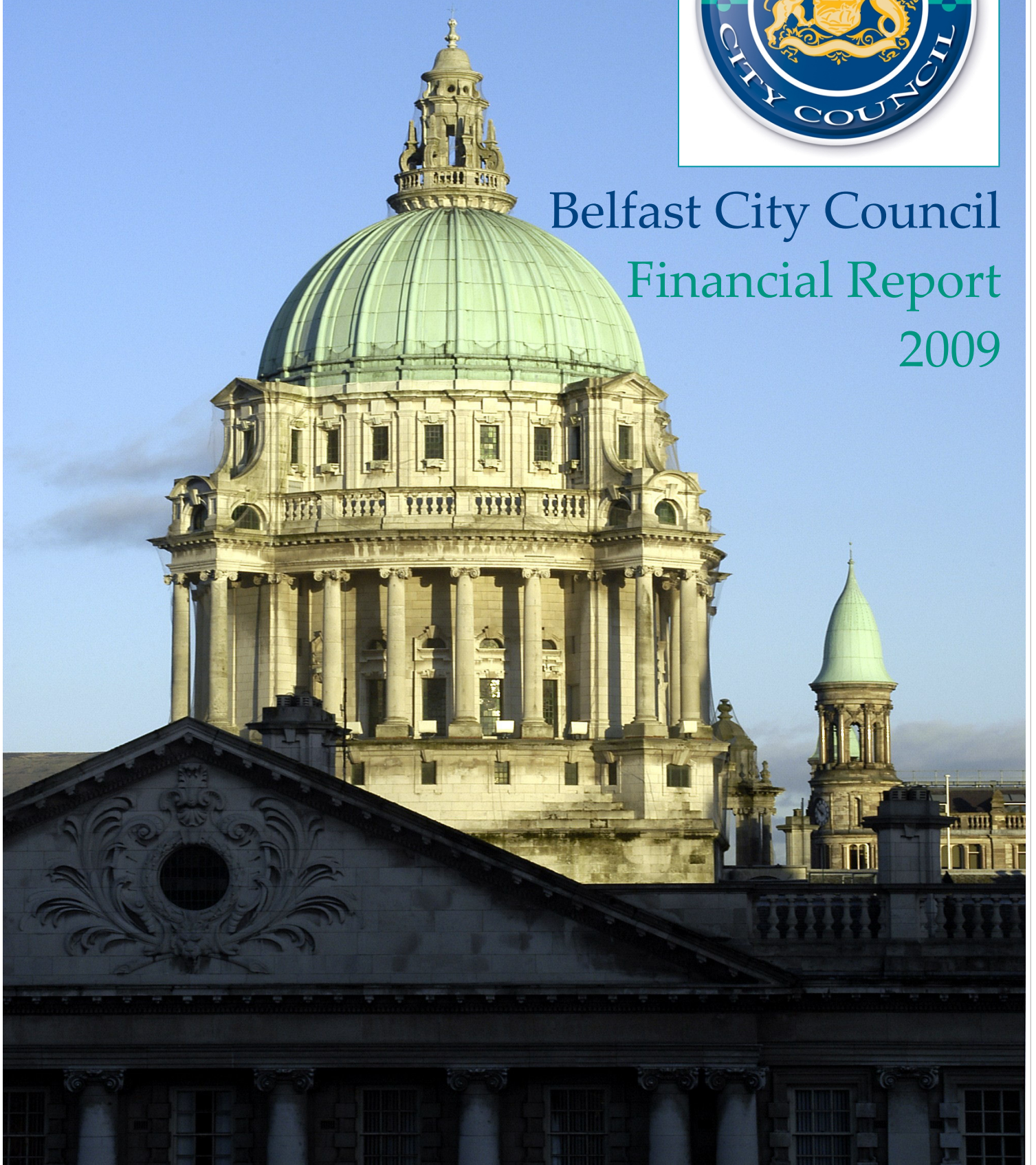




Belfast City Council  
Financial Report  
2009



# Financial Report for the year ended 31 March 2009

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## Explanatory Foreword

### Introduction

Belfast City Council is the largest of the 26 District Councils in Northern Ireland. The Council has 51 elected Councillors representing nine electoral areas across Belfast with a total population of 267,535. The Council is, by any definition, an organisation of size, importance and stature and in particular is 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.

The Council's financial performance for the year ended 31 March 2009 is set out on pages 20 to 52 and consists of:

1. The District Fund - Income and Expenditure Account
2. Consolidated Balance Sheet
3. Cash Flow Statement
4. Loans Pool Accounts
5. Statement of Movements on Reserves.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2008 and the Department of the Environment Accounts Direction, Circular LG 05/09 dated 20 March 2009. It is the purpose of this foreword to explain the financial facts in relation to the Council.

This Statement of Accounts explains Belfast City Council's finances during the financial year 2008/09 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts. These accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

### Financial Report

As shown by the Statement of Movement on the District Fund Balance on Page 21 the Council decreased its District Fund surplus by £3,274,966. This decreased the credit balance on the District Fund Reserves to £3,069,851 and this sum represents on average 1.68% of annual gross expenditure. The Council aims to maintain the level of District Fund Reserves in the region of 5% of annual gross expenditure.

The net costs of the main services for the year have increased by 21.87% over the previous year and are as follows:

| <b>Service</b>                  | <b>2008/2009</b>   | <b>2007/2008<br/>(restated)</b> |
|---------------------------------|--------------------|---------------------------------|
| Leisure & Recreational Services | 66,828,129         | 50,257,839                      |
| Environmental Services          | 55,995,865         | 47,963,309                      |
| DRM and Corporate Management    | 12,680,245         | 14,549,120                      |
| Other                           | 10,255,664         | 6,832,504                       |
|                                 | <b>145,759,903</b> | <b>119,602,772</b>              |



The following gives a comparison between the budgeted and actual net cost of the Council for the year to March 2009:

|                          | Actual             | Estimate    | Variance           |
|--------------------------|--------------------|-------------|--------------------|
| Net Cost:                | 114,044,915        | 111,028,150 | (3,016,765)        |
| Income:                  |                    |             |                    |
| General Grant            | 4,002,602          | 4,040,970   | (38,368)           |
| District Rates           | 106,767,347        | 106,987,180 | (219,833)          |
| <b>Surplus/(Deficit)</b> | <b>(3,274,966)</b> | <b>0</b>    | <b>(3,274,966)</b> |

District Rates, the Council's main source of income, were £106,767,347 during the year and this represented an increase in cash terms of £8,483,283 or 8.63% over the previous year.

The movement in the District Fund balance of £3,274,966 is due to contributions from Reserves of £2,400,000, transfer to the City Investment Fund of £1,000,000 and additional direct funding of capital expenditure.

The Renewal and Repairs Fund limit, approved by the Department of the Environment, remains unchanged from the previous year with an upper limit of £22,000,000. The balance on the fund at 31 March 2009 was £14,617,208. This is expected to be utilised with the proposed closure of the landfill site at Dargan Road.

The land and buildings assets were originally revalued on 1 April 2002 by Chartered Surveyors employed by the Council, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation is carried out by independent Chartered Surveyors, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The revised valuations have been included in the balance sheet on page 22.

During the year the Council repaid external loans of £259,351. At 31 March 2009 the total amount outstanding on external loans was £20,616,077. Of this total £15,968,270 (or 77.46%) 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 £22.85M, the most significant spend being on the Ulster Hall £3.62M, Vehicles £2.75M, Adelaide Exchange fit out £2.18M, Roselawn Cemetery extension £1.22M and City Hall £6.83M.

Following the outcome of a rent review £600,276 income was received of which £279,632 related to 2007/08 and £320,644 related to prior years. In addition a correction was made for rental income relating to 2008/09 which had been included in 2007/08 amounting to £522,856. See note 1 c) (ix) on page 31.

The Gas Pension Fund accounts included on page 51 to 52 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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[salmont@belfastcity.gov.uk](mailto:salmont@belfastcity.gov.uk)

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2009 on pages 20 to 52 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 28 to 33.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

**Signature** \_\_\_\_\_

T.K. SALMON B.Sc. (Hons), F.C.C.A., C.P.F.A., M.A.A.T.  
DIRECTOR OF CORPORATE SERVICES

**Date** \_\_\_\_\_

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 19 June 2009.

**Signature** \_\_\_\_\_

Chair Strategic Policy & Resources Committee

**Date** \_\_\_\_\_

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

### **The Council's Responsibilities**

Under Section 54 of the Local Government Act (Northern Ireland) 1972 the Council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it, and those arrangements shall be carried out under the supervision of such officer of the Council as the Council designates as 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 Strategic Policy & Resources Committee on 19 June 2009.

### **The Chief Financial Officer's Responsibilities**

Under Regulations 4 (1) and (2) 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 present fairly 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: A Statement of Recommended Practice (SORP) as amended and augmented from time to time.
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- 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.
- take reasonable steps for the prevention and detection of fraud and other irregularities.

## **Annual Governance Statement 2008/2009**

### **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, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, 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 this, their statutory duties under the 2005 Order and also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

### **The purpose of the governance framework**

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 the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

In 2007 CIPFA revised its corporate governance guidance and published the joint CIPFA/SOLACE "Delivering Good Governance in Local Government: A Framework." This requires the publication of an Annual Governance Statement on an ongoing basis. As a result of the revised proper practice requirements, Local Authorities prepared an Annual Governance Statement for the first time in 2007/08.

To acknowledge the changes in requirement and timeframe, the Department of the Environment did not require Local Authorities to be fully compliant with the requirements in the year 2007-2008 but



stated that they must be either fully compliant from 1<sup>st</sup> April 2009 or state why. We can report that, in accordance with requirements, the Council is fully compliant from 1<sup>st</sup> April 2009.

## **The governance framework**

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

Belfast City Council has developed a corporate plan for the period 2008-2011, which was approved by Chief Officers Management Team in May 2008 and by the Strategic Policy and Resources Committee on 13 June 2008.

The plan was developed over a ten-month period with significant engagement with Members, ratepayers, officers, and partners. In addition, there has also been significant engagement with party groups. An annual plan is in place setting out clear objectives and targets for the coming year.

The Corporate plan helps the Council focus on the future. It sets out the values that the Council wants to create in the city and the key issues that the Council intends to focus on over the next three years. In doing this, the Corporate plan provides a sense of direction for the Council. By having an outward focus, the Corporate plan helps the Council deal with a changing external environment and helps to ensure that the Council's plans stay relevant and connected to what is happening in Belfast.

As outlined in the Council's Standing Orders, the Corporate Plan and the processes which underpin it act as the Council's main instrument of policy. The development and implementation of the Corporate Plan therefore embraces a number of processes including, for example:

- The establishment of agreed corporate priorities and strategic plan
- Strategic finance, human resources, asset management, information management and planning and performance frameworks to ensure resources are effectively allocated for implementation of the strategic plan
- The development and prioritisation of the capital programme and the city investment strategy
- The continuing integration and alignment of the key planning processes in the organisation, including, finance, HR, information management, performance management, asset management, risk management, business planning and programme management
- The development and implementation of strategies for effective partnership and working with key stakeholders, through the development of community planning and the supporting Council processes
- The development and implementation of an effective performance management framework
- Communication of the plan is via the Council's internet website; a communication plan has been agreed to ensure the plan is effectively communicated.

Our political governance structures include:

- Committee decision-making system; this includes the Strategic Policy and Resources Committee with responsibilities for dealing with corporate finance, planning, performance and policy
- Council minutes system on [www.belfastcity.gov.uk](http://www.belfastcity.gov.uk).

Our key mechanisms for measuring the quality of services for users and for ensuring that they represent the best use of resources include:

- Key performance questions, surveys and indicators
- The development of a performance management system which will become operational during 2009/10
- The development of a customer focus strategy, elements of which will be implemented during 2009/10
- An annual VFM programme of audit work
- A corporate complaints system.

In order to define and document key council roles and responsibilities, a Scheme of Delegation is in place. This has been approved by the Council. The Scheme is explicitly linked to the objectives of the Council as they state that the purpose of delegation is to achieve economies of scale and minimise costs. The levels of authority and responsibility are set out in the Scheme of Delegation.

Standing Orders are in place and are documented on the Council's website.

The corporate objectives of the Council are linked to levels of responsibility and individual staff through the Strategic Plan and annual business planning processes and through the use of personal development plans.

A Code of Governance was developed; this was reviewed, updated and reported to COMT, the Assurance Board and the Audit Panel in the year 2008/9. The Code is based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework'.

The Council budget is set in line with the need to deliver the Corporate plan. A budgetary control system is in place.

Terms and conditions of employment and job descriptions are available for all staff.

The following structures, which facilitate staff development, conduct and good governance, are in place:

- New political governance structures which were implemented in the year 2007/08
- Committee reporting protocol
- Party Group Briefing sessions to facilitate and coordinate contact with officers
- The development of corporate values and their integration into the corporate plan
- The agreement of the customer focus strategy, an element of which is to develop corporate and service standards
- Code of conduct for staff
- Staff receive induction training including an introduction to the Code of Conduct
- Fraud awareness programme for staff which is due to be rolled out in 2009/10
- The NI Code of Local Government Conduct for Members
- Policy for acceptance and Provision of Gifts and Hospitality by Council Officers
- Policy for Potential Conflict of Interest Situations Encountered by Council Officers
- An Equality Reference Guide
- Sustainable Development Plan
- Fraud and corruption and whistle blowing policies.

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

- Standing Orders
- Financial Regulations
- Scheme of Delegation
- Accounting Manual
- Codes of Conduct for officers and Members
- Corporate and budgetary planning
- The preparation of relevant regular financial reports
- Regular reviews of periodic and annual financial reports which indicate financial performance
- A programme of capital expenditure with clearly defined guidelines
- An Asset Management Group
- Formal project management disciplines.

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 managers are required to sign annual assurance statements
- Embedding risk management
- Developing business planning and related performance reporting arrangements
- A re-constituted Audit Panel
- Further developing the professionalism of the internal audit function, including the implementation of risk-based audits
- Review and update of the Code of Governance.

In addition during 2008/09, an Information Panel and appropriate sub-groups were established to enhance IT governance arrangements within the Council.

The Council has an established Audit Panel which was re-constituted during 2007/08 with revised terms of reference. The terms of reference set out a clear statement of purpose that it will provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It will provide an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Audit Panel received formal audit committee training in January 2009. The Audit Panel reports to Strategic Policy and Resources Committee.

The Audit Panel agrees an annual programme of work, for Audit, Governance and Risk Services, the year 2009/10 includes a number of value for money audits, with support from the Assurance Board, they oversee the work of the Audit Governance and Risk Services section. This section provides an internal audit service, which operates to the standards published in the CIPFA code of practice for internal audit in local government.

Audit, Governance and Risk Services have taken the lead on risk management activities within the Council. These have continued in line with the Council's Risk Management Strategy. Activities have focused on the development, management, monitoring and reporting of risk registers. Corporate, departmental and operational risk registers are in place in addition to registers relating to major projects and key services.

A system of assurance reporting by Directors, Heads of Service and senior staff within the Council continued during 2008/09. These signed assurance statements form part of the evidence to enable the sign off of the governance statement by the Accounting Officer.

A Business Continuity Policy is in place. Business Continuity strategies and plans are in place for the Council's key services; these are reviewed, updated and tested on an annual basis. In addition, in order to ensure that the Council is prepared to meet the threat of a pandemic, a Strategic Business Continuity Pandemic Plan with supporting operational plans have been prepared and are subject to ongoing review.

Managers are aware of their responsibility for ensuring:

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

The Financial Regulations include an explicit reference to management responsibility for internal control and set out the delegated powers of the Chief Financial Officer in ensuring expenditure is lawful. The Chief Financial Officer is the designated officer responsible for the proper administration of the Council's financial affairs.

The Council has a Director of Legal Services and a Legal Services Department to provide advice and support to Council staff and Members.

A Public Interest Disclosure ("Whistleblowing") policy is in place and has been communicated to all staff. The policy is posted on the Council's intranet. In addition, this policy is also included in the Code of Conduct for Local Government Employees.

A Corporate Complaints system is in place.

The following activities underpin the identification and support of the development needs of members and senior officers:

- Induction training for all staff which includes an introduction to the Code of Conduct
- Code of procedures on recruitment and selection
- Introduction of personal development plans
- Member development programme with induction sessions for Members

The following are channels of communication which focus on all sections of the community and other stakeholders. These channels ensure accountability and encourage open consultation:

- The Corporate plan
- 'One Council' corporate communication guidelines
- The Council's website found at [www.belfastcity.gov.uk](http://www.belfastcity.gov.uk) and the interlink site for staff
- Work is underway to develop corporate and service standards
- Ongoing development and use of Citistats
- The council is engaging with the DOE re development of a community planning framework
- Ongoing consultation processes
- City Matters magazine
- Complaints handling system

- Council meetings are open to the public
- The Assurance Framework.

## **Review of effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, which gives an opinion on the Council's risk and control environment and by comments made by the external auditors and other external reviews.

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. In accordance with a Local Government Audit recommendation, a review is in progress which measured the effectiveness of the Audit Panel against a CIPFA "best practice" checklist; this will be reported to the Audit Panel in June 2009.

Following a benchmarking exercise the Audit Panel has made a commitment to a minimum of four meetings through the year. During the course of 2008/09 the Audit Panel met six times.

The Assurance Board which comprises the Chief Executive, Director of Corporate Services and Director of Legal Services has the purpose of identifying areas of particular concern within the Council. It addresses issues of non compliance of Council staff in particular around internal control or governance matters. The Assurance Board met four times during 2008/09.

The Code of Governance for Belfast City Council is based on the 6 core principles set out in the CIPFA/SOLACE Framework. The key systems, processes and documents are summarised in a table; the monitoring of these activities provides evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same.

As set out in our Code of Governance, AGRS undertook a review of the Code in January 2009. The main purpose of this review was to determine the progress being made to fully embrace the 6 governance principles. This included contacting various officers and determined whether the systems, processes and documents continued to provide evidence of compliance with the principles and also determined the progress made in implementing the planned improvement actions. The Code was then updated as appropriate following these discussions with officers and reported to COMT on 2<sup>nd</sup> March 2009, the Assurance Board on 11<sup>th</sup> March 2009 and the Audit Panel on 28<sup>th</sup> April 2009.

This review of the Code has informed the preparation of this Annual Governance Statement. In addition it forms one of the assurances that senior managers and Members receive on the Council's internal control environment.

In the year 2008/09 AGRS reviewed the various sources of assurance and the key elements of the Council's internal control framework and will report to managers, COMT, the Assurance Board and the Audit Panel on these areas.

Local Government Audit have also provided a level of assurance through the provision of the annual external audit and provision of the management letter. An action plan is in place to address the issues identified.

Other sources of assurance include assurances from management and external review bodies.

In the year to the 2009 / 2010, the Strategic Policy and Resources Committee and the Audit Panel intend to monitor the actions taken by management to address identified weaknesses in the Council's internal control environment, and the management of key risks.

### **Significant governance issues**

In response to the issues raised in the Annual Governance Statement for 2007/08, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. In addition we prepared an action plan to monitor progress in managing these issues; progress was reported to COMT, the Assurance Board and Audit Panel. However, given the nature of some of the risks identified, some actions are still ongoing, we have outlined the actions that we have taken so far to manage the significant issues identified in the Annual Governance Statement for 2007/08 at Appendix 1.

As part of the process of preparing this year's Annual Governance Statement all Directors and senior officers have been asked to consider significant governance issues that require action and disclosure. The most significant issues for the Council are detailed below:

Following the introduction of the Corporate Manslaughter Act, in 2008 the Council has reviewed its health and safety function and has appointed a Corporate Health and Safety Manager, with enhanced responsibilities, however, further work needs to be undertaken to implement a Health and Safety assurance framework and to implement actions arising from a corporate review of health and safety management arrangements.

The risk to the Council of being unable to comply with the targets of the Northern Ireland Landfill Allowance Scheme (NILAS) is still a significant issue. We are continuing to take all appropriate measures to address this risk and in particular to highlight the need for residual waste treatment facilities to be in place in accordance with the Waste Plan timetable. Without this there is a greater risk that the Council would exceed its allowance and the targets would not be met, this situation could result in substantial fines.

The Council still considers that despite actions undertaken in the past year the need to implement effective governance of all projects still remains a significant issue, in particular to fully manage the resource requirements of large projects, for example, the Titanic Signature Project, North Foreshore and Connswater Greenway. The Council is now working with experts in this field to determine how best this risk can be managed.



There are concerns that the extreme volatility of the current economic climate impacts negatively on the Council's finances and our ability to deliver services, in particular in the following areas:

- Reduction in external income streams including Building Control, Business Improvement Section and Information Services Belfast
- Rising debt level as a consequence of customers finding it difficult to make payments including commercial waste customers or council tenants
- A collapsing or redundant market to purchase recyclables leads to a reduction in income
- High utility costs; and the potential for a reduction of income if attendance at our facilities is not maintained.

In order to better manage this risk the Council has established a Budget and Transformation Panel which is comprised of one Member from each of the party groupings. The Panel will report its work to the Strategic Policy and Resources Committee.

The review of public administration (RPA) is seen as a major issue for the Council. Key concerns exist around:

- Ensuring that council input into RPA related discussions including the drafting of necessary legislation is timely and secures the interests of both the citizen and the local government sector
- General uncertainty and delays in the RPA process and the external decision-making processes in place could make it difficult for the Council to effectively prepare for the transition process and ensure that necessary succession planning is taking forward
- Inadequate or late information could restrain our ability to undertake appropriate and timely due diligence reviews of emerging policy/legislative proposals and to consider associated organisational consequences
- Inadequate or untimely information could limit our ability to effectively engage, at both Elected Member and officer level, in the policy development and implementation phase of the RPA
- That transferring functions would be insufficiently resourced at point of transfer which could significantly jeopardise future service delivery
- That emerging legislation and associated guidance to be issued by the Department of Environment could impact upon the Council's own modernisation agenda pre and post RPA.

In order to ensure that the aforementioned risks are managed, the Council has already put in place necessary governance and accountability frameworks to support the effective implementation of the RPA process including, for example, the designation of the Strategic Policy and Resources Committee as the Council's RPA Transition Committee who are responsible for providing overall political direction to the process. The Council's Chief Officers' Management Team has been designated as the RPA Transition Management Team and is responsible for coordinating and managing RPA implementation. Necessary project management and support structures are in place; with a high level RPA implementation (transition) plan developed which sets out the key strands of work required and the delivery timetable.

The Council is represented also on the established external RPA delivery structures including the Strategic Leadership Board, Policy Development Panels and Regional Transition Coordination Group.

In addition, to further enhance our governance arrangements we propose over the coming year to take steps to address all issues which were raised in Annual Assurance Statements. These issues have been identified in the appropriate risk registers. The ongoing management of the existing actions and the

implementation of proposed actions to manage these issues will be appropriately reviewed and reported and will form part of our next annual governance review.

**Signed:** .....**Date:**.....

Chair Strategic Policy and Resources Committee

**Signed:** .....**Date:**.....

Chief Executive

**Signed:** .....**Date:**.....

Chief Financial Officer

Significant risk and internal control issues declared in the Annual Governance Statement 2007/8

| Risk   | Actions agreed or implemented to manage risk   |
|--|--|
| <p>That the Council will be unable to comply with the targets of the Northern Ireland Landfill Allowance Scheme (NILAS).</p>   | <p>Agreement was reached on a protocol for sharing unused allowances among the eleven arc21 councils thereby giving protection against NILAS targets until around 2012/13 on current projections.<br/>                     Monitoring performance against NILAS targets ongoing<br/>                     Liaison with arc21 to monitor timescale for introduction of the necessary waste infrastructure<br/>                     Introduction of a food waste collection pilot scheme (7000) houses.</p>   |
| <p>During the course of 2007/08 the Council implemented a new financial system and associated business processes. It is perhaps inevitable that implementation of a major and complex new system and new business processes results in teething problems.</p>  | <p>The integration of the SAP system has progressed and improved through the last year. This was supported by the two internal audits carried out on the system and which focused on accounts receivable and accounts payable the audits made a number of recommendations which when implemented would improve the control environment. An external consultant was engaged to take forward the implementation of these recommendations and internal audit have been monitoring progress made, however, we acknowledge whilst progress has been made further work still remains.</p> <p>Risk management activities were implemented to identify and manage project risks, after the system was handed over these risks were reallocated into the appropriate operational registers, where they are currently being addressed.</p> <p>A policy development group for accounts receivable was set up,</p> |
| <p>The Council identified the risk of over-reliance on a small number of key staff in Financial Services.</p>  | <p>This issue was included in a structural review of Financial Services, a recruitment exercise was carried out and staff have now been appointed.</p>   |
| <p>The Council has identified the need to ensure the effective management, at a corporate level, of the resource requirements of large projects, for example, the Titanic Signature Project, North Foreshore and Connswater Greenway. In order to address this need it is intended to commission a</p> | <p>An asset management group was set up, with appropriate membership and reporting.<br/>                     Ongoing monitoring and reporting of Capital Programme<br/>                     Construction projects methodology in place<br/>                     A review was undertaken which considered the governance aspects of large Projects, it is anticipated that this report will be submitted in the near future.</p>  |

review to develop an approach regarding the governance of all projects. At an operational level, this framework would be supported by the measures being put in place to manage identified capital project risks.

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

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

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The Local Government Auditor has requested that two pages are reserved here for the certificate and opinion.



## District Fund - Income and Expenditure Account for the year ended 31 March 2009

| <i>Notes</i>   | <b>Gross Expenditure</b> | <b>2008/09<br/>Gross Income</b> | <b>Net Expenditure/<br/>(Income)</b> | <b>2007/08<br/>Net Expenditure/<br/>(Income)<br/>Re-stated *</b> |
|--|--------------------------|---------------------------------|--------------------------------------|--|
|  | <b>£</b>                 | <b>£</b>                        | <b>£</b>                             | <b>£</b>   |
| <b>Services Expenditure</b>  |                          |                                 |                                      |  |
| Leisure and Recreational Services  | 79,671,963               | 12,843,834                      | 66,828,129                           | 50,257,839   |
| Environmental Services   | 67,245,523               | 11,249,658                      | 55,995,865                           | 47,963,309   |
| DRM and Corporate Management   | 15,266,636               | 2,586,391                       | 12,680,245                           | 14,549,120   |
| Other Services   | 20,701,935               | 10,446,271                      | 10,255,664                           | 6,832,504  |
| <b>Continuing operations</b>   | <b>182,886,057</b>       | <b>37,126,154</b>               | <b>145,759,903</b>                   | <b>119,602,772</b>   |
| Acquired operations  |                          |                                 |                                      |  |
| Discontinued operations  |                          |                                 |                                      |  |
| Exceptional items not included in cost of specific services  | 256,600                  |                                 | 256,600                              | (800,000)  |
| <b>Net cost of services</b>  | <b>183,142,657</b>       | <b>37,126,154</b>               | <b>146,016,503</b>                   | <b>118,802,772</b>   |
| Gain or loss on disposal of fixed assets   |                          | 126,932                         | (126,932)                            | 961,909  |
| (Surplus)/Deficit of trading or other operations   |                          |                                 |                                      |  |
| Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings |                          |                                 |                                      |  |
| Interest and Investment Income   | <b>6</b>                 | 1,562,740                       | (1,562,740)                          | (885,548)  |
| Pensions interest cost and expected return on pensions assets  |                          |                                 |                                      |  |
| Extraordinary Items  |                          |                                 |                                      |  |
| <b>Net Operating Expenditure</b>   | <b>183,142,657</b>       | <b>38,815,826</b>               | <b>144,326,831</b>                   | <b>118,879,133</b>   |
| <b>Income from General Grant and District Rates</b>  |                          |                                 |                                      |  |
| General Grant  |                          | 4,002,602                       | (4,002,602)                          | (4,040,967)  |
| District Rates   | <b>8</b>                 | 106,767,347                     | (106,767,347)                        | (98,284,064)   |
| <b>Surplus/(Deficit) for the year</b>  | <b>183,142,657</b>       | <b>149,585,775</b>              | <b>33,556,882</b>                    | <b>(16,554,102)</b>  |

The comparative figures have been re-stated to reflect an adjustment for rental income received relating to 2007/08 and prior years. In addition an adjustment was made for rental income relating to 2008/09 which was included in 2007/08 – see note 1 c) (ix) to the Financial Statements.

The exceptional item of £256,600 represents a transfer to gas pensions.

## Statement of Movement on the District Fund Balance for the year ended 31 March 2009

|  |             | 2008/09            | 2007/08<br>Re-stated * |
|--|-------------|--------------------|------------------------|
|  | Notes       | £                  | £                      |
| Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account   | 3           | (33,556,882)       | (16,554,102)           |
| Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year | 3           | 30,281,916         | 7,443,413              |
| <b>Movement on the District Fund Balance for the year</b>  | <b>3/22</b> | <b>(3,274,966)</b> | <b>(9,110,689)</b>     |
| District Fund Balance Brought Forward  | 22          | 6,344,817          | 15,455,506             |
| <b>District Fund Balance Carried Forward</b>   | <b>22</b>   | <b>3,069,851</b>   | <b>6,344,817</b>       |

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

|   | Notes | 2008/09<br>£      | 2007/08<br>£<br>Re-stated * |
|---|-------|-------------------|-----------------------------|
| Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year                            | 3     | (33,556,882)      | (16,554,102)                |
| Surplus/(Deficit) arising on revaluation of fixed assets  |       | 45,472,192        | 123,822,313                 |
| Revaluation of pension reserve/provision  | 18/22 | 834,122           | 864,305                     |
| <b>Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses</b> |       |                   |                             |
| Interest on Fund Bank Accounts  |       | 631,043           | 789,660                     |
| Other   |       | 550,011           | 92,683                      |
| <b>Total recognised gains and losses for the year (Change in Net Worth)</b>                                     |       | <b>13,930,486</b> | <b>109,014,859</b>          |
| Prior period adjustments made during the year   |       |                   | 320,644                     |
| <b>Total gains and losses recognised since last annual report (Change in Net Worth)</b>                         |       | <b>13,930,486</b> | <b>109,335,503</b>          |

## Balance Sheet as at 31 March 2009

|  | Notes  | 2008/09<br>£       | 2007/08<br>£<br>Re-stated * |
|--|--------|--------------------|-----------------------------|
| <b>FIXED ASSETS</b>  |        |                    |                             |
| <b>Intangible Assets</b>                                   | 9      | 0                  | 0                           |
| <b>Tangible Fixed Assets</b>                               |        |                    |                             |
| <i>Operational Assets:</i>                                 |        |                    |                             |
| Land & Buildings   | 9      | 407,812,099        | 390,371,607                 |
| Infrastructure Assets                                      | 9      | 0                  | 160,846                     |
| Community Assets   | 9      | 37,000,197         | 41,172,490                  |
| Vehicles, Plant, Furniture and Equipment                   | 9      | 12,917,319         | 10,576,946                  |
| <i>Non-Operational Assets:</i>                             |        |                    |                             |
| Investment Properties                                      |        |                    |                             |
| Assets under Construction                                  | 9      | 181,023,410        | 161,524,734                 |
| Surplus Assets held for Disposal                           |        |                    |                             |
| <b>TOTAL FIXED ASSETS</b>                                  | 9      | <b>638,753,025</b> | <b>603,806,623</b>          |
| Long Term Investments                                      |        |                    |                             |
| Long Term Debtors  | 12a    | 15,968,270         | 17,235,550                  |
| Deferred Premiums on early repayment of debt               |        |                    |                             |
| <b>TOTAL LONG TERM ASSETS</b>                              |        | <b>654,721,295</b> | <b>621,042,173</b>          |
| <b>CURRENT ASSETS</b>                                      |        |                    |                             |
| Stocks   | 1e     | 231,109            | 314,825                     |
| Debtors  | 12b    | 13,821,197         | 15,950,451                  |
| Short Term Investments                                     | 13/21a | 17,189,771         | 870,688                     |
| Cash and Bank  | 21a    | 41,829,976         | 39,605,681                  |
|  |        | 73,072,053         | 56,741,645                  |
| <b>TOTAL ASSETS</b>  |        | <b>727,793,348</b> | <b>677,783,818</b>          |
| <b>CURRENT LIABILITIES</b>                                 |        |                    |                             |
| Borrowing repayable on demand or within 12 months          | 14     | (1,538,166)        | (9,713)                     |
| Creditors  | 14     | (15,398,270)       | (21,318,322)                |
| Bank Overdraft   | 21a    | (55,918,238)       | (17,724,245)                |
|  |        | (72,854,674)       | (39,052,280)                |
| <b>NET CURRENT ASSETS</b>                                  |        | <b>217,379</b>     | <b>17,689,365</b>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>               |        | <b>654,938,674</b> | <b>638,731,538</b>          |
| <b>LONG TERM LIABILITIES</b>                               |        |                    |                             |
| Borrowing repayable within a period in excess of 12 months | 15     | (19,077,914)       | (20,865,715)                |
| Pension Liabilities  | 18a    | (10,601,806)       | (9,948,031)                 |
| Deferred Liabilities                                       | 16     |                    |                             |
| Government Grants – deferred                               | 19     | (13,991,783)       | (8,839,163)                 |
| Provisions   | 18     | (15,746,215)       | (17,488,159)                |
|  |        | (59,417,718)       | (57,141,068)                |
| <b>TOTAL ASSETS LESS LIABILITIES</b>                       |        | <b>595,520,956</b> | <b>581,590,470</b>          |
| <b>RESERVES:</b>   |        |                    |                             |
| Capital Adjustment Account                                 | 22     | 415,147,950        | 444,345,735                 |
| Revaluation Reserve  | 22     | 167,718,144        | 123,209,862                 |
| Capital Receipts Reserve                                   | 22     | 860,000            | 1,061,447                   |
| Pensions Reserve   | 22     | (10,601,806)       | (9,948,031)                 |
| Rates Claw-Back Reserve                                    | 22     | (191,279)          | 0                           |
| Renewal and Repairs Fund                                   | 22     | 14,617,208         | 14,011,670                  |
| Other Balances and Reserves                                | 22     | 515,778            | 489,970                     |
| City Investment Fund                                       | 22     | 4,385,110          | 2,075,000                   |
| District Fund  | 22     | 3,069,851          | 6,344,817                   |
| <b>Net Worth</b>   |        | <b>595,520,956</b> | <b>581,590,470</b>          |

## Cash Flow Statement as at 31 March 2009

|  | <i>Notes</i> | 2008/09<br>£ | 2008/09<br>£               | 2007/08<br>£ | 2007/08<br>£<br>Re-stated * |
|--|--------------|--------------|----------------------------|--------------|-----------------------------|
| <b>REVENUE ACTIVITIES *</b>  |              |              |                            |              |                             |
| <b>Net Cash Inflow/(Outflow) from Operating Activities</b>                   | <i>20</i>    |              | <b>(7,650,371)</b>         |              | <b>7,460,411</b>            |
| <b>Returns on Investments and Servicing of Finance</b>                       |              |              |                            |              |                             |
| <b>Cash Outflows</b>   |              |              |                            |              |                             |
| Interest paid  |              |              |                            |              |                             |
| Interest element of finance lease payments                                   |              |              |                            |              |                             |
| <b>Cash Inflows</b>  |              |              |                            |              |                             |
| Interest received  |              | 1,562,740    |                            | 885,548      |                             |
| <b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b> |              |              | <b>1,562,740</b>           |              | <b>885,548</b>              |
| <b>CAPITAL ACTIVITIES</b>  |              |              |                            |              |                             |
| <b>Cash Outflows</b>   |              |              |                            |              |                             |
| Purchase of fixed assets   |              | (21,578,390) |                            | (24,492,946) |                             |
| Purchase of long term investments  |              |              |                            |              |                             |
| Other capital cash payments  |              |              |                            |              |                             |
| <b>Cash Inflows</b>  |              |              |                            |              |                             |
| Sale of fixed assets   |              | 1,600,029    |                            | 867,220      |                             |
| Other grants   | <i>21d</i>   | 5,157,810    |                            | 8,245,036    |                             |
| Other capital cash receipts  |              |              |                            |              |                             |
| <b>Net Cash Outflow from Capital Expenditure before Financing</b>            |              |              | <b>(14,820,551)</b>        |              | <b>(15,380,690)</b>         |
| <b>Management of Liquid Resources</b>  |              |              |                            |              |                             |
| Net increase/decrease in short term deposits                                 |              | (16,319,083) |                            | 31,599,999   |                             |
| Net increase/decrease in other liquid resources                              |              |              |                            |              |                             |
|  |              |              | <b>(16,319,083)</b>        |              | <b>31,599,999</b>           |
| <b>FINANCING</b>   |              |              |                            |              |                             |
| <b>Cash Outflows</b>   |              |              |                            |              |                             |
| Repayment of amounts borrowed  | <i>21c</i>   | (9,713)      |                            | (257,144)    |                             |
| Capital element of finance lease rental / hire purchase payments             | <i>21c</i>   |              |                            |              |                             |
| <b>Cash Inflows</b>  |              |              |                            |              |                             |
| New loans raised   | <i>21c</i>   |              |                            |              |                             |
| Capital element of loans repaid to council                                   |              | 1,267,280    |                            | 1,198,720    |                             |
| New short term loans   |              |              |                            |              |                             |
|  |              |              | <b>1,257,567</b>           |              | <b>941,576</b>              |
| <b>Increase/(Decrease) in Cash and Cash Equivalent</b>                       | <i>21b</i>   |              | <b><u>(35,969,698)</u></b> |              | <b><u>25,506,844</u></b>    |

## Loan Pool

### Loans Pool - Revenue Account

Year ended 31 March 2009

#### EXPENDITURE

| <i>Interest</i>                 | £         |
|---------------------------------|-----------|
| 1. Paid to outside sources:-    |           |
| Government Loans Fund           | 1,512,440 |
| Other Mortgages                 | 226,615   |
| Bonds                           |           |
| Temporary Loans                 |           |
| Bank Overdraft                  | 1,000     |
| 2. Credited to internal Sources | 2,188,343 |

#### Financing Transactions

|                                    |        |
|------------------------------------|--------|
| Loss on realisation of investments | -      |
| Cost of raising loans              | 84,115 |
| Other items                        | -      |

#### INCOME

| <i>Interest</i>                  | £         | £         |
|----------------------------------|-----------|-----------|
| 1. From Investments              |           | 875,100   |
| OTHER INTEREST RECEIVED          |           |           |
| 2. From Bank                     |           |           |
| 3. Charged to borrowing A/C's :- |           |           |
| (Average rate =9.479%)           |           |           |
| 1. External Services:-           |           |           |
| NI HOUSING EXECUTIVE             |           | 1,739,067 |
| 2. District Services:-           |           |           |
| POLICY & RESOURCES               | -         |           |
| PARKS & LEISURE                  | 1,125,237 |           |
| HEALTH & ENVIRON.                | -         |           |
| DEVELOPMENT                      | -         | 1,125,237 |

#### Financing Transactions

|                                 |        |        |
|---------------------------------|--------|--------|
| - Profit on sale of investments |        |        |
| - Sundry items                  |        |        |
| Charged to borrowing A/C's :-   |        |        |
| (Average rate =0.455%)          |        |        |
| 1. External Services:-          |        |        |
| NI HOUSING EXECUTIVE            |        | 51,190 |
| 2. District Services:-          |        |        |
| POLICY & RESOURCES              | -      |        |
| PARKS & LEISURE                 | 33,121 |        |
| HEALTH & ENVIRON.               | -      |        |
| DEVELOPMENT                     | -      | 33,121 |

|   |                  |   |                  |
|---|------------------|---|------------------|
| <b>TOTAL</b>                            | <b>4,012,513</b> | <b>TOTAL</b>                              | <b>3,823,715</b> |
| Balance against at Commencement of year | -                | Balance in favour at Commencement of year | 190,428          |
| Balance in favour at Y/E                | 1,630            | Balance against at Y/E                    | -                |
| <b>4,014,143</b>                        |                  | <b>4,014,143</b>                          |                  |

**Loans Pool - Capital Cash Account Year ended 31 March 2009**

| <b>RECEIPTS</b>                      |          | <b>PAYMENTS</b>    |  |          |                    |
|--------------------------------------|----------|--------------------|--|----------|--------------------|
| <i>Loans Raised</i>                  | <b>£</b> | <b>£</b>           | <i>Loans Repaid</i>                    | <b>£</b> | <b>£</b>           |
| 1. From External sources:-           |          |                    | 1. To External sources:-               |          |                    |
| Government Loans Fund                |          | -                  | Government Loans Fund                  |          | 259,351            |
| Other Mortgages                      |          | -                  | Other Mortgages                        |          |                    |
| Bonds - 1. Negotiable                |          | -                  | Bonds – 1. Negotiable                  |          |                    |
| 2. Other                             |          |                    | 2. Other                               |          |                    |
| Temporary Loans                      |          | -                  | Temporary Loans                        |          |                    |
| 2. From internal sources             |          | 1,635,470          | 2. To internal sources                 |          | 541,634            |
| <i>Advances Repaid by</i>            |          |                    | <i>Advances Made to-</i>               |          |                    |
| <u>Borrowing A/cs</u>                |          |                    |  |          |                    |
| -                                    |          |                    |  |          |                    |
| 1. External Services:-               |          |                    | District Services:-                    |          |                    |
| NI HOUSING EXECUTIVE                 |          | 1,267,280          | POLICY & RESOURCES                     | -        |                    |
| 2. District Services:-               |          |                    | PARKS & LEISURE                        | -        |                    |
| POLICY & RESOURCES                   | -        |                    | HEALTH & ENVIRON.                      | -        |                    |
| PARKS & LEISURE                      | 557,600  |                    | DEVELOPMENT                            | -        |                    |
| HEALTH & ENVIRON.                    | -        |                    |  |          |                    |
| DEVELOPMENT                          | -        | 557,600            |  |          |                    |
|                                      |          |                    |  |          |                    |
| RESERVE FUND                         |          |                    | RESERVE FUND                           |          |                    |
|                                      |          |                    |  |          |                    |
| <u>Investments Sold</u>              |          | 251,700,000        | <u>Investments Purchased</u>           |          | 254,600,000        |
| <b>TOTAL</b>                         |          | 255,160,350        | <b>TOTAL</b>                           |          | 255,400,985        |
| Cash in hand at commencement of year |          | 39,209,882         | Cash overdrawn at commencement of year |          | -                  |
| Cash overdrawn at end of year        |          |                    | Cash in hand at end of year            |          | 38,969,247         |
|                                      |          |                    |  |          |                    |
|                                      |          | <u>294,370,232</u> |  |          | <u>294,370,232</u> |



## Loans Pool - Balance Sheet As At 31 March 2009

| <b>LIABILITIES</b>         |                   | <b>ASSETS</b>                   |          |                   |
|----------------------------|-------------------|---------------------------------|----------|-------------------|
| <i>Capital</i>             | <b>£</b>          | <i>Capital</i>                  | <b>£</b> | <b>£</b>          |
| Loans Outstanding :-       |                   | Advances to borrowing Services: |          |                   |
| 1. From External sources:- |                   | -                               |          |                   |
| Government Loans Fund      | 17,616,077        | 1. External Services:-          |          |                   |
| Other Mortgages            | 3,000,000         | NI HOUSING EXECUTIVE            |          | 15,968,270        |
| Bonds - 1. Negotiable      |                   | 2. District Services:-          |          |                   |
| 2. Other                   |                   | POLICY & RESOURCES              |          | -                 |
| Temporary Loans            |                   | PARKS & LEISURE                 |          | 10,594,400        |
|                            |                   | HEALTH & ENVIRON.               |          | -                 |
|                            |                   | DEVELOPMENT                     |          | -                 |
|                            |                   | <b>TOTAL ADVANCES</b>           |          | <b>26,562,670</b> |
| 2. From internal Sources   |                   |                                 |          |                   |
|                            | 48,805,816        |                                 |          |                   |
| Reserve Fund               | 110,024           | Investments                     |          | 4,000,000         |
| Cash Overdrawn             |                   | Cash at bank                    |          | 38,969,247        |
|                            | 69,531,917        |                                 |          | 69,531,917        |
| <u>Revenue</u>             |                   | <u>Revenue</u>                  |          |                   |
| Creditors                  | 1,630             | Debtors                         |          |                   |
| Cash Overdrawn             |                   | Cash at Bank                    |          | 1,630             |
|                            | <u>69,533,547</u> |                                 |          | <u>69,533,547</u> |



## Notes to the Financial Statements

### 1. Accounting Policies

#### 1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the '*Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice*' (SORP) and 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. The general principles adopted in compiling and presenting the financial statements are those specified within the 2008 SORP. The 2008 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2008. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board insofar as these are applicable to local government.

Following from this, the financial statements are presented on the basis that the Council will continue to operate for the foreseeable future, the going concern concept. The accounts also reflect the concept of the primacy of legislative requirements in that, where an accounting treatment is prescribed by law, it must be applied even if it contradicts another accounting concept. In addition the Chartered Institute of Public Finance and Accountancy (CIPFA) publish a number of bulletins dealing with capital finance and Best Value accounting, which have been followed when preparing these financial statements.

The District Fund - Income and Expenditure Account on page 20 has been prepared using the requirements of the Best Value Accounting Code of Practice.

#### 1b) Accounting Concepts

In general, the financial statements are prepared on the basis of historical cost modified by the revaluation of land and buildings, subject to and in accordance with the fundamental accounting concepts set out below:

##### *Relevance*

The financial statements are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.

##### *Reliability*

The financial statements are prepared on the basis that the financial information contained within them is reliable, i.e. free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

### *Comparability*

The financial statements are prepared so as to enable comparison between financial years. To aid comparability the Council has applied its accounting policies consistently both during the year and between years.

### *Understandability*

Every effort has been made to make the financial statements as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of basic accounting and local government finance. Where the use of technical terms has been unavoidable, an explanation has been provided in the body of the financial statements.

### *Materiality*

Certain information may be excluded from the financial statements on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.

### *Accruals*

With the exception of the Cash Flow Statement, the financial statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the financial statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.

## **1c) Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). The Council applies a de-minimis level of £25,000 to Plant and Machinery, Information Technology Equipment, Fixtures and Fittings and Office Equipment meaning only assets over £25,000 are capitalised. Subsequent capital expenditure is capitalised only where it provides an enhancement to the economic benefits of the asset in excess of those previously assessed. Fixed assets are classified into the groupings required by the SORP and valued as follows:

- intangible fixed assets, which can be valued and are capable of being used by the Council for more than one year are included in the Balance Sheet at historical cost, net of amortisation.
- groups of tangible assets, which are interdependent and are capable of being used by the Council for more than one year are included in the Balance Sheet exactly as for other tangible assets.
- tangible assets, capable of being used by the Council for more than one year, are included in the Balance Sheet as follows:
  - i) operational assets (including land and buildings, vehicles, plant and equipment) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value.
  - ii) other operational assets (including infrastructure and community assets which are held for the purposes of the community and where there is little or no prospect of them ever being sold) are included in the Balance Sheet at historical cost, net of depreciation.

- iii) non-operational assets (including investment properties and assets that are surplus to requirements) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value - in the case of investment properties, this is normally open market value.
- iv) other non-operational assets (including assets under construction) are included in the Balance Sheet at historical cost.
- v) land, buildings, installations, and fittings are valued at cost for their existing use, except land and buildings that are surplus to requirements which are valued at open market value for their alternative use. The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation was also carried out by independent Chartered Surveyors. Surpluses arising from the revaluation of land and buildings are taken directly to the revaluation reserve, which is an account that cannot be used to support spending. Community assets are included at historical cost less depreciation or, where historical cost is unavailable, a nominal £1 valuation. Equipment is valued at historic cost. Assets in the course of construction are valued at cost.
- vi) in accordance with Financial Reporting Standard 11 Impairment of Fixed Assets and Goodwill (FRS 11), the valuer also reviews assets for impairment due to one or more of the following events:
  - a significant decline in a fixed asset's market value
  - evidence of obsolescence or physical damage
  - significant adverse change in the statutory or other regulatory environment in which the Council operates
  - a commitment by the Council to undertake significant re-organisation.

If a fixed asset is included in the Balance Sheet at current value, the increase over the previous carrying amount at which that asset was included in the Balance Sheet immediately prior to the latest (re-)valuation will be credited to the Statement of Total Recognised Gains and Losses and taken to the Revaluation Reserve except to the extent it reverses revaluation losses (after adjusting for depreciation) on the same asset that were previously recognised in the District Fund, when it should be recognised in the District Fund. If, on revaluation, there has been a decrease over the previous carrying amount an impairment loss has occurred. If the loss has been occasioned by clear consumption of economic benefits, any such loss will be recognised in the District Fund. The amount of the decrease in value not associated with a clear consumption of economic benefit will be recognised in the Statement of Total Recognised Gains and Losses until the asset's carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve and thereafter in the District Fund.

- vii) in accordance with FRS 15, depreciation has been provided on all fixed assets with the exception of freehold land, assets in the course of construction and non-operational assets. Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:
  - buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the Valuation and Lands Agency.

Depending on the type of building, installation or fitting the maximum useful life will be in the range of 10 to 60 years

- vehicles are depreciated on historic cost using a standard life of up to 15 years. Plant and Machinery (excluding IT equipment) are depreciated on historic cost using a standard life of up to 30 years. Fixtures and Fittings and IT equipment are depreciated using a standard life of up to 15 years
  - intangible assets are amortised over the estimated lives of the assets
  - depreciation is charged in the month of acquisition.
- viii) assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the District Fund - Income and Expenditure Account in the year in which they arise.
- ix) Following the outcome of a rent review £600,276 income was received of which £279,632 related to 2007/08 and £320,644 related to prior years.

In addition a correction was made for rental income relating to 2008/09 which had been included in 2007/08 amounting to £522,856.

In order to prepare comparative figures the service expenditure accounts for District Fund – Income and Expenditure Account for the year ended 31 March 2008 were adjusted as follows-

| Services Expenditure  | Net<br>Expenditure<br>£ | Rental Income<br>£ | Net Expenditure<br>Restated<br>£ |
|-----------------------|-------------------------|--------------------|----------------------------------|
| Other Services        | 6,589,280               | 243,224            | 6,832,504                        |
| Continuing Operations | 119,359,548             | 243,224            | 119,602,772                      |

| Balance Sheet          | 2007/08    | Rental Income | 2007/08<br>Restated |
|------------------------|------------|---------------|---------------------|
| Debtors                | 15,873,031 | 77,420        | 15,950,451          |
| District Fund Reserves | 6,267,397  | 77,420        | 6,344,817           |

- x) Any grant contribution towards the purchase of a fixed asset is taken to the Government Grants – Deferred account in the Balance Sheet. The balance is then written-off to the District Fund – Income and Expenditure Account over the useful life of the asset.

#### 1d) Debtors and Creditors

The accounts of the Council are maintained on an accruals basis in accordance with the SORP and Financial Reporting Standard 18 Accounting Policies (FRS18). This ensures that provision has been made for known outstanding debtors and creditors at the year-end, estimated amounts being used where actual figures are not available.

A general provision for doubtful debts is included in the financial statements at 10% of commercial outstanding debts. This is in addition to the specific provision for those debts that are

identifiable as potentially not fully collectable. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectable debts are only written-off to the District Fund - Income and Expenditure Account after all recovery avenues open to the Council have been exhausted and the Council has formally approved the write off.

**1e) Stocks**

Stocks are valued on the basis of the latest invoiced price. This is not materially different from valuation on a First In First Out (FIFO) basis as recommended by Statement of Standard Accounting Practice 9 Stocks and Long-Term Contracts (SSAP 9).

**1f) 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.

**1g) Provisions**

Provisions for liabilities have been established in accordance with Financial Reporting Standard 12 Provisions, Contingent Liabilities and Assets (FRS 12). These are sums set aside for liabilities which will probably occur.

**1h) Overheads**

Charges or apportionments covering all support service costs are made to all their users. A consistent basis is used to apportion these costs and the Council does not have any unapportionable overheads. The costs of the Corporate and Democratic Core are not apportioned to other expenditure headings.

**1i) Pensions**

The Council charges the District Fund - Income and Expenditure Account with an amount equal to the retirement benefits payments which it made for that financial year in accordance with discretionary compensation regulations.

Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund.

The Council also makes Pension Payments in relation to former Belfast City Corporation employees under the Belfast Corporation Superannuation Scheme 1869 & 1950, the Belfast Corporation Act 1943 and the Belfast Corporation (General Powers) Act 1948.

In addition, the Council manages a Gas Pension Fund on behalf of the former Gas undertaking. Details can be found on pages 51 to 52.

**1j) Post Balance Sheet Events**

The Council complies with the requirements of Financial Reporting Standard 21 Events After the Balance Sheet Date (FRS21). Changes are made to the financial statements where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing

at the balance sheet date or indicates that the application of the going concern concept to a material part of the Council is not appropriate.

There are no material post balance sheet events to report in these financial statements.

### **1k) Foreign Currency Translation**

Income received and payments made in foreign currency are translated at the rate prevailing when lodged to the bank or when payment is made. Whilst this is contrary to the Statement of Recommended Practice, due to the sums involved, the effect of the different treatment would be immaterial.

### **1l) Financial Instruments**

The accounting treatment of a financial instrument (i.e. how its subsequent carrying value is measured and gains and losses recognised) depends on its classification on initial recognition.

Financial liabilities are recognised in the balance sheet under amortised cost using the effective interest rate method and financing costs and the gain or loss on de-recognition are both taken to the District Fund.

There are currently two types of financial assets:

- i) loans and receivables e.g. non-equity and non-derivative financial assets are recognised in the balance sheet under amortised cost using the effective interest rate method and interest receivable, impairment losses and the gain or loss on de-recognition are taken to the District Fund
- ii) available-for-sale assets e.g. equity investments are carried at fair value on the Balance Sheet. Interest receivable and dividend income, impairments and the gain or loss on de-recognition are taken to the District Fund. Gains and losses arising from changes in fair value (except impairment) are taken to the Statement of Total Recognised Gains and Losses. The effective interest rate method is used to determine interest income.

In these disclosure notes, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

### **1m) Landfill Allowances**

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 and there are no financial penalties for 2008/09 on an individual district council for exceeding its target. 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.



## 2. Significance of the Statement of Movement on the District Fund Balance

The movement on the District Fund balance adjusts the surplus or deficit generated by the Council in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund council services. Included within the closing balance is £273,925 relating to expenditure committed at year-end.

## 3. Analysis of the Movement on the District Fund Balance

|  | Notes | 2008/09<br>£ | 2008/09<br>£        | 2007/08<br>£ | 2007/08<br>£<br>Re-stated * |
|--|-------|--------------|---------------------|--------------|-----------------------------|
| <b>Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account</b>  |       |              | <b>(33,556,882)</b> |              | <b>(16,554,102)</b>         |
| <i>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:</i> |       |              |                     |              |                             |
| <b>Transfer to Capital Financing Account:</b>  |       |              |                     |              |                             |
| Direct revenue financing of Capital Expenditure  | 10/22 | (2,678,310)  |                     | (6,294,630)  |                             |
| Deferred grants amortised in the year  | 22    | (175,197)    |                     | (107,159)    |                             |
| Loans fund principal/depreciation adjustment:  |       |              |                     |              |                             |
| Depreciation and impairment charged in the year  | 9     | 34,299,137   |                     | 13,964,537   |                             |
| Loans fund principal repayments during the year  |       | (1,715,958)  |                     |              |                             |
|  | 22    |              | 29,729,672          |              | 7,562,748                   |
| <b>Transfers to/from earmarked reserves:</b>   |       |              |                     |              |                             |
| Renewal and Repairs Fund   | 22    |              |                     |              | (400,000)                   |
| Pension Reserve  | 22    |              | 1,487,897           |              | 1,393,756                   |
| City Investment Fund   | 22    |              | (1,000,000)         |              | (2,075,000)                 |
| Rates Claw-Back Reserve  | 22    |              | 191,279             |              |                             |
| <b>Gain/loss on disposal of fixed assets</b>   | 22    |              | (126,932)           |              | 961,909                     |
| <b>Net adjustments to Income &amp; Expenditure Account</b>   |       |              | <b>30,281,916</b>   |              | <b>7,443,413</b>            |
| <b>Movement on the District Fund Balance for the year</b>  | 22    |              | <b>(3,274,966)</b>  |              | <b>(9,110,689)</b>          |
| District Fund Balance Brought Forward  | 22    |              | 6,344,817           |              | 15,455,506                  |
| <b>District Fund Balance Carried Forward</b>   | 22    |              | <b>3,069,851</b>    |              | <b>6,344,817</b>            |

Corporate Management costs include pensions payments and revaluation increases in the year, hence revaluation is reversed out in note 3.

## 4. Operating Expenses

- 4a) **Section 115** of the Local Government Act (Northern Ireland) 1972 enables 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 equivalent to £303,173 in 2008/09 for the benefit of all the inhabitants in their City, or part of their City on activities not specifically authorised by other powers.

Expenditure amounted to £14,755 in 2008/09 (2007/08 £2,000).

**4b) Section 115c Expenditure** as required by Article 41 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1992 requires Councils to maintain a separate record of its expenditure on publicity. This is analysed as follows:

|                              | <b>2008/09</b>   | <b>2007/08</b>   |
|------------------------------|------------------|------------------|
|                              | <b>£</b>         | <b>£</b>         |
| Promoting tourism            | 29,076           | 39,363           |
| Promoting leisure facilities | 88,097           | 63,984           |
| Community relations          | 13,733           | 19,712           |
| Refuse collection            | 13,438           | 235              |
| Other advertising            | 980,810          | 996,792          |
| <b>Total</b>                 | <b>1,125,154</b> | <b>1,120,086</b> |

**4c) External Audit Fees**

|                              | <b>2008/09</b> | <b>2007/08</b> |
|------------------------------|----------------|----------------|
|                              | <b>£</b>       | <b>£</b>       |
| Estimated cost               | 115,000        | 100,000        |
| Actual cost                  |                | 108,706        |
| <b>Over/(under) Estimate</b> |                | <b>(8,706)</b> |

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2007/08 £NIL).

**4d) Leases**

Expenditure during the year on finance lease rentals was £NIL (2007/08 £NIL). Outstanding operating lease rentals at 31 March 2009 are as follows:

|              | <b>2008/09</b> |
|--------------|----------------|
|              | <b>£</b>       |
| 2009/10      | 1,782          |
| 2010/11      | 580            |
| 2011/12      | 435            |
| 2012/13      | 0              |
| 2013/14      | 0              |
| <b>Total</b> | <b>2,797</b>   |

**5. Employee Costs and Members' Allowances**

**5a) Staff Costs**

|                              | <b>2008/09</b>    | <b>2007/08</b>    |
|------------------------------|-------------------|-------------------|
|                              | <b>£</b>          | <b>£</b>          |
| Salaries and wages           | 61,584,910        | 59,217,692        |
| Employers National Insurance | 4,439,955         | 4,392,787         |
| Employers pension costs      | 7,749,176         | 6,336,430         |
|                              | <b>73,774,041</b> | <b>69,946,909</b> |

In addition, agency costs during the year amounted to £5,548,007 (2007/08 £4,407,205).

The Council's current contribution rate to the NILGOSC scheme is 15%. At the last actuarial valuation, dated 31 March 2007, the Fund's assets as a whole were sufficient to meet 89% (2004: 85%) of the liabilities accrued up to that date.

**5b) Average Number of Employees - where FTE represents fulltime equivalent employees:**

|                            | <b>2008/09</b>               | <b>2007/08</b>               |
|----------------------------|------------------------------|------------------------------|
|                            | <b>FTE</b>                   | <b>FTE</b>                   |
| Environmental services     | 823                          | 802                          |
| Leisure services           | 643                          | 636                          |
| Other                      | 939                          | 908                          |
|                            | <b>2,405</b>                 | <b>2,346</b>                 |
|                            | <b><u>Actual Numbers</u></b> | <b><u>Actual Numbers</u></b> |
| Full-time numbers employed | 2,269                        | 2,235                        |
| Part-time numbers employed | 295                          | 221                          |
|                            | <b>2,564</b>                 | <b>2,456</b>                 |

**5c) Senior Employees' Remuneration**

The numbers of staff within the following specified salary ranges are:

|                      | <b>2008/09</b> | <b>2007/08</b> |
|----------------------|----------------|----------------|
|                      | <b>Number</b>  | <b>Number</b>  |
| £50,001 to £60,000   | 30             | 18             |
| £60,001 to £70,000   | 4              | 8              |
| £70,001 to £80,000   | 8              | 5              |
| £80,001 to £90,000   | 2              | 2              |
| £90,001 to £100,000  | 5              | 4              |
| £100,001 to £110,000 | 1              | 1              |
| £110,001 to £120,000 | 1              | 1              |
|                      | <b>51</b>      | <b>39</b>      |

**5d) Members' Allowances**

During the year, Members' allowances (section 36) totalled £484,133 (2007/08 £496,537) and are as follows:

|                                   | <b>2008/09</b> | <b>2007/08</b> |
|-----------------------------------|----------------|----------------|
|                                   | <b>£</b>       | <b>£</b>       |
| Basic Allowance                   | 484,133        | 496,537        |
| Special Responsibility Allowances |                |                |
| Miscellaneous                     |                |                |
|                                   | <b>484,133</b> | <b>496,537</b> |

**6. Interest and Investment Income**

The amount of bank interest and investment income earned in the year to 31 March 2009 was as follows:

|                             | <b>2008/09</b>   | <b>2007/08</b> |
|-----------------------------|------------------|----------------|
|                             | <b>£</b>         | <b>£</b>       |
| Current account interest    | -                | -              |
| Short-term deposit interest | 1,562,740        | 885,548        |
|                             | <b>1,562,740</b> | <b>885,548</b> |

Interest of £605,538 (2007/08 £789,660) was also credited to the Renewals and Repairs Fund.

## 7. Related Party Transactions

Financial Reporting Standard 8 Related Party Disclosures (FRS 8) requires the Council to disclose all material related party transactions arising during the year. Related parties are bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. Disclosing these types of transactions in financial statements permits readers to assess the extent to which the Council might have constrained its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. 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 2008/09 financial year the Council commissioned £624,076 (2007/08 £488,275) of works and services from companies in which Councillors had an interest. The Council also paid grants of £2,166,568 (2007/08 £1,192,923) to a number of organizations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests. A breakdown is shown in 7.C below.

During 2008/09 the Council had expenditure of £97,365 (2007/08 £97,527) to other Councils and income received of £1,202,710 (2007/08 £983,853) from other Councils, of which £296,502 (note 12) (2007/08 £399,075) was outstanding at 31 March 2009. These amounts mainly related to services provided.

### A: Payments to Community Groups

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

|                                 | Councillors | 2008/2009      | 2007/2008     |
|---------------------------------|-------------|----------------|---------------|
|                                 |             | £              | £             |
| East Belfast Partnership Board  | 4           | 120,528        | 15,500        |
| North Belfast Partnership Board | 9           | 118,889        | 15,000        |
| South Belfast Partnership Board | 8           | 31,262         | 385           |
| West Belfast Partnership Board  | 8           | 86,032         | 25,000        |
| <b>Total</b>                    |             | <b>356,711</b> | <b>55,885</b> |

### B: Joint Committees

Belfast City Council made payments to the following Joint Committees:

|        | 2008/2009         | 2007/2008        |
|--------|-------------------|------------------|
|        | £                 | £                |
| ARC-21 | 10,843,764        | 9,219,944        |
|        | <b>10,843,764</b> | <b>9,219,944</b> |

## C: Other Organisations

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

|   | Councillors | 2008/2009        | 2007/2008        |
|---|-------------|------------------|------------------|
|   |             | £                | £                |
| Belfast Education and Library Board   | 14          | 0                | 50,000           |
| Belfast Hills Partnership   | 1           | 27,135           | 27,135           |
| Nomadic Trust   | 2           | 100,000          | 100,000          |
| N.I. Local Government Association   | 15          | 167,914          | 110,649          |
| Belfast City Centre Management Company  | 3           | 220,875          | 170,000          |
| Ulster Orchestra  | 1           | 143,500          | 137,900          |
| University of Ulster  | 2           | 0                | 45,000           |
| Groundwork Northern Ireland   | 1           | 187,498          | 85,957           |
| Grand Opera House   | 1           | 33,000           | 31,800           |
| Greater Shankill Partnership  | 7           | 47,590           | 0                |
| Queens University Belfast   | 1           | 0                | 28,710           |
| Belfast Visitor & Convention Bureau<br>(incorporating Belfast Welcome Centre) | 8           | 1,863,132        | 894,047          |
|   |             | <b>2,790,644</b> | <b>1,681,198</b> |

## D: 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 31st March 2009 was £123,761. At 31 March 2008 the amount outstanding was £112,320.

## 8. District Rates

|   | 2008/09            | 2007/08           |
|---|--------------------|-------------------|
|   | £                  | £                 |
| Current Year                              | 106,767,347        | 102,384,064       |
| Prior year finalisation (estimate/actual) |                    | (4,100,000)       |
|   | <b>106,767,347</b> | <b>98,284,064</b> |

The Council has received notification of a proposed reduction in the District Council rate income for the year to 31 March 2009 of £191,279. The Minister for Finance has made provision in the accounts directive for Councils to defer the reduction over a period of four years.

## 9. Fixed Assets

|                          | Operational Assets |                    |                    |                       |                   | Non Operational Assets |                    |                           | TOTAL               |
|--------------------------|--------------------|--------------------|--------------------|-----------------------|-------------------|------------------------|--------------------|---------------------------|---------------------|
|                          | Intangible Assets  | Land               | Buildings          | Infrastructure Assets | Community Assets  | Vehicles & Equipment   | Non-Operational    | Assets Under Construction |                     |
|                          | £                  | £                  | £                  | £                     | £                 | £                      | £                  | £                         | £                   |
| <b>Cost or Valuation</b> |                    |                    |                    |                       |                   |                        |                    |                           |                     |
| At 1 April 2008          | 16,700,000         | 203,951,548        | 192,192,055        | 170,300               | 41,646,194        | 21,300,955             | 140,663,400        | 20,861,334                | <b>637,485,786</b>  |
| Revaluation              |                    | 15,479,958         | 17,345,448         |                       | 754,000           |                        | 37,154,086         |                           | <b>70,733,492</b>   |
| Impairments              |                    | (38,001,800)       | (2,556,900)        |                       | (1,990,963)       |                        | (13,121,000)       |                           | <b>(55,670,663)</b> |
| Additions (Note 10)      |                    | 106,830            | 4,968,941          |                       | 556,414           | 5,798,313              | 1,086,078          | 10,329,094                | <b>22,845,670</b>   |
| Transfers                |                    | (3,955,612)        | 24,763,707         | (170,300)             | (3,965,448)       | 1,973                  | 10,981,645         | (27,655,965)              | <b>0</b>            |
| Adjustments              |                    |                    |                    |                       |                   |                        |                    | 1,090,111                 | <b>1,090,111</b>    |
| Disposals (Note 21)      |                    |                    |                    |                       |                   | (2,333,215)            |                    |                           | <b>(2,333,215)</b>  |
| At 31 March 2009         | 16,700,000         | 177,580,924        | 236,713,251        | 0                     | 37,000,197        | 24,768,026             | 176,764,209        | 4,624,574                 | <b>674,151,181</b>  |
| <b>Depreciation</b>      |                    |                    |                    |                       |                   |                        |                    |                           |                     |
| At 1 April 2008          | 16,700,000         | 0                  | 5,771,996          | 9,454                 | 473,704           | 10,724,009             | 0                  | 0                         | <b>33,679,163</b>   |
| Revaluation              |                    |                    | (5,497,365)        |                       | (483,158)         |                        |                    |                           | <b>(5,980,523)</b>  |
| Transfers                |                    |                    | (365,373)          | (9,454)               | 9,454             |                        | 365,373            |                           | <b>0</b>            |
| Disposals (Note 21)      |                    |                    |                    |                       |                   | (2,170,228)            |                    |                           | <b>(2,170,228)</b>  |
| Provided for year        |                    |                    | 6,572,818          |                       |                   | 3,296,926              |                    |                           | <b>9,869,744</b>    |
| At 31 March 2009         | 16,700,000         | 0                  | 6,482,076          | 0                     | 0                 | 11,850,707             | 365,373            | 0                         | <b>35,398,156</b>   |
| <b>Net Book Value</b>    |                    |                    |                    |                       |                   |                        |                    |                           |                     |
| At 31 March 2009         | <b>0</b>           | <b>177,580,924</b> | <b>230,231,175</b> | <b>0</b>              | <b>37,000,197</b> | <b>12,917,319</b>      | <b>176,398,836</b> | <b>4,624,574</b>          | <b>638,753,025</b>  |
| At 31 March 2008         | <b>0</b>           | <b>203,951,548</b> | <b>186,420,059</b> | <b>160,846</b>        | <b>41,172,490</b> | <b>10,576,946</b>      | <b>140,663,400</b> | <b>20,861,334</b>         | <b>603,806,623</b>  |

Intangible assets relate solely to landfill closure costs.

The Council is not aware of any material changes in freehold and leasehold properties and hence only those assets due for revaluation under the 5 year rolling programme have been revalued.

The land and buildings assets held by the Council were originally valued, as at 1 April 1997, by the Valuation and Lands Agency, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The land and buildings assets were then revalued on 1 April 2002 by Chartered Surveyors employed by the Council, in accordance with the statements of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors.

The Council is now operating a 5 year rolling programme for its revaluation of Land & Buildings with approximately 20% of these assets being revalued each year. This revaluation was also carried out by independent Chartered Surveyors.

The Council is aware of the current market condition in relation to property prices and will keep its valuations under review.

## 10. Capital Expenditure

|                                      | Note  | 2008/09<br>£        | 2007/08<br>£      |
|--------------------------------------|-------|---------------------|-------------------|
| <b>Expenditure</b>                   |       |                     |                   |
| Land and buildings                   |       | 5,632,185           | 6,975,609         |
| Major works                          |       | 11,415,172          | 13,074,120        |
| Vehicles, plant, equipment and other |       | 5,798,313           | 2,942,302         |
|                                      | 9     | <b>22,845,670</b>   | <b>22,992,031</b> |
| <b>Financed By</b>                   |       |                     |                   |
| Borrowings:                          |       |                     |                   |
| Advance from Loans Pool              |       |                     | 11,152,000        |
| Finance leases                       | 21[c] |                     |                   |
| Grants receivable                    | 21[d] | 5,157,810           | 8,245,036         |
| Capital receipts                     | 22    | 491,366             |                   |
| Sale of fixed assets                 |       |                     |                   |
| Revenue contributions to capital     | 22    | 2,678,310           | 6,294,630         |
|                                      |       | <b>8,327,486</b>    | <b>25,691,666</b> |
| Surplus/(Deficit)                    |       | (14,518,184)        | 2,699,635         |
| Balance at 1 April 2008              |       | 707,820             | (1,991,815)       |
| <b>At 31 March 2009</b>              |       | <b>(13,810,364)</b> | <b>707,820</b>    |

The financing of capital expenditure has been completed on an accruals basis.

The Council anticipates financing this deficit by way of loans and is in the process of applying for loan sanctions to the value of £15,104,186.

## 11. Future Capital Commitments

The Council has future capital commitments and the estimated cost of the schemes is as follows:

|                  | Gross Cost<br>£ | Grant Aid<br>£ | Net Cost<br>£ |
|------------------|-----------------|----------------|---------------|
| Schemes underway | 106,009,938     | 17,875,318     | 88,134,620    |

## 12. Debtors

|  | 2008/09           | 2007/08            |
|--|-------------------|--------------------|
|  | £                 | £                  |
|  |                   | <b>Re-stated *</b> |
| <b>a) Long Term Debtors: amounts falling due in more than one year</b> |                   |                    |
| Housing Executive  | 15,968,270        | 17,235,550         |
|  | <b>15,968,270</b> | <b>17,235,550</b>  |
| <b>b) Debtors: amounts falling due in less than one year</b>           |                   |                    |
| Government Departments   | 3,443,828         | 3,578,696          |
| Other Councils (note 7)  | 296,502           | 399,075            |
| Value Added Tax  | 1,908,547         | 1,367,041          |
| Car Loans to Officers  | 123,761           | 112,320            |
| Payments in advance  |                   |                    |
| Other  | 8,314,692         | 10,579,116         |
| less: provision for doubtful debts                                     | (266,133)         | (85,797)           |
|  | <b>13,821,197</b> | <b>15,950,451</b>  |
| <b>Total debtors</b>   | <b>29,789,467</b> | <b>33,186,001</b>  |

A general provision for doubtful debts is included in the financial statements at 10% of commercial outstanding debts.

## 13. Short-term Investments

|                      | 2008/09           | 2007/08        |
|----------------------|-------------------|----------------|
|                      | £                 | £              |
| <b>Bank Deposits</b> | <b>17,189,771</b> | <b>870,688</b> |

## 14. Creditors

|  | 2008/09           | 2007/08           |
|--|-------------------|-------------------|
|  | £                 | £                 |
| <b>Amounts falling due in less than one year</b> |                   |                   |
| Government Departments                           | 222,340           | 4,780,099         |
| Other Councils                                   | 2,121             | 1,325             |
| Receipts in advance                              | 820,799           | 449,320           |
| Other  | 14,353,010        | 16,087,578        |
|  | <b>15,398,270</b> | <b>21,318,322</b> |
| Borrowing re-payable within one year             | 1,538,166         | 9,713             |
| <b>Total creditors</b>                           | <b>16,936,436</b> | <b>21,328,035</b> |



## 15. Borrowing Re-Payable within a Period in Excess of One Year

|                                 | 2008/09           | 2007/08           |
|---------------------------------|-------------------|-------------------|
|                                 | £                 | £                 |
| Maturing between 1 and 2 years  | 97,537            | 1,578,709         |
| Maturing between 2 and 5 years  | 3,250,062         | 461,486           |
| Maturing between 5 and 10 years | 11,730,315        | 6,825,520         |
| Maturing in more than 10 years  | 4,000,000         | 12,000,000        |
|                                 | <b>19,077,914</b> | <b>20,865,715</b> |
| <i>Analysis of Total Debt-</i>  |                   |                   |
| Government Loans Fund           | 17,616,080        | 17,875,428        |
| Less Amounts due in 12 months   | (1,538,166)       | (9,713)           |
| Mortgages                       | 3,000,000         | 3,000,000         |
|                                 | <b>19,077,914</b> | <b>20,865,715</b> |

Interest rates on Government Loans range between 3% and 11.125%.

## 16. Deferred Liabilities

|                       | 2008/09 | 2007/08 |
|-----------------------|---------|---------|
|                       | £       | £       |
| Between 1 and 5 years | -       | -       |
| In more than 5 years  | -       | -       |
|                       | -       | -       |

This represents the principal outstanding for assets acquired under finance leases which are repayable after more than one year. At present, the Council has not acquired any finance leases.

## 17. 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 district 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 district council. The provision for bad and doubtful debts reflects the district 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.

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 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 14 to 16. All trade and other payables are due for payment within one year.

## Market Risk

### Interest rate risk

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

### Foreign exchange risk

The council has no financial assets or liabilities denominated in foreign currencies and thus have 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 and market loans that differ from the prevailing market rates. The fair value of these loans is £28,837,223, analysed as follows:

|                  | £                 |
|------------------|-------------------|
| Government Loans | 25,091,214        |
| Market Loans     | 3,746,009         |
| <b>Total</b>     | <b>28,837,223</b> |

## 18. Provisions

This is the Council's pension provision, a provision for single status, an insurance provision and a provision in respect of the closure of the landfill site.

### 18a) Pension Liability

The Council's pension provision is an estimated liability in respect of discretionary payments awarded to employees granted early retirement. This pension provision is offset in the balance sheet by a reserve of the same amount. However the pension reserve is not funded.

The current best estimate of the capitalized cost of pension payments to a number of former employees at 31<sup>st</sup> March 2009 is £10,601,806. Movements on this provision are as follows:

|                             | 2008/09           | 2007/08          |
|-----------------------------|-------------------|------------------|
|                             | £                 | £                |
| Opening balance             | 9,948,031         | 9,418,580        |
| Less: payments to NILGOSC   | (834,122)         | (864,305)        |
| Add:                        |                   |                  |
| Revaluation                 |                   |                  |
| utilisation during the year | 1,487,897         | 1,393,756        |
|                             | <b>10,601,806</b> | <b>9,948,031</b> |

## 18b) Other Provisions

A provision has been created in respect of the closure of the landfill site at an initial value of £14,700,000. The Consultants WD & RT Taggart have provided an updated estimate of the cost of closure at the Dargan Road Landfill Site based on the current capping specification. The Council plans to keep its provision under review and over the next three years to build up its renewals and repairs fund to match the provision.

A Provision was created in respect of Single Status amounting to £3,000,000 in 2005/06. £435,051 of this was used during 2006/07, and £1,388,946 was spent during 2007/08. The provision has been reviewed and reduced by £800,000 in 2007/08. A further £376,003 was spent in 2008/09 leaving a nil balance.

A provision of £1,929,800 (2007/08 £1,907,800) 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 March 2009 the total liability for legal cases notified but not processed amounted to an estimated potential liability of £3m.

A summary of the movements in these provisions are provided below:

|                                 | Landfill Closure | Single Status | Legal     |
|---------------------------------|------------------|---------------|-----------|
|                                 | £                | £             | £         |
| Opening balance                 | 15,204,357       | 376,003       | 1,907,800 |
| amounts arising during the year | (1,387,941)      | (376,003)     | (40,000)  |
| Increase/(Decrease) to Reserve  |                  |               | 62,000    |
| Closing Balance                 | 13,816,416       | 0             | 1,929,800 |

## 19. Deferred Grants

|   | 2008/09    | 2007/08     |
|---|------------|-------------|
|   | £          | £           |
| Opening balance   | 8,839,163  | 9,281,229   |
| Adjustment to the opening balance   | 170,007    | (8,579,943) |
| Add: new grants received (note 21d)   | 5,157,810  | 8,245,036   |
| Less: amounts released to the District Fund - Income and Expenditure Account (note 21d) | (175,197)  | (107,159)   |
|   | 13,991,783 | 8,839,163   |

All capital contributions towards the purchase of a fixed asset are taken to the Deferred Capital Grant Reserve, and this amount is written off to the District Fund - Income and Expenditure Account over the useful life of the asset.

## 20. Reconciliation of Surplus/(Deficit) to Net Cash Inflow/(Outflow) from Operating Activities

|  | <i>Note</i> | 2008/09<br>£ | 2008/09<br>£       | 2007/08<br>£ | 2007/08<br>£<br>Re-stated * |
|--|-------------|--------------|--------------------|--------------|-----------------------------|
| Surplus/(Deficit) for year   | 3           |              | (33,556,882)       |              | (16,554,102)                |
| <u>Non-cash transactions</u>   |             |              |                    |              |                             |
| Contributions to other reserves  |             | (5,333,176)  |                    |              |                             |
| Depreciation and impairment charged in year  | 3,9         | 34,299,137   |                    | 13,964,537   |                             |
| Loans fund principal repayments during the year  |             | 1,715,958    |                    |              |                             |
| Deferred Grants amortised in year  | 3,19,22     | (175,197)    |                    | (107,159)    |                             |
|  |             |              | 30,506,722         |              | 13,857,378                  |
| <u>Adjustment for items reported separately on Cash flow</u>   |             |              |                    |              |                             |
| Interest and Investment Income   |             |              | (1,562,740)        |              | (885,548)                   |
| Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings | 6a)         |              |                    |              |                             |
| Gain or loss on disposal of fixed assets   | 3           |              | (126,932)          |              | 961,909                     |
| <u>Items on an accruals basis</u>  |             |              |                    |              |                             |
| (Increase)/Decrease in stock   |             |              | 83,716             |              | (33,230)                    |
| (Increase)/Decrease in debtors   |             |              | 2,129,254          |              | (1,828,994)                 |
| Increase/(Decrease) in creditors   |             |              | (5,123,509)        |              | 11,942,998                  |
| <b>Net Cash Inflow/(Outflow) from Operating Activities</b>   |             |              | <b>(7,650,371)</b> |              | <b>7,460,411</b>            |

## 21a) Analysis of Changes in Cash and Cash Equivalents During the Year

|                       | <i>Notes</i> | 2008/09<br>£     | 2007/08<br>£      | Change in<br>the year<br>£ |
|-----------------------|--------------|------------------|-------------------|----------------------------|
| Temporary Investments |              | 17,189,771       | 870,688           | 16,319,083                 |
| Cash                  |              | 41,829,976       | 39,605,681        | 2,224,295                  |
| Bank Overdraft        |              | (55,918,238)     | (17,724,245)      | (38,193,993)               |
| <b>Total</b>          |              | <b>3,101,509</b> | <b>22,752,124</b> | <b>(19,650,615)</b>        |

The Council classes liquid resources as short-term deposits, which do not have a fixed-term investment date. Only current asset investments are included.

## 21b) Analysis of Net Funds

|  | Cash<br>£           | Temporary<br>Investments<br>£ | Cash at<br>Bank and<br>in hand<br>£ | Loans due<br>within one<br>year<br>£ | Loans due<br>after more<br>than one<br>year<br>£ | Finance<br>Leases<br>£ | Net Debt<br>£       |
|--|---------------------|-------------------------------|-------------------------------------|--------------------------------------|--|------------------------|---------------------|
| Balance at 1 April 2008                        | 21,881,436          | 870,688                       | 22,752,125                          | (9,713)                              | (20,865,716)                                     |                        | 1,876,695           |
| Change in Year                                 | (35,969,698)        | 16,319,083                    | (19,650,615)                        | (1,528,453)                          | 1,538,166  |                        | (19,640,903)        |
| Other non cash changes -<br>new finance leases |                     |                               |                                     |                                      |  |                        |                     |
| <b>Balance at 31 March 2009</b>                | <b>(14,088,262)</b> | <b>17,189,771</b>             | <b>3,101,510</b>                    | <b>(1,538,166)</b>                   | <b>(19,327,550)</b>                              |                        | <b>(17,764,208)</b> |

## 21c) Reconciliation of Changes in Cash to Movements in Net Funds

|  | 2008/09<br>£        | 2007/08<br>£       |
|--|---------------------|--------------------|
| Increase/ (Decrease) in cash in year                     | (35,969,698)        | 25,506,844         |
| Cash inflow from new loans raised                        |                     | -                  |
| Cash outflow from:                                       |                     |                    |
| Loans repaid   | 9,713               | 257,144            |
| Increase/(Decrease) in temporary<br>investments          | 16,319,083          | (31,599,999)       |
|  | 16,328,796          | (31,342,855)       |
| <b>Change in net funds resulting from cash<br/>flows</b> | <b>(19,640,902)</b> | <b>(5,836,011)</b> |
| <b>New finance leases</b>                                | <b>0</b>            | <b>0</b>           |
| <b>Net funds b/fwd</b>                                   | <b>1,876,696</b>    | <b>7,712,707</b>   |
| <b>Net funds c/fwd</b>                                   | <b>(17,764,206)</b> | <b>1,876,696</b>   |

## 21d) Analysis of Government Grants shown in the Cash Flow Statement

|                                      | 2008/09           | 2007/08           |
|--------------------------------------|-------------------|-------------------|
|                                      | £                 | £                 |
| CAPITAL GRANTS                       | 5,157,810         | 8,245,036         |
| <b>Sub-total</b>                     | <b>5,157,810</b>  | <b>8,245,036</b>  |
| REVENUE GRANTS                       |                   |                   |
| Community Services                   | 1,468,523         | 607,007           |
| Environmental Health                 | 1,784,921         | 1,296,185         |
| Economic Development                 | 1,393,908         | 1,439,556         |
| Community Relations                  | 0                 | 0                 |
| Recreation Grounds                   | 363,247           | 121,944           |
| Sports Development                   | 15,463            | 83,582            |
| Tourism                              | 657,187           | 75,000            |
| Arts development                     | 93,513            | 62,794            |
| Waste Management                     | 0                 | 83,940            |
| District Policing Partnership        | 408,562           | 224,341           |
| Cemeteries, Crematorium and Mortuary | 0                 | 0                 |
| Corporate Management                 | 1,021,645         | 842,613           |
| Miscellaneous                        | 405,085           | 400,658           |
| Government Grants Deferred           | (175,197)         | (107,159)         |
| <b>Sub-total</b>                     | <b>7,436,857</b>  | <b>5,130,461</b>  |
| <b>Total Grants</b>                  | <b>12,594,667</b> | <b>13,375,497</b> |

Revenue grants are included within in the 'Net Cash Inflow from Operating Activities' figure in the Cash Flow Statement.

## 22. Movement on Reserves

|  | <i>Note</i>   | Capital<br>Adjustment<br>Account<br>£<br><i>22a)</i> | Revaluation<br>Reserve<br>£<br><i>22b)</i> | Pensions<br>Reserve<br>£<br><i>18)</i> | Rates<br>Claw-<br>Back<br>Reserve<br>£ | Capital<br>Receipts<br>Reserve<br>£<br><i>22c)</i> | Renewal<br>& Repairs<br>Fund<br>£<br><i>22d)</i> | Election<br>Reserve<br>£<br><i>22e)</i> | City<br>Investment<br>Fund<br>£ | District<br>Fund<br>£<br><i>22f)</i> | TOTAL<br>£         |
|--|---------------|--|--|--|--|--|--|---|---------------------------------|--------------------------------------|--------------------|
| <b>At 1 April 2008 as previously reported</b>        |               | 444,345,735  | 123,209,862                                | (9,948,031)                            | 0                                      | 1,061,447  | 14,011,670                                       | 489,970                                 | 2,075,000                       | 6,267,397                            | 581,513,050        |
| <b>Prior Year Adjustment</b>                         |               |  |  |  |  |  |  |   |                                 | 77,420                               | 77,420             |
| <b>Balance at 1 April 2008 as restated</b>           |               | 444,345,735  | 123,209,862                                | (9,948,031)                            | 0                                      | 1,061,447  | 14,011,670                                       | 489,970                                 | 2,075,000                       | 6,344,817                            | 581,590,470        |
| <b>Movements on reserves during the year:</b>        |               |  |  |  |  |  |  |   |                                 |                                      |                    |
| Capital Grants Released                              | <i>19,21d</i> | 175,197  |  |  |  |  |  |   |                                 |                                      | 175,197            |
| Interest Received                                    |               |  |  |  |  |  | 605,538  | 25,505                                  |                                 |                                      | 631,043            |
| Direct Revenue Financing                             | <i>3,10</i>   | 2,678,310  |  |  | (191,279)                              |  |  |   | 1,000,000                       |                                      | 3,487,031          |
| Loans fund principal/depreciation adjustment         | <i>3</i>      | (8,153,786)  |  |  |  |  |  |   |                                 |                                      | (8,153,786)        |
| Impairment of fixed assets                           |               | (24,428,840)   | (31,241,823)                               |  |  |  |  |   |                                 |                                      | (55,670,663)       |
| I & E Surplus/Deficit                                |               |  |  |  |  |  |  |   |                                 | (3,274,966)                          | (3,274,966)        |
| Payments to NILGOSC                                  | <i>18</i>     |  |  | 834,122                                |  |  |  |   |                                 |                                      | 834,122            |
| Disposal of Fixed Assets/Capital Sales               | <i>9</i>      | (162,987)  |  |  |  | 289,919  |  |   | 1,310,110                       |                                      | 1,437,042          |
| Capital Receipts used to finance capital expenditure |               | 491,366  |  |  |  | (491,366)  |  |   |                                 |                                      | 0                  |
| Revaluation  | <i>9</i>      | 202,955  | 76,714,015                                 | (1,487,897)                            |  |  |  |   |                                 |                                      | 75,429,073         |
| Other Movements                                      |               |  | (963,910)                                  |  |  |  |  | 303                                     |                                 |                                      | (963,607)          |
| <b>Total movements on reserves during the year:</b>  |               |  |  |  |  |  |  |   |                                 |                                      |                    |
| <b>(Change in Net Worth)</b>                         |               | (29,197,785)   | 44,508,282                                 | (653,775)                              | (191,279)                              | (201,447)  | 605,538  | 25,808                                  | 2,310,110                       | (3,274,966)                          | 13,930,486         |
| <b>At 31 March 2009</b>                              |               | <b>415,147,950</b>                                   | <b>167,718,144</b>                         | <b>(10,601,806)</b>                    | <b>(191,279)</b>                       | <b>860,000</b>                                     | <b>14,617,208</b>                                | <b>515,778</b>                          | <b>4,385,110</b>                | <b>3,069,851</b>                     | <b>595,520,956</b> |

## **22a) Capital Adjustment Account**

The purpose of this account is to aggregate the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the District Fund for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements. The account is also debited with an amount equal to the carrying amount of assets held at historic cost when they are disposed of. If the asset disposed of was held at current value, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

## **22b) Revaluation Reserve**

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 the District Fund) are mirrored in the Statement of Total Recognised Gains and Losses. It is a fundamental principal of this new account that it never becomes negative. If the asset disposed of was held at current value when it is disposed of, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

## **22c) 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.

## **22d) Renewal and Repairs Fund**

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £22m.

## **22e) Election Reserve**

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

## **22e) District Fund Reserves**

This fund represents the surplus of income over expenditure. It can be used to supplement income and unexpected expenditure in future years. Of the £3,069,851, £273,925 relates to expenditure committed at year-end.



## 23. Trust Funds

The Council administers funds on behalf of the following trusts:

|                      | £              |
|----------------------|----------------|
| Craig Memorial Band  | 5,180          |
| Dunville Park        | 7,649          |
| Balmoral Boys School | 94,025         |
| <b>Total</b>         | <b>106,854</b> |

## Gas Pension Fund

| INCOME AND EXPENDITURE STATEMENT              | 2008/2009        | 2007/2008        |
|---|------------------|------------------|
|   | £                | £                |
| <b>INCOME:</b>                                |                  |                  |
| Investment Income                             | 111,696          | 108,967          |
| <b>EXPENDITURE:</b>                           |                  |                  |
| Pensions paid                                 | (553,905)        | (588,653)        |
| Administration Expenses                       | (18,735)         | (9,060)          |
| Deficit for the year                          | <b>(460,944)</b> | <b>(488,746)</b> |
| <b>NET ASSET MOVEMENTS</b>                    |                  |                  |
| Brought forward balance at 01.04.2008         | 2,051,228        | 2,539,974        |
| Unrealised gain at 01.04.2008                 | 888,958          | 632,123          |
| <b>Opening value of fund</b>                  | <b>2,940,186</b> | <b>3,172,097</b> |
| Contribution from Belfast City Council        |                  |                  |
| Add deficit for the year                      | (460,944)        | (488,746)        |
| <b>CHANGE IN MARKET VALUES OF INVESTMENTS</b> |                  |                  |
| Realised gain for year                        |                  |                  |
| Unrealised Gain/(loss) for Year               | (18,308)         | 256,835          |
| <b>Closing value of fund</b>                  | <b>2,460,934</b> | <b>2,940,186</b> |
| <b>FINANCED BY:</b>                           |                  |                  |
| UK Index linked investments                   | 3,638,129        | 3,656,437        |
| Cash deposits and at bank                     | 0                | 0                |
| Debtors                                       | 29,342           | 28,913           |
|   | 3,667,471        | 3,685,350        |
| Bank balance                                  | (1,159,405)      | (698,032)        |
| Creditors                                     | (47,132)         | (47,132)         |
| <b>Closing value of fund</b>                  | <b>2,460,934</b> | <b>2,940,186</b> |

## 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 2009 is assessed by the Council's actuaries, Hewitt Bacon & Woodrow Ltd. The funds Financial Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2009.

### Triennial Actuarial Valuation as at 31 March 2009

The date of the latest triennial actuarial valuation was 31 March 2008 and at that date the Fund had a past service deficit of £926,000.

The main actuarial assumptions are as follows:

#### Financial Assumptions:

Rate of return on assets 4.1% p.a.

Rate of pension increases 3.2% on pensions in excess of GMPs.

#### Demographic Assumptions:

Mortality in retirement Standard tables PA (00) rated up 13%, i.e. men and women aged 80 will live on average for a further 8.4 and 10.3 years, respectively.

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 £2,940,186 and the level of the funding expressed in percentage terms is 76%.

A Statement of Investment Principles has been prepared and is available from the Director of Corporate Services, Adelaide Exchange, 24-26 Adelaide Street, Belfast, BT2 8GD

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