 2,291,476 | 0 | 0 | 0 | 9,996,877 | 0 | 0 | 9,996,877 | |
| Depreciation written out on Revaluation Reserve | 0 | (7,747,200) | 0 | 0 | 0 | 0 | 0 | 0 | (7,747,200) | 0 | 0 | (7,747,200) | |
| Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Impairment losses/reversals to Revaluation Reserve | 0 | 744,212 | 0 | 0 | 0 | 0 | 0 | 0 | 744,212 | 0 | 0 | 744,212 | |
| Impairment losses/reversals to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Derecognition - Disposals | 0 | 0 | 0 | 0 | (1,231,442) | 0 | 0 | 0 | (1,231,442) | 0 | 0 | (1,231,442) | |
| Derecognition - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Reclassifications & Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Eliminated on reclassification to Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| At 31 March 2014 | 0 | 1,192,625 | 0 | 0 | 24,082,849 | 0 | 0 | 0 | 25,275,474 | 0 | 16,700,000 | 41,975,474 | |
| Net Book Value | | | | | | | | | | | | | |
| At 31 March 2014 | 89,783,368 | 270,783,506 | 0 | 0 | 10,600,323 | 193 | 16,624,290 | 3,207,465 | 390,999,145 | 77,095,000 | 0 | 468,094,145 | |
| At 31 March 2013 | 89,115,006 | 258,108,431 | 0 | 0 | 8,870,956 | 189 | 15,020,045 | 10,000,000 | 381,114,626 | 77,595,000 | 0 | 458,709,626 | |

Intangible Assets

Intangible Assets relate solely to landfill closure costs.

Investment properties

There were no additions in the year in relation to acquisitions and enhancements.

Valuations

The Council is not aware of any material changes in freehold and leasehold properties. The land and buildings assets held by the Council were originally valued as at 1st April 1997 by the Valuations and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The Council is operating a rolling programme for its revaluation of land and buildings with approximately 25% of these being discreetly revalued by physical inspection each year and the remainder being discreetly revalued by desktop exercise.

In the 2013/14 year all assets have been valued as at 31 March 2014. The revaluation was carried out by Land and Property Services Agency.

Capital Commitments

A total of 17 capital contracts with a value of over £100,000 were entered into during the period with a total commitment value of £10,610,286.

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant and equipment during the period.

Impairments

There were no material impairments for property, plant and equipment during the period.

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Heritage Assets

10c

| Cost or Valuation | Works of Art £ | Civic Items £ | Pottery Machinery £ | Total Assets £ |
|---|-------------------|------------------|------------------------|-------------------|
| At 1 April 2013 | 1,803,934 | 1,101,644 | 0 | 2,905,578 |
| Additions | 52,060 | 41,898 | 0 | 93,958 |
| Disposals | 0 | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 | 0 |
| Revaluation Increases/(Decreases) to Revaluation Reserve | 0 | 0 | 0 | 0 |
| Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services | 42,929 | 0 | 0 | 42,929 |
| Impairment (Losses)/Reversals recognised in the Revaluation Reserve | 0 | 0 | 0 | 0 |
| Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 |
| At 31 March 2014 | 1,898,923 | 1,143,542 | 0 | 3,042,465 |
| Cost or Valuation | | | | |
| At 1 April 2014 | 1,898,923 | 1,143,542 | 0 | 3,042,465 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 | 0 |
| Revaluation Increases/(Decreases) to Revaluation Reserve | 0 | 215,200 | 0 | 215,200 |
| Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 |
| Impairment (Losses)/Reversals recognised in the Revaluation Reserve | 0 | 0 | 0 | 0 |
| Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services | 0 | 0 | 0 | 0 |
| At 31 March 2015 | 1,898,923 | 1,358,742 | 0 | 3,257,665 |

Works of Art and Civic Items

The Council's collection of Heritage Assets (Works of Art and Civic Items) is reported in the Balance Sheet at insurance valuation which is based on market values, or if it is not possible to obtain a valuation, they are measured at historic cost less depreciation, amortisation or impairment losses. Insurance valuations are updated on a periodic basis. On the occasion that no cost can be accurately measured for an item, it is held on the balance sheet at the value of £1 for stewardship purposes. There are currently 151 of these items recorded by Belfast City Council.

Summary information on Heritage Assets has been provided for transactions in the 2014/15 and 2013/14 financial years. Detailed information relating to transactions has not been included for prior years as it would not be practical to do so and there is little value added for users of the accounts.

Additions of Heritage Assets

There were no additions to heritage assets in the year.

Disposals in 2014/15

There were no disposals of Heritage Assets during 2014/15.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

10d Assets Held for Sale

| At 31 March 2015 | Assets Held for Sale-Current | Assets Held for Sale-Non- current | TOTAL |
|---|---|--|------------------|
| | £ | | £ |
| Cost or Valuation | | | |
| At 1 April 2014 | 4,497,574 | 0 | 4,497,574 |
| Transferred from Non-Current Assets during year | 1,913,462 | 1,695,001 | 3,608,463 |
| Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services | (2,200,000) | 0 | (2,200,000) |
| Derecognition - Disposals | (2,711,036) | 0 | (2,711,036) |
| Derecognition - Other | 0 | 0 | 0 |
| Reclassified from Current Assets Held for Sale to non current Assets Held for Sale | 0 | 0 | 0 |
| Transferred to Property, Plant & Equipment during year | 0 | 0 | 0 |
| At 31 March 2015 | 1,500,000 | 1,695,001 | 3,195,001 |
| Impairment | | | |
| At 1 April 2014 | 0 | 0 | 0 |
| Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 |
| Derecognition - Disposals | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 |
| Reclassified from Current Assets Held for Sale to non current Assets Held for Sale | 0 | 0 | 0 |
| Transferred to Property, Plant & Equipment during year | 0 | 0 | 0 |
| At 31 March 2015 | 0 | 0 | 0 |
| Net Book Value | | | |
| At 31 March 2015 | 1,500,000 | 1,695,001 | 3,195,001 |
| At 31 March 2014 | 4,497,574 | 0 | 4,497,574 |

The Council intends to dispose of property at Maysfield and at McClure Street, Belfast. All of these have been agreed by Committee and actively marketed.

The gains on assets classified to held for sale and sold during the year was £5,563 (2014 £0). The Council disposed of four pieces of land, situated at Glen Road (site B), Colin Glen and Cliftonville Playing Fields.

Comparative Year

| At 31 March 2014 | Assets Held for Sale-Current | Assets Held for Sale-Non-current | TOTAL |
|--|------------------------------|----------------------------------|------------------|
| | £ | | £ |
| Cost or Valuation | | | |
| At 1 April 2013 | 0 | 3,257,000 | 3,257,000 |
| Transferred from Non-Current Assets during year | 1,822,573 | 0 | 1,822,573 |
| Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services | (525,000) | 0 | (525,000) |
| Derecognition - Disposals | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 |
| Reclassified from Current Assets Held for Sale to non current Assets Held for Sale | 3,200,000 | (3,200,000) | 0 |
| Transferred to to Property, Plant & Equipment during year | 1 | (57,000) | (56,999) |
| At 31 March 2014 | 4,497,574 | 0 | 4,497,574 |
| Impairment | | | |
| At 1 April 2013 | 0 | 0 | 0 |
| Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services | 0 | 0 | 0 |
| Derecognition - Disposals | 0 | 0 | 0 |
| Derecognition - Other | 0 | 0 | 0 |
| Transferred to to Property, Plant & Equipment during year | 0 | 0 | 0 |
| At 31 March 2014 | 0 | 0 | 0 |
| Net Book Value | | | |
| At 31 March 2014 | 4,497,574 | 0 | 4,497,574 |
| At 31 March 2013 | 0 | 3,257,000 | 3,257,000 |

Belfast City Council
Notes to the Financial Statements
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10e Investment Properties

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

| | 2014/15 | 2013/14 |
|--|-----------|-----------|
| | £ | £ |
| Rental income from investment property | 6,577,583 | 6,433,539 |
| Direct operating expenses arising from investment property | (376,740) | (371,981) |
| Net gain/(loss) | 6,200,843 | 6,061,558 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

11 Capital Expenditure and Capital Financing

| | 2014/15 | 2013/14 |
|---|-------------------|-------------------|
| | £ | £ |
| Opening Capital Financing Requirement | 31,978,292 | 31,992,862 |
| <i>Capital Investment</i> | | |
| Property, Plant and Equipment | 25,514,513 | 12,648,503 |
| Investment Properties | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Heritage Assets | 0 | 93,958 |
| Revenue Expenditure Funded from Capital under Statute | 0 | 0 |
| | | |
| <i>Sources of Finance</i> | | |
| Capital Receipts | 0 | (42,708) |
| Government Grants and Other Contributions | (13,101,061) | (6,014,331) |
| Transfers from Earmarked Reserves | (8,031,207) | 1,049,611 |
| | | |
| <i>Sums set aside from Revenue:</i> | | |
| Direct Revenue Contributions | (7,043,243) | (6,699,992) |
| Minimum Revenue Provision | (1,142,760) | (1,049,611) |
| | | |
| Closing Capital Financing Requirement | 28,174,534 | 31,978,292 |

| Explanation of Movements in Year | | |
|---|--------------------|-----------------|
| Increase/(decrease) in underlying need to borrow | (3,803,758) | (14,570) |
| Assets acquired under finance leases | 0 | 0 |
| Assets acquired under PFI/PPP contracts | 0 | 0 |
| | | |
| Increase/(decrease) in Capital Financing Requirement | (3,803,758) | (14,570) |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

12 Future Capital Commitments

The Council has an ongoing programme of capital works. The estimated cost of the projects which have completed a full business case that has been approved by Committee are as follows:

| | Gross Cost £ | Grant Aid £ | Net Cost £ |
|-------------------|--------------------|-------------------|--------------------|
| Schemes underway | 185,826,211 | 78,954,322 | 106,871,889 |
| Other Commitments | 36,652,804 | 12,841,014 | 23,811,790 |
| Total | 222,479,015 | 91,795,336 | 130,683,679 |

Total expenditure of £10,302,954 has been incurred against these projects in the year ended 31 March 2015.

13 Inventories

| | 2014/15 £ | 2013/14 £ |
|----------------|----------------|----------------|
| Central Stores | 288,677 | 309,031 |
| Other | 0 | 0 |
| Total | 288,677 | 309,031 |

The cost of inventories recognised as expense and included in 'services' amounted to £616,220 (2014: £618,712).

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

14 Debtors

| | 2014/15 | 2013/14 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| 14a Long Term Debtors | | |
| Employee car loans | 60,458 | 60,714 |
| Finance lease debtors-Note 5c) | 626,027 | 625,292 |
| Trade debtors | 586,491 | 854,287 |
| NIHE Loans | 6,434,700 | 8,283,840 |
| Total Long Term Debtors | 7,707,676 | 9,824,133 |
| 14b Short Term Debtors | | |
| Government Departments | 934,099 | 1,070,048 |
| Other Councils | 71,455 | 158,934 |
| Employee car loans | 39,294 | 41,171 |
| Grants | 8,310,657 | 7,488,579 |
| Value Added Tax | 2,913,692 | 994,795 |
| Prepayments | 3,793,692 | 1,176,437 |
| Finance lease debtors-Note 5c) | 505 | 902 |
| Other | 2,658,970 | 1,290,188 |
| Rates Finalisation | 4,706,640 | 1,563,000 |
| Trade receivables | 1,772,219 | 1,648,782 |
| Impairment loss - Trade receivables | (375,173) | (703,456) |
| Total Short Term Debtors | 24,826,050 | 14,729,380 |
| Total Debtors | 32,533,727 | 24,553,513 |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

15a Short Term Borrowing

| | 2014/15 | 2013/14 |
|-----------------------------------|------------------|----------|
| | £ | £ |
| Loans re-payable within one year | 3,073,373 | 0 |
| Total Short Term Borrowing | 3,073,373 | 0 |

15b Long Term Borrowing

| | 2014/15 | 2013/14 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Between 1 and 2 years | 0 | 3,193,896 |
| Between 2 and 5 years | 8,000,000 | 4,000,000 |
| Between 5 and 10 years | 12,084,871 | 8,000,000 |
| In more than 10 years | 0 | 8,743,522 |
| Government Loans Fund | 20,084,871 | 23,937,418 |

| | | |
|------------------------|-------------------|-------------------|
| Total Borrowing | 23,158,244 | 23,937,418 |
|------------------------|-------------------|-------------------|

Both the short-term and long-term borrowings have been analysed by maturity date.

Interest rates on Government Loans range between 3.52% and 11.125%.

The total £23,158,244 above relates to Government Loans Fund.

16a Short Term Creditors

| | 2014/15 | 2013/14 |
|-----------------------------------|-------------------|-------------------|
| | £ | £ |
| Government Departments | 115,631 | 166,448 |
| Other Councils | 866 | 19,307 |
| Remuneration due to employees | 30,643 | 68,138 |
| Accumulated Absences | 1,262,148 | 1,124,405 |
| Receipts in advance* | 2,397,789 | 2,744,668 |
| NILGOSC | 71,443 | 149,739 |
| H M Revenue & Customs | 1,308,940 | 1,542,449 |
| Other | 19,169,922 | 13,429,519 |
| Total Short Term Creditors | 24,357,382 | 19,244,673 |

* This amount includes £513,390 (2013/14 £556,580) of third party ticket income.

16b Long Term Creditors

| | 2014/15 | 2013/14 |
|---|----------|----------|
| | £ | £ |
| Other creditors falling due after more than one year | | |
| Government Departments | 0 | 0 |
| Other Councils | 0 | 0 |
| Public corporations and trading funds | 0 | 0 |
| Bodies external to general government | 0 | 0 |
| Rates clawback | 0 | 0 |
| Other | 0 | 0 |
| Total Long Term Creditors | 0 | 0 |

| | | |
|------------------------|-------------------|-------------------|
| Total Creditors | 24,357,382 | 19,244,673 |
|------------------------|-------------------|-------------------|

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

17 Provisions

| | At 1 April 2014 | Increase in provision during year | Utilised during year | Unused amounts reversed | Interest cost and/or discount rate changes | At 31 March 2015 |
|-------------------|--------------------|---|-------------------------|-------------------------------|---|---------------------|
| | £ | £ | £ | £ | £ | £ |
| Single status | 0 | 0 | 0 | 0 | 0 | 0 |
| Election expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Landfill closure | 6,057,989 | 1,525,927 | 72,766 | 0 | 94,099 | 7,605,248 |
| Reorganisation | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims management | 1,336,726 | 1,244,021 | 1,044,226 | 0 | 0 | 1,536,521 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| | 7,394,715 | 2,769,948 | 1,116,992 | 0 | 94,099 | 9,141,769 |

| | | | | | | |
|----------------------|------------------|------------------|------------------|----------|---------------|------------------|
| Current Provisions | 6,042,717 | 1,244,021 | 1,116,992 | 0 | 72,766 | 6,242,512 |
| Long Term Provisions | 1,351,998 | 1,525,927 | | 0 | 21,332 | 2,899,257 |
| | 7,394,715 | 2,769,948 | 1,116,992 | 0 | 94,098 | 9,141,769 |

Comparative Year

| | At 1 April 2013 | Increase in provision during year | Utilised during year | Unused amounts reversed | Interest cost and/or discount rate changes | At 31 March 2014 |
|-------------------|--------------------|---|-------------------------|-------------------------------|---|---------------------|
| | £ | £ | £ | £ | £ | £ |
| Single status | 0 | 0 | 0 | 0 | 0 | 0 |
| Election expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Landfill closure | 5,873,460 | 0 | 0 | 0 | 184,529 | 6,057,989 |
| Reorganisation | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims management | 1,217,402 | 119,324 | 0 | 0 | 0 | 1,336,726 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| | 7,090,862 | 119,324 | 0 | 0 | 184,529 | 7,394,715 |

| | | | | | | |
|----------------------|------------------|----------------|----------|----------|----------------|------------------|
| Current Provisions | 5,457,924 | 119,324 | 0 | 0 | 465,469 | 6,042,717 |
| Long Term Provisions | 1,632,938 | 0 | 0 | 0 | (280,940) | 1,351,998 |
| | 7,090,862 | 119,324 | 0 | 0 | 184,529 | 7,394,715 |

Provisions-Additional Disclosure

The Council's provisions include a claims management provision and a provision in respect of the closure of the Landfill Site.

The Council has reviewed the capping, gas extraction and infrastructure costs and discounted these accordingly which has resulted in a valuation of £7,605,248 (2013/14 £6,057,989).

A provision of £1,536,521 (2013/14 £1,336,726) has been made in respect of public liability, employer's liability and other claims/legal cases notified but not processed. Adequate insurance arrangements are in place covering the Council's activities as recommended by the Council's Insurance Brokers. The related insurance premiums paid are accounted for in the financial statements. At 31 March 2015 the total liability for legal cases notified but not processed amounted to an estimated maximum liability of £2,956,394.

Belfast City Council
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18 Financial Instruments

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Customers are assessed, taking into account their financial position, past experience and other factors, 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:

| | £ |
|--------------------------|-------------------|
| Less than three months | £2,042,328 |
| Three months to one year | £735,445 |
| More than one year | £586,491 |
| | £3,364,264 |

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

Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 15 and 16. All trade and other payables are due for payment within one year.

Market Risk

Interest rate risk

The Council is not exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments which are at fixed rates for the life of the loans. Rates on investments are subject to market movements.

Foreign exchange risk

The Council has no 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 Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance and Personnel that differ from the prevailing market rates. The fair value of these loans is £28,967,378, analysed as follows.

| | £ |
|------------------|-------------------|
| Government Loans | 28,967,378 |
| Total | 28,967,378 |

The Council has made no loans to voluntary organisations and other external bodies at less than market rates (soft loans).

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

19 Retirement Benefits

19a Participation in the Northern Ireland Local Government Officers' Pension Fund.

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

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

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

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

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

| | Note | 2014/15 | 2013/14 |
|--|------|--------------------|--------------------|
| | | £ | £ |
| Net cost of services: | | | |
| Current service cost | | 14,496,000 | 14,498,000 |
| Past service cost/(gain) | | 837,000 | 104,000 |
| Gains and losses on settlements or curtailments | | (1,738,000) | 0 |
| Net operating expenditure: | | | |
| Net interest on net defined benefit liability (asset) | | 3,621,000 | 5,095,000 |
| Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services | | 17,216,000 | 19,697,000 |
| Movement in Reserves Statement: | | | |
| Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code | | (17,216,000) | (19,697,000) |
| Actual amount charged against the general fund balance for pensions in the year: | | | |
| Employers' contributions payable to scheme | | 13,248,000 | 12,326,000 |
| Net charge to the Comprehensive Income and Expenditure Statement | | (3,968,000) | (7,371,000) |

The service cost figures include an allowance for administration expenses of £180,000.

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £13,324,000 (£35,504,000 gain in 2013/14) were included in other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £45,632,000.

As part of the Leisure Transformation Programme 285 individuals transferred to the leisure operator Greenwich Leisure Limited on 1 January 2015.

Remeasurements recognised in Other Comprehensive Income and Expenditure

| | Note | 2014/15 | 2013/14 |
|--|------|---------------------|-------------------|
| Liability gains/(losses) due to change in assumptions | | (50,316,000) | 31,926,000 |
| Liability experience gains/(losses) arising in the year | | 2,484,000 | (9,527,000) |
| Actuarial gains/(losses) on plan assets | | 34,508,000 | 13,105,000 |
| Other - (if applicable) | | | |
| Total gains/(losses) recognised in Other Comprehensive Income and Expenditure | | (13,324,000) | 35,504,000 |

19c

Assets and liabilities in relation to retirement benefits
Reconciliation of present value of the scheme liabilities:

| | Note | 2014/15 | 2013/14 |
|--|------|--------------------|--------------------|
| | | £ | £ |
| Balance as at 1 April | | 490,187,000 | 485,736,000 |
| Current service cost | | 14,496,000 | 14,498,000 |
| Interest cost | | 20,678,000 | 21,653,000 |
| Contributions by members | | 3,907,000 | 3,708,000 |
| Remeasurement (gains) and losses: | | | |
| - Actuarial gains/losses arising on liabilities from experience | | (2,484,000) | 9,527,000 |
| - Actuarial gains/losses arising from demographic changes | | 0 | (19,465,000) |
| - Actuarial gains/losses arising from changes in financial assumptions | | 50,316,000 | (12,461,000) |
| - Other (if applicable) | | | |
| Past service costs/(gains) | | 837,000 | 104,000 |
| Losses/(gains) on curtailments | | 0 | 0 |
| Liabilities extinguished on settlements | | (16,388,000) | 0 |
| Estimated unfunded benefits paid | | (838,000) | (834,000) |
| Estimated benefits paid | | (14,132,000) | (12,279,000) |
| | | | |
| Balance as at 31 March | | 546,579,000 | 490,187,000 |

Reconciliation of present value of the scheme assets:

| | Note | 2014/15 | 2013/14 |
|---|------|--------------------|--------------------|
| | | £ | £ |
| Balance as at 1 April | | 399,012,058 | 366,428,058 |
| Interest income | | 17,057,000 | 16,558,000 |
| Contributions by members | | 3,907,000 | 3,708,000 |
| Contributions by employer | | 12,410,000 | 11,492,000 |
| Contributions in respect of unfunded benefits | | 838,000 | 834,000 |
| Remeasurement gain/(loss) | | 34,508,000 | 13,105,000 |
| Assets distributed on settlements | | (14,650,000) | 0 |
| Unfunded benefits paid | | (838,000) | (834,000) |
| Benefits paid | | (14,132,000) | (12,279,000) |
| | | | |
| Balance as at 31 March | | 438,112,058 | 399,012,058 |

Belfast City Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is calculated and the overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2015.

The actual return on scheme assets in the year was a gain of £51,565,000 (2013/14 gain of £29,663,000).

Fair Value of Plan Assets

| | 31/03/2015 | 31/03/2014 |
|--------------------|-------------|-------------|
| | £ | £ |
| Equity investments | 319,821,802 | 296,066,947 |
| Government Bonds | 24,972,387 | 23,541,711 |
| Corporate Bonds | 28,477,284 | 24,339,736 |
| Property | 55,202,120 | 44,689,350 |
| Cash | 8,762,241 | 10,374,314 |
| Other | 876,224 | 0 |
| | 438,112,058 | 399,012,058 |

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

| | 31/03/2015 | 31/03/2014 |
|---|---------------|---------------|
| | £ | £ |
| Fair Value of Employer Assets | 438,112,058 | 399,012,058 |
| Present value of funded defined benefit obligation | (533,751,000) | (477,434,000) |
| Pension asset/(liability) of Funded Scheme | (95,638,942) | (78,421,942) |
| Present Value of unfunded defined benefit obligation | (12,828,000) | (12,753,000) |
| Other movement in the liability (asset) (if applicable) | 0 | 0 |
| Net asset/(liability) arising from the defined benefit obligation | (108,466,942) | (91,174,942) |
| <i>Amount in the Balance sheet:</i> | | |
| Liabilities | (108,466,942) | (91,174,942) |
| Assets | 0 | 0 |
| Net Asset/(Liability) | (108,466,942) | (91,174,942) |

Scheme history

Analysis of scheme assets and liabilities

| | 31/03/2015 | 31/03/2014 |
|---|---------------|---------------|
| | £ | £ |
| Fair Value of Assets in pension scheme | 438,112,058 | 399,012,058 |
| Present Value of Defined Benefit Obligation | (546,579,000) | (490,187,000) |
| Surplus/(deficit) in the Scheme | (108,466,942) | (91,174,942) |

Amount recognised in Other Comprehensive Income and Expenditure:

| | 31/03/2015 | 31/03/2014 |
|---|--------------|--------------|
| | £ | £ |
| Actuarial gains/(losses) | (13,324,000) | 35,504,000 |
| Expected Return on Plan Assets | 0 | 0 |
| Increase/(decrease) in irrecoverable surplus from membership fall and other factors | 0 | 0 |
| Remeasurements recognised in Other Comprehensive Income and Expenditure | (13,324,000) | 35,504,000 |
| Cumulative actuarial gains and losses | (45,632,000) | (32,308,000) |

History of experience gains and losses:

| | | |
|--|------------|-------------|
| Experience gains and (losses) on assets | 34,508,000 | 13,105,000 |
| Experience gains and (losses) on liabilities | 2,484,000 | (9,527,000) |

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £108,466,942 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a reduction in net worth of 25.22%.

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

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

| | 31/03/2016 | 31/03/2016 |
|---|------------|------------|
| | £ | % |
| Projected current cost | 15,452,000 | 82.6% |
| Net Interest on the net defined benefit liability (asset) | 3,260,000 | 17.4% |
| Past service cost | 0 | 0.0% |
| Gains and losses on settlements or curtailments | 0 | 0.0% |
| | 18,712,000 | 100.0% |

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2016 is £13,264,000.

History of experience gains and losses

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

| | 31/03/2015 | 31/03/2014 |
|--|------------|------------|
| | % | % |
| Experience gains and (losses) on Assets | 7.9% | 3.3% |
| Experience gains and (losses) on Liabilities | -0.5% | 1.9% |

19e

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit 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, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2015.

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

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2015 and the projected service cost for the year ending 31 March 2016 is set out below.

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

Funded Pension Scheme Benefits

| Discount Rate Assumption | | |
|---|-------------|-------------|
| Adjustment to discount rate | +0.1% p.a. | -0.1% p.a. |
| Present value of the total obligation | 523,886,000 | 543,801,000 |
| % change in the present value of the total obligation | -1.80% | 1.90% |
| Projected service cost | 14,962,000 | 15,955,000 |
| Approximate % change in projected service cost | -3.20% | 3.30% |
| 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 | 537,187,000 | 530,356,000 |
| % change in the present value of the total obligation | 0.60% | -0.60% |
| Projected service cost | 15,452,000 | 15,452,000 |
| Approximate % change in projected service cost | 0% | 0% |
| 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 | 540,906,000 | 526,695,000 |
| % change in the present value of the total obligation | 1.30% | -1.30% |
| Projected service cost | 15,955,000 | 14,962,000 |
| Approximate % change in projected service cost | 3.30% | -3.20% |
| Post Retirement Mortality Assumption | | |
| Adjustment to the mortality age rating assumption * | -1 Year | +1 Year |
| Present value of the total obligation | 548,138,000 | 519,351,000 |
| % change in the present value of the total obligation | 2.70% | -2.70% |
| Projected service cost | 15,980,000 | 14,923,000 |
| Approximate % change in projected service cost | 3.40% | -3.40% |

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

19g Major categories of plan assets as percentage of total plan assets

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

| | 31/03/2015 | 31/03/2014 |
|--------------------|------------|------------|
| | % | % |
| Equity investments | 73.0 | 74.2 |
| Government Bonds | 5.7 | 5.9 |
| Corporate Bonds | 6.5 | 6.1 |
| Property | 12.6 | 11.2 |
| Cash | 2.0 | 2.6 |
| Other | 0.2 | 0.0 |
| | 100.0 | 100.0 |

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20 Donated Assets Account

| | Note | 2014/15 | 2013/14 |
|---|------|---------|---------|
| | | £ | £ |
| Opening balance | | 410,000 | 0 |
| Add: new donated assets received (condition of use not met) | | 0 | 410,000 |
| Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account (conditions met) | | 0 | 0 |
| | | 410,000 | 410,000 |

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:

| | Note | 2014/15 | 2013/14 |
|----------------------------|------|---------|---------|
| | | £ | £ |
| Donated Assets Account | | | |
| Big Screen TV at City Hall | | 400,000 | 400,000 |
| Animal Welfare Van | | 10,000 | 10,000 |
| | | 410,000 | 410,000 |

21 Capital Grants Received in Advance

| | Note | 2014/15 | 2013/14 |
|--|------|----------|-----------|
| | | £ | £ |
| Opening balance | | 82,498 | 688,727 |
| Add: new capital grants received in advance (condition of use not met) | | 0 | 75,349 |
| Less: amounts released to the Comprehensive Income and Expenditure Statement | | (60,669) | (681,580) |
| | | 21,827 | 82,498 |

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:

| | Note | 2014/15 | 2013/14 |
|--|------|---------|---------|
| | | £ | £ |
| Capital Grants Receipts in Advance | | | |
| Dunville Park Regeneration - DSD BRO | | | 0 |
| Woodvale Park Regeneration - DSD BRO | | | 0 |
| Ardoyne Pitch and Mitch - DSD | | | 7,151 |
| Tropical Ravine Refurbishment- Heritage Lottery Fund | | | 0 |
| Ballysillan Play Park BRO | | | 8,679 |
| Whiterock Community Garden Allotments | | 21,827 | 66,670 |
| | | 21,827 | 82,500 |

22 Contingencies

The arc21 Joint Committee has, with the approval of their Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residential Waste Treatment Project and Belfast City Council has agreed its share of the contingent liability. Payments made, if any, in accordance with this undertaking will be funded by the Participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

The Northern Ireland Environment Agency (NIEA) will be reviewing the adequacy of the Council's financial provision for landfill capping and aftercare costs in line with its paper "Financial Provision for Waste Management Activities in NI". As a consequence, a contingent liability of £1,100,000 has been recognised due to the uncertainty as to whether NIEA will request the extension of the period for which landfill closure costs should be provided from twenty-five to sixty years.

23 Events after the Balance Sheet Date

The purchase of Clarendon House for Council office accommodation was approved by Council prior to 31 March 2015 with final completion of the purchase on 27 May 2015 for an amount of £3.5m plus relevant taxes. This is deemed a non-adjusting post balance sheet event and as such no accrual for this amount has been recognised in the financial statements.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

**24a Analysis of Adjustments to Surplus/Deficit
on the Provision of Services**

| | Notes | 2014/15 £ | 2013/14 £ |
|--|-------|---------------------|--------------------|
| Adjustment to surplus or deficit on the provision of services for non cash movements | | | |
| Depreciation | | 10,144,044 | 9,996,877 |
| Impairment & downward revaluations (& non-sale derecognitions) | | (5,996,173) | 6,795,543 |
| (Increase)/Decrease in Stock | | 20,354 | (5,941) |
| (Increase)/Decrease in Debtors | | (6,735,835) | 4,784,901 |
| Increase/(decrease) in impairment provision for bad debts | | (328,283) | (291,091) |
| Increase/(Decrease) in Creditors | | 8,642,966 | (2,101,496) |
| Increase/(Decrease) in Interest Creditors | | 0 | 0 |
| Payments to NILGOSC | | 3,968,000 | 7,371,000 |
| Carrying amount of non-current assets sold | | 2,733,036 | 24,873 |
| AIC/WIP written off to Net Cost of Services | | 0 | 0 |
| Contributions to Other Reserves/Provisions | | (3,068,112) | (2,104,436) |
| Movement in value of investment properties | | 0 | 0 |
| Amounts posted to CIES from Donated Assets Account | 20 | 0 | 0 |
| | | 9,379,998 | 24,470,230 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | | |
| Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | | 0 | 0 |
| Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries) | | 0 | 0 |
| Proceeds from the sale of PP&E, investment property and intangible assets | | (2,748,600) | (30,983) |
| Capital grants included in "Taxation & non-specific grant income" | | (13,040,392) | (5,332,751) |
| | | (15,788,992) | (5,363,734) |

24b Cash and Cash Equivalents

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

| | 31/03/2015 £ | 31/03/2014 £ |
|--|-------------------|-------------------|
| Cash and Bank balances | 57,946,189 | 55,363,622 |
| Short Term Investments (considered to be Cash Equivalents) | (245,358) | (86,230) |
| Short Term Deposits (considered to be Cash Equivalents) | 30,000,000 | 28,500,000 |
| Bank Overdraft | (42,023,555) | (37,833,021) |
| | <u>45,677,257</u> | <u>45,944,371</u> |

The Council bank accounts are pooled resulting in an overall positive bank balance which does not incur overdraft charges.

24c Cash Flow Statement-Operating Activities

| | 2014/15 £ | 2013/14 £ |
|--|----------------|----------------|
| <i>The cash flows from operating activities include:</i> | | |
| Interest received | <u>182,529</u> | <u>183,027</u> |
| Interest paid | <u>0</u> | <u>0</u> |

24d Cash flows from Investing Activities

| | 2014/15 £ | 2013/14 £ |
|--|------------------|------------------|
| Purchase of PP&E, investment property and intangible assets | 22,443,956 | 10,341,484 |
| Purchase of Short Term Investments (not considered to be cash equivalents) | 0 | 0 |
| Purchase of Long Term Investments | 0 | 0 |
| Other Payments for Investing Activities | 1,633,687 | 2,018,445 |
| Proceeds from the sale of PP&E, investment property and intangible assets | (2,748,600) | (30,983) |
| Proceeds from Short Term Investments (not considered to be cash equivalents) | 0 | 0 |
| Proceeds from Long Term Investments | 0 | 0 |
| Capital Grants and Contributions Received | (13,040,392) | (5,332,751) |
| Other Receipts from Investing Activities | 0 | 0 |
| Net Cash flows from Investing Activities | <u>8,288,651</u> | <u>6,996,195</u> |

24e Cash flows from Financing Activities

| | 2014/15 £ | 2013/14 £ |
|---|------------------|--------------------|
| Cash Receipts from Short and Long Term Borrowing | 0 | 0 |
| Other Receipts from Financing Activities | 0 | 0 |
| Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts | 0 | 0 |
| Repayment of Short and Long Term Borrowing | (779,174) | (3,751,089) |
| Other payments for Financing Activities | 0 | 0 |
| Net Cash flows from Financing Activities | <u>(779,174)</u> | <u>(3,751,089)</u> |

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

25a Analysis of Movement on Reserves - Current Year

| | | USABLE RESERVES | | | | | | | UNUSABLE RESERVES | | | | | | | | | | TOTAL UNUSABLE RESERVES | TOTAL AUTHORITY RESERVES |
|--|-----------|--------------------------|----------------------------------|--------------|------------------------|--|--------------|-----------------------|----------------------------|--|---------------------|--|------------------|-----------------------------------|------------------------------|----------------------------------|------------------------------|-------------|-------------------------|--------------------------|
| | | Capital Receipts Reserve | Capital Grants Unapplied Account | Capital Fund | Renewal & Repairs Fund | Other Balances and Reserves (Election Reserve) | General Fund | TOTAL USABLE RESERVES | Capital Adjustment Account | Financial Instruments Adjustment Account | Revaluation Reserve | Available for Sale Financial Instruments Reserve | Pensions Reserve | Deferred Capital Receipts Account | Accumulated Absences Account | Provisions Discount Rate Reserve | Landfill Regulations Reserve | | | |
| | Note | £26a | £26b | £26c | £26d | £26e | £26f | £26g | £26h | £26i | £26j | £26k | £26l | £26m | £26n | £26o | £26p | | | |
| At 1 April 2014 | | 943,085 | 0 | 23,402,740 | 0 | 8,551,901 | 19,942,515 | 52,846,311 | 364,209,597 | 0 | 79,446,295 | 0 | (91,174,942) | 0 | (1,124,406) | 0 | 351,356,544 | 404,196,855 | | |
| Retrospective Adjustments* At 1 April 2014 | | 943,085 | 0 | 23,402,740 | 0 | (8,031,207) | 816,095 | (7,115,112) | 8,031,207 | 0 | 79,446,295 | 0 | (91,174,942) | 0 | (1,124,406) | 0 | 8,831,207 | 916,095 | | |
| Movements during the year: | | | | | | | | | | | | | | | | | | | | |
| Applied Capital Grants | 3, 2f | | | | | | (13,101,061) | (13,101,061) | 13,101,061 | | | | | | | | 13,101,061 | 0 | | |
| Unapplied Capital Grants received in year | | | 0 | | | | 0 | 0 | | | | | | | | | 0 | 0 | | |
| Unapplied Capital Grants transferred to CAA in year | | | 0 | | | | 0 | 0 | | | | | | | | | 0 | 0 | | |
| Direct Revenue Financing | 3, 1f | | | | | | (7,043,243) | (7,043,243) | 7,043,243 | | | | | | | | 7,043,243 | 0 | | |
| Depreciation & Impairment adjustment | 3 | | | | | | 4,147,871 | 4,147,871 | (4,147,871) | | | | | | | | (4,147,871) | 0 | | |
| Statutory Provision for financing Capital Investment | 3 | | | | | | (1,142,760) | (1,142,760) | 1,142,760 | | | | | | | | 1,142,760 | 0 | | |
| Net Revenue expenditure funded from capital under statute | 3, 1f | | | | | | 0 | 0 | 0 | | | | | | | | 0 | 0 | | |
| Surplus/(Deficit) on the Provision of Services | | | | | | | 15,209,705 | 15,209,705 | | | | | | | | | 0 | 15,209,705 | | |
| Transfers between Statutory and Other Reserves and the General Fund | | | | 1,555,932 | 0 | (517,866) | (1,038,046) | 0 | | | | | | | | | 0 | 0 | | |
| Net movements on Pension Reserve | 3, 1f | | | | | | 3,968,000 | 3,968,000 | | | | (3,968,000) | | | | | (3,968,000) | 0 | | |
| Disposal of Fixed Assets/Capital Sales | 3, 10, 23 | 2,748,600 | | | | | (15,564) | 2,733,036 | (2,733,036) | | | | | | | | (2,733,036) | 0 | | |
| Capital Receipts used to finance capital expenditure | 3, 1f | (2,748,600) | | 2,748,600 | | | | 0 | 0 | | | | | | | | 0 | 0 | | |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | (46,350) | | | | | 184,093 | 137,743 | 0 | | | | | (137,743) | | | (137,743) | 0 | | |
| Revaluation & Impairment | 10, 1f | | | | | | | 0 | | | 22,781,654 | 0 | (13,324,000) | | | | 9,467,654 | 9,467,654 | | |
| Other Movements | | 346,350 | | (118,189) | | | | 228,161 | 2,193,795 | | (2,209,326) | | | 0 | | 0 | (16,831) | 212,930 | | |
| Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure | 1f | | | 0 | 0 | | | (0) | 0 | | | | | | | | 0 | (0) | | |
| Total movements on reserves during the year (Change in Net Worth) | | 300,000 | 0 | 4,196,143 | 0 | (517,866) | 1,168,995 | 5,137,452 | 16,599,932 | 0 | 20,582,326 | 0 | (17,292,000) | 0 | (137,743) | 0 | 19,782,537 | 24,889,989 | | |
| At 31 March 2015 | | 1,243,066 | 0 | 27,598,883 | 0 | 2,698 | 22,827,606 | 58,962,661 | 388,940,758 | 0 | 100,828,623 | 0 | (108,468,942) | 0 | (1,282,149) | 0 | 379,140,284 | 430,002,939 | | |

*Retrospective adjustments to the General Fund comprise rent reviews and Trade Waste Settlement relating to prior years now agreed in year ended 31 March 2015.

*Retrospective adjustments to Other Balances and Reserves (Election Reserve) the opening balance for the sinking fund has been transferred to the Capital Adjustment Account

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

25b Analysis of Movement on Reserves - Comparative Year

| | | USABLE RESERVES | | | | | | | UNUSABLE RESERVES | | | | | | | | | | |
|--|--------|--------------------------|----------------------------------|--------------|------------------------|---|-----------------------|-----------------------|----------------------------|--|---------------------|--|------------------|-----------------------------------|------------------------------|----------------------------------|------------------------------|-------------------------|--------------------------|
| | | Capital Receipts Reserve | Capital Grants Unapplied Account | Capital Fund | Renewal & Repairs Fund | Other Balances and Reserves (e.g. Election Reserve) | General Fund Restated | TOTAL USABLE RESERVES | Capital Adjustment Account | Financial Instruments Adjustment Account | Revaluation Reserve | Available for Sale Financial Instruments Reserve | Pensions Reserve | Deferred Capital Receipts Account | Accumulated Absences Account | Provisions Discount Rate Reserve | Landfill Regulations Reserve | TOTAL UNUSABLE RESERVES | TOTAL AUTHORITY RESERVES |
| | Note | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| | | 26a | 26b | 26c | 0 | 26d | 26e | | 26f | 26g | 26h | 26i | 26j | 26k | 26l | 26m | 0 | | |
| At 1 April 2013 | | 961,790 | 0 | 17,979,319 | 0 | 7,305,483 | 20,614,051 | 46,950,643 | 367,114,247 | 0 | 66,377,492 | 0 | (119,307,942) | 0 | (615,856) | 0 | 0 | 313,367,941 | 360,318,584 |
| Retrospective Adjustments At 1 April 2013 | | 961,790 | 0 | 17,979,319 | 0 | 7,305,483 | 20,614,051 | 46,950,643 | 367,114,247 | 0 | 66,377,492 | 0 | (119,307,942) | 0 | (615,856) | 0 | 0 | 313,367,941 | 360,318,584 |
| Movements during the year: | | | | | | | | | | | | | | | | | | | |
| Applied Capital Grants | 3, 2f | | | | | | (6,014,331) | (6,014,331) | 6,014,331 | | | | | | | | | 6,014,331 | 0 |
| Unapplied Capital Grants received in year | | | 0 | | | | 0 | 0 | (681,580) | | | | | | | | | (681,580) | (681,580) |
| Unapplied Capital Grants transferred to CAA in year | | | 0 | | | | | 0 | 0 | | | | | | | | | 0 | 0 |
| Direct Revenue Financing | 3, 1f | | | | | | (6,699,992) | (6,699,992) | 6,699,992 | | | | | | | | | 6,699,992 | 0 |
| Depreciation & Impairment adjustment | 3 | | | | | | 16,792,420 | 16,792,420 | (16,792,420) | | | | | | | | | (16,792,420) | 0 |
| Loans/lease principal repayments | | | | | | | (1,049,611) | (1,049,611) | 1,049,611 | | | | | | | | | 1,049,611 | 0 |
| Net Revenue expenditure funded from capital under statute | 3, 1f | | | | | | 0 | 0 | 0 | | | | | | | | | 0 | 0 |
| Surplus/(Deficit) on the Provision of Services | | | | | | | (4,707,613) | (4,707,613) | | | | | | | | | | 0 | (4,707,613) |
| Transfers between Statutory and Other Reserves and the General Fund | | | | 6,000,000 | 0 | 106,897 | (6,106,897) | 0 | | | | | | | | | | 0 | 0 |
| Net movements on Pension Reserve | 19 | | | | | | 7,371,000 | 7,371,000 | | | | | (7,371,000) | | | | | (7,371,000) | 0 |
| Disposal of Fixed Assets/Capital Sales | 3, 10 | 30,983 | | | | | (6,110) | 24,873 | (24,873) | | | | | | | | | (24,873) | 0 |
| Capital Receipts used to finance capital expenditure | 3, 1f | (49,708) | | 7,000 | | | | (42,708) | 42,708 | | | | | | | | | 42,708 | 0 |
| Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements | | (38,000) | | | | | 346,550 | 308,550 | 0 | | | | | | (308,550) | | | (308,550) | 0 |
| Revaluation & Impairment | 16, 19 | | | | | | | 0 | | | 14,791,897 | 0 | 35,504,000 | | | | | 50,295,897 | 50,295,897 |
| Other Movements | | 38,000 | | (583,579) | | | (596,752) | (1,142,331) | 1,837,192 | | (1,723,094) | | | 0 | | 0 | 0 | 114,098 | (1,028,233) |
| Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure | 1f | | | 0 | 0 | 1,049,611 | | 1,049,611 | (1,049,611) | | | | | | | | | (1,049,611) | 0 |
| Total movements on reserves during the year (Change in Net Worth) | | (16,725) | 0 | 5,423,421 | 0 | 1,156,508 | (671,536) | 5,889,666 | (2,904,650) | 0 | 13,068,803 | 0 | 28,133,000 | 0 | (308,550) | 0 | 0 | 37,968,803 | 43,878,271 |
| At 31 March 2014 | | 943,065 | 0 | 23,402,740 | 0 | 8,551,991 | 19,942,515 | 52,840,311 | 364,209,597 | 0 | 79,448,295 | 0 | (91,974,942) | 0 | (1,124,406) | 0 | 0 | 351,356,544 | 404,196,855 |

Belfast City Council
Notes to the Financial Statements
Usable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

26a 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).

26b 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.

26c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Belfast Investment Fund has been created to give a clear demonstration of the Council's propensity to action and wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city. Currently the Council has identified 22 different projects and is in the process of evaluating them against revised eligibility criteria.

26d Other Balances & Reserves (Election Reserve)

This reserve is made up of the Election Reserve (£2,898) which is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve.

26e General Fund

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £22,027,605, £9,781,751 relates to expenditure committed at the year end.

This reserve shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, 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.

Belfast City Council
Notes to the Financial Statements
Unusable Reserves
FOR THE YEAR ENDED 31 MARCH 2015

26f 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 2007, the date that the Revaluation Reserve was created to hold such gains.

The Account now contains the Sinking Fund (£9,173,967) for the repayment of maturity based loans as they fall due.

26g Financial Instruments Adjustment Account

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

26h 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 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

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

26i Available-for-Sale Financial Instruments Adjustment Reserve

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

26j Pension Reserve

Refer to note 19.

26k Deferred Capital Receipts Account

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

26l 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

26m Payment of invoices

The Council's default target for paying invoices where no other terms are agreed, is 30 days. (It is assumed that 30 days will be 30 calendar days and 10 days will be 10 working days).

During the year the Council paid 63,071 invoices totaling £124,619,673.

The Council paid 55,182 invoices on 30 day terms and paid 39,297 invoices on 10 day terms.

The Council paid 7,889 invoices outside of the 30 day terms.

The Council has arrangements to calculate the payment interval and for the year it was 23 days.

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

27 Significant Trading Operations

The Council considers a trading operation exists where the service it provides is competitive i.e. the user always has the choice to use an alternative supplier to the Council and the Council charges the user on a basis other than a straightforward recharge of the Council's costs in supplying the service. The Council uses a variety of charging mechanisms such as quoted lump sums, fixed periodical charges or rates, or a combination of these.

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

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

- the magnitude of each individual trading operation's turnover when compared with the Council's net revenue budget
- the risk of financial loss the Council may be exposed to in providing the service to the user.

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

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

In applying the aforementioned criteria, the Council considers that it would consider the letting of industrial estates to be a significant trading operation.

These significant trading operations form part of Note 8d to these financial statements.

Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

28 Agency Services

Transactions relating to Peace III are included within Corporate Management in Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement.

| | 2014/15 | 2013/14 |
|---------------------------------|----------------|------------------|
| Income | | |
| Grants Received | 114,576 | 970,386 |
| Total Income | 114,576 | 970,386 |
| Expenditure | | |
| Employee Related | 75,472 | 191,382 |
| Premises Related | 135,534 | 106,500 |
| Supplies & Services | 4,720 | 7,010 |
| Transport Related | 0 | 88 |
| Support Costs | 29,433 | 38,413 |
| Grants Paid | 44,072 | 772,667 |
| Total Expenditure | 289,231 | 1,116,060 |
| Net Expenditure/(Income) | 174,656 | 145,674 |

**Belfast City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

29 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below:

Councillors have direct control over the Council's financial and operating policies. In the 2014/15 financial year the Council commissioned £2,177,264 (2013/14 £2,505,435) of works and services from Visit Belfast in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct.

The Council also paid grants of £788,455 (2013/14 £1,326,183) to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests. A breakdown of the total works and services and grants of £2,965,719 (2013/14 £3,831,617) is shown in 29.3 below.

During 2014/15 the Council had expenditure of £118,313 (2013/14 £98,427) to other Councils and income received of £606,352 (2013/14 £678,109) from other Councils, of which £71,455 (note 14b) (2013/14 £158,934) was outstanding at 31 March 2015. These amounts mainly related to services provided.

29.1 Payments to Community Groups

Belfast City Council made payments to the following community groups that have Councillors as part of their committee structure.

| | Councillors | 2014/15 | 2013/14 |
|---------------------------------|--------------------|----------------|----------------|
| East Belfast Partnership Board | 2 | 273,123 | 267,187 |
| North Belfast Partnership Board | 6 | 1,400 | 0 |
| South Belfast Partnership Board | 7 | 45,000 | 40,000 |
| West Belfast Partnership Board | 5 | 80 | 0 |
| Total | | 319,603 | 307,187 |

29.2 Joint Committees

Belfast City Council made payments to the following Joint Committees:

| | Councillors | 2014/15 | 2013/14 |
|--------|--------------------|------------------|------------------|
| ARC-21 | 1 | 5,894,792 | 5,589,539 |
| | | 5,894,792 | 5,589,539 |

The origins of arc21 can be traced back to June 1999, when a small number of council representatives agreed that a joint approach was the best way to deliver an effective waste management strategy for the region. By 2000, 11 councils had joined together to form the Eastern Region Waste Management Group, which was eventually renamed arc21.

At present, arc21 has successfully been awarded and is managing waste management contracts on behalf of councils with a value in the region of £200m.

29.3 Other Organisations

Belfast City Council made payments to the following organisations that have Councillors as part of their committee structure.

| | Councillors | 2014/15 | 2013/14 restated |
|---|-------------|-----------|---------------------|
| | | £ | £ |
| Association of Port Health Authorities | 1 | 1,200 | 3,408 |
| Belfast City Centre Management Company | 1 | 305,750 | 274,587 |
| Belfast City Marathon Co Ltd | 2 | 47,660 | 42,300 |
| Belfast Education and Library Board | 4 | 5,669 | |
| Belfast Harbour Commissioners | 4 | 48,305 | 137,211 |
| Belfast Healthy Cities Forum | 1 | 70,292 | 89,586 |
| Belfast Hills Partnership | 1 | 38,978 | 41,324 |
| Belfast Visitor & Convention Bureau incorporating Belfast Welcome Centre | 5 | 2,177,264 | 2,127,724 |
| Cathedral Quarter Trust | | | 16,114 |
| Grand Opera House Trust Ltd | | | 36,171 |
| Greater Shankill Partnership Board | 4 | 58,187 | 66,067 |
| Groundwork Northern Ireland | | | 381,019 |
| Local Government Partnership (Travellers Issues) | 2 | 250 | 250 |
| Lyric Theatre Education Advisory Panel | 2 | 102,716 | 100,000 |
| National Association of Councillors | 5 | 3,720 | 7,468 |
| N.I. Local Government Association | 16 | 100,075 | 93,372 |
| Northern Ireland Amenity Council | 1 | 750 | 750 |
| Somme Association Ltd | 2 | 4,903 | 4,266 |
| World Police and Fire Games Limited, Board of | 2 | | 410,000 |
| | | 2,965,719 | 3,831,617 |

Belfast City Council Statutory Transition Committee and Shadow Council

The Belfast City Council Statutory Transition Committee was formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013.

These Regulations required each new Council area to establish a Statutory Transition Committee and the Belfast City Council Statutory Transition Committee was established on 2 July 2013 in accordance with this legislation, comprising 60 Councillors some of which are also Councillors of Belfast City Council.

Separate financial statements have been prepared for the Belfast City Council Statutory Transition Committee for the period ended 31 March 2015 and audited by the Northern Ireland Audit Office. These financial statements include expenses of £639,787 which includes an amount of £636,546 in respect of election costs (13/14 £7,950) which have been paid by Belfast City Council on behalf of the Belfast City Council Statutory Transition Committee. There were also allowances paid by Belfast City Council of £17,168 (13/14 £14,175) (Note 6b) on behalf of the Belfast City Council Statutory Transition Committee.

Belfast City Council Shadow Council

The new councils came into existence on 26th May 2014, operating in shadow form until they take over full responsibility for local government on 1st April 2015 when the 26 existing councils cease to exist.

Separate financial statements have been prepared for the Belfast City Council Shadow Council for the period ended 31 March 2015 and audited by the Northern Ireland Audit Office. These financial statements include expenses of £1,077,295 which have been paid by Belfast City Council on behalf of the Belfast City Council Shadow Council.

Active Belfast Limited

As outlined in the Explanatory Foreword, Belfast City Council with Active Belfast Limited entered into an agreement with GLL for the provision of leisure services. These financial statements include expenses of £2,002,432 for the provision of these services in the year ended 31 March 2015.

Car Loans to Council Officers

The Council makes car loans available to employees who are designated essential car users i.e. for whom it is essential to have access to a car to carry out their duties.

The total amount outstanding in respect of car loans to designated employees as at 31 March 2015 was £99,752. At 31 March 2014 the amount outstanding was £101,885.

Gas Pension Fund

INCOME AND EXPENDITURE STATEMENT

| | 2014/15 £ | 2013/14 £ |
|--------------------------------|------------------|------------------|
| INCOME: | | |
| Investment Income | 20,741 | 28,349 |
| EXPENDITURE | | |
| Pensions Paid | (353,789) | (388,894) |
| Administration Expenses | (5,945) | (6,492) |
| Surplus/(Deficit) for the Year | <u>(338,993)</u> | <u>(367,037)</u> |

NET ASSET MOVEMENTS

| | | |
|---|------------------|------------------|
| Brought forward balance at 01.04.2014 | 1,654,178 | 2,021,214 |
| Unrealised gain at 01.04.2014 | 675,428 | 741,435 |
| Opening Value of Fund | <u>2,329,606</u> | <u>2,762,649</u> |
| Add Contribution from City Council | 150,000 | |
| Add surplus/(deficit) for the year | (338,993) | (367,036) |
| CHANGE IN MARKET VALUES OF INVESTMENTS | | |
| Realised gain for year | | 265,335 |
| Unrealised gain/(loss) for year | (11,626) | (331,342) |
| Closing value of fund | <u>2,128,987</u> | <u>2,329,606</u> |

FINANCED BY:

| | | |
|-----------------------------|------------------|------------------|
| UK Index Linked Investments | 934,518 | 946,266 |
| Cash deposits and at bank | 1,038,774 | 1,377,767 |
| Debtors | 155,696 | 5,573 |
| | <u>2,128,987</u> | <u>2,329,606</u> |
| Bank Balance | 0 | 0 |
| Creditors | 0 | 0 |
| Closing value of fund | <u>2,128,987</u> | <u>2,329,606</u> |

Contribution from Belfast City Council outstanding at 31 March 2015 £150,000 (2014 £0).

Notes to the Gas Pensions Fund

The Fund is maintained to provide for future pension payments to the beneficiaries, the objective being to maintain a fund sufficient to provide all future anticipated payments. No contributions are currently being paid and there are no service members accruing further benefits. Members' benefits are guaranteed by statute. Should the Fund's assets not be sufficient to provide all the benefits, the residual liability for pension payments would fall on the City Council.

The current market value of the Fund at 31 March 2015 is assessed by the Councils actuaries, Aon Hewitt. The Fund's Financial Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2015.

At 31 March 2015 there were 45 pensioners left in the Gas Pensions Fund.

Triennial Actuarial Valuation as at 31 March 2011

The date of the latest triennial actuarial valuation was 31 March 2011 and at that date the Fund had a past service deficit of £801,000. In order to fund this deficit the council made a contribution of £829,000 to the Gas Pension Fund in 2011/12.

An estimated past service deficit of £150,000 has been assumed and the council has accrued for this contribution in 2014/15

The Main Actuarial assumptions are as follows:

Financial Assumptions:

| | |
|---------------------------|------------------------------------|
| Rate of return on assets | 3.2% p.a. |
| Rate of pension increases | 2.1% on pensions in excess of GMPs |

Demographic Assumptions:

| | |
|-------------------------|---|
| Mortality in retirement | Standard tables PA (00) rated up 10% |
| Family Details | Males two years older than their partners. 75% of members married at 3 July 1990. |

The market value of the scheme's assets at the valuation date is £2,665,003 and the level of the funding expressed in percentage terms is 77%.

The next triennial actuarial valuation is due as at 31 March 2014 and to date has not yet been finalised.

A Statement of Investment Principles has been prepared and is available from the Director of Finance and Resources, City Hall, Belfast, BT1 5GS.

**Belfast City Council
Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015**

Accounts Authorised for the Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 19 June 2015 is at today's date hereby authorised for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

IAS 10 sets out

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

Material Amendments made:


- An accrual of £3.6m has been removed in respect of site purchase for office accommodation.
- Reserves of £9.1m have been reclassified from Other Reserves to Capital Adjustment account in respect of the Sinking Fund.
- Surplus on the provision of services has reduced by £1.3m in respect of drawdown of specified reserves.

These amendments have no impact on the General Fund.

Signed


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Chief Financial Officer

Date


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