

# **FERMANAGH DISTRICT COUNCIL**



**Financial Statements  
for the year ended  
31 March 2015**

**Fermanagh District Council**

Financial Statements for year ended 31 March 2015

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## Explanatory Foreword

### Introduction

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

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

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

### Group Accounts

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

### The Movement in Reserves Statement

This Statement, as set out on page 11, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

### The Comprehensive Income and Expenditure Statement

This statement, as set out on page 12, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### The Balance Sheet

The Balance Sheet, as set out on page 13, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### The Cash Flow Statement

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

Financial Report

For the year ended 31 March 2015 the Council increased its General Fund reserve by £25k to £1.173m. The Council's budget of £13.3m was supplemented by a finalisation of district rates estimated at £187k for 2014-15 financial year.

	<u>Actual</u>	<u>Estimated</u>	<u>Variance</u>
	£	£	£
Expenditure	20,072,608	20,016,754	55,854
Income from services	<u>5,136,253</u>	<u>4,862,569</u>	<u>273,684</u>
Net Cost	14,936,355	15,154,185	(217,830)
Less Transfers from Reserves	-	393,750	(393,750)
Net Expenditure after Transfers	<u>14,936,355</u>	<u>14,760,435</u>	<u>175,920</u>
Financed by:			
General Grant	<u>1,458,280</u>	<u>1,445,274</u>	<u>13,006</u>
District Rates	<u>13,478,075</u>	<u>13,315,161</u>	<u>162,914</u>
Surplus/(Deficit)	<u>25,041</u>	<u>0</u>	<u>25,041</u>

The above figures included £0.6m of Shadow Council costs, £12k of other transition costs and £0.12m of Statutory Transition committee costs.

The net cost of the main services for the year is as follows:

	2014/15	2013/14
	£	£
Leisure	6,012,895	6,017,899
Environmental	7,772,340	7,900,776
DRM, Corporate Services & Other Services (excluding Pension Past Service Costs/(Gains))	2,396,158	1,701,997

At the 31 March 2013 the Council amended the discount rates used in the calculation of its provisions for the closure and aftercare of its landfill sites, in line with HM Treasury discount rates. The Department of the Environment issued Circular LG 28/2013, dated 24 October 2013, which allows for the mitigation of these costs over a period of six years subject to Departmental approval, which the Council has received. As a result, in this current year, the effect on the General Fund is £138,278 (2013/14: £138,278) and a balance £414,836 (2013/14: £553,114) is included in the Provisions Discount Rate Reserve.

The financial statements include provisions in respect of landfill closure and aftercare costs. These provisions have been prepared in accordance with provisions that have been agreed by NIEA as at 31 March 2014, but will be subject to detailed scrutiny by NIEA and the final agreed figures may be different.

**Transactions relating to retirement benefits**

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

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

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

	2014/15	2013/14
	£	£
<b>Net cost of services</b>		
Current service cost	1,720,000	1,573,000
Gains and losses on settlements or curtailments	0	0
Past service cost/(gain)	<u>0</u>	<u>14,000</u>
Net operating expenditure:	<u>1,720,000</u>	<u>1,587,000</u>
Interest cost	1,913,000	1,909,000
Expected return on scheme assets	<u>(1,663,000)</u>	<u>(1,539,000)</u>
Net charges to the Comprehensive Income and Expenditure Statement	<u>1,970,000</u>	<u>1,957,000</u>

The loss of £1.198m (£3.025m gain in 2013/14) resulting from the remeasurement of the net defined benefit liability/(asset) is included in the Comprehensive Income and Expenditure Statement.

### CAPITAL EXPENDITURE

The Council incurred gross expenditure of £3.678m (£0.648m excluding expenditure on work in progress projects) for capital purposes during the year. The most significant spend was on capital projects during the year is as follows:

	£
1. Vehicles, fixtures and fittings, Plant and equipment	647,738
2. Additions to Property, Plant & equipment under construction	3,032,541
3. Additions to Land	.

Details of the financing of capital expenditure for the year are shown in note 11 on page 46.

The total outstanding on loans at 31 March 2015 was £2.923k. The cost of servicing loans during the financial year was £477k. The Council has also acquired assets on hire purchase. The cost of servicing the Council's hire purchase agreements during the year was £213k.

### Capital Programme 2015/16

At 31 March 2015 outstanding capital commitments of Fermanagh District Council were transferred into Fermanagh and Omagh District Council.

In February 2015, Fermanagh and Omagh Shadow Council approved the estimates Income & Expenditure for 2015/16. The estimates include a Capital Programme for Fermanagh and Omagh District Council of £13.118m to be funded as follows:

Grants	£6.665m
Loans	£3.945m
Leases/Hire Purchase	£0.600m
Revenue Financing	£0.917m
Reserves	£0.992m

The capital programme for 2015/16 includes £0.816m for investment in vehicles, plant and equipment whilst £12.302m is earmarked for development of infrastructure in the New Fermanagh and Omagh District Area. In particular, £2.00m for Enniskillen Castle development project, £1.00m for Arleston House, Lisnamallard and Omagh Leisure complex gardens, £1.875m for Castle Street Environmental Scheme and £1.030m for Enniskillen Public Realms Scheme. Other major expenditure includes £0.340m for play areas, £1.05m for MUGAs throughout the Area, £0.260m for recreation grounds and equipment, £0.795m for Riverwalk Development - Phase III, £0.50m for Trail Development, £0.970m for upgrades to leisure facilities, £0.33m for refurbishment of cemeteries, £0.280m for upgrade to Gortrush Depot, £0.866 on waste projects, one of the projects are subject to receipt of grant.

### Post Balance Sheet Events

From 1st April 2015, Fermanagh District Council ceased to exist and its functions have been transferred to the new Council, Fermanagh and Omagh District Council.

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

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

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

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

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

### The Council's Responsibilities

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

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

These accounts were approved by the Policy and Resources Committee of Fermanagh and Omagh District Council on 23 June 2015.

### The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

## ANNUAL GOVERNANCE STATEMENT

### Scope of Responsibility

Fermanagh District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency 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, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

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

### The Purpose of the Governance Framework

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

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

The governance framework has been in place at Fermanagh District Council for the year ended 31 March 2015. From the 1 April 2015 to the date of approval of the financial statement, the Governance Arrangements are those of Fermanagh and Omagh District Council.

## The Governance Framework

Key elements of the systems and processes that comprise the Council's governance arrangements.	
1.	<p><b>Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.</b></p> <p>The Council has an established system for the setting and monitoring of objectives. Following an exhaustive consultation process, the Corporate Strategy 2011-2015 established the overarching vision, values and priorities, thus providing the structure against which the annual departmental action plans are to be formulated. The Corporate Strategy is available on the Council's website.</p>
2.	<p><b>Reviewing the Council's vision and its implications for the Council's governance arrangements.</b></p> <p>The Corporate Performance Management Framework is being developed. The Corporate Strategy for 2011-2015 was approved by the Council at its meeting on 5th June 2011. Progress reports have been considered by Senior Management Team throughout the year.</p>
3.	<p><b>Measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources.</b></p> <p>The Council has in the past measured customer satisfaction levels with key services via a formal external customer satisfaction survey. Additionally, a suite of Performance Indicators is produced annually for comparison internally. Financial performance is assessed through regular budget meetings and is reported to Council periodically. Value for money auditing may be carried out by both internal and external auditors. Service improvements are also identified through the Council's complaints procedure. The Department of the Environment (NI) will not reinstate the Residents Satisfaction Survey but the Council worked with five other Councils and carried out a Residents Satisfaction Survey. The Council support the development of a new framework for Local Government performance management including customer satisfaction. In addition, the Council undertook a major consultation exercise in 2013/14 on the Website Development Strategy.</p>
4.	<p><b>Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.</b></p> <p>All policy decisions are taken by the Council after consideration by Senior Management and the appropriate Committee. A number of operational matters are delegated to Senior Management. The Council are satisfied that the respective roles and responsibilities are understood by both the Councillors and Officers and a statement setting out the different roles and how they fit together is in place.</p>
5.	<p><b>Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.</b></p> <p>The behaviour, standards and ethics expected of elected Members are outlined in the Code of Conduct for Councillors issued by the Department of the Environment (NI). Additionally, behaviour at Council meetings is regulated through Council's Standing Orders. Employees are subject to a Code of Conduct adapted from a model code issued by the Local Government Staff Commission for Northern Ireland, and also a number of specific policies e.g. Harassment and Equality policies. The Code of Conduct also contains guidance on hospitality and acceptance of gifts and a Hospitality Register is maintained. All relevant documentation is provided to Members and staff as part of induction training, and further specific training is organised as required.</p>
6.	<p><b>Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.</b></p> <p>Revised Standing Orders were approved at Council on 14th May 2012 and were implemented with effect from 01 August 2012. Financial Regulations are also in place and these are clearly defined regulations governing capital expenditure, procurement and human resource management. The regulations are reviewed periodically e.g. Annual review of Accounting Manual. The Council continues to work within the Risk Management Policy Framework and supporting risk management procedures which requires the identification of corporate and departmental risks, the assessment of impact and likelihood of those risks arising and the mitigating controls in place. The Council has Corporate and Departmental risk registers in place, and these were reviewed on two occasions during the year. All Heads of Department have submitted an Annual Assurance Statement regarding the operation of internal controls, in respect of their Department, to the Chief Executive of Fermanagh and Omagh District Council.</p>
7.	<p><b>Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.</b></p> <p>The Council complies with the Local Government (Audit and Accounts) Regulations (NI) 2006. The Council has an Audit Committee which has a written constitution, terms of reference and remit. The Committee receives internal and external audit reports, and scrutinises financial reports and risk management issues. The Audit Committee met on three occasions during the year and reported to the Council by way of formal minutes of the meetings. The Committee consists of five elected members and an independent member who is a qualified accountant.</p>
8.	<p><b>Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</b></p> <p>The Council complies with the Local Government Finance Act (NI) 2011, the Local Government (Capital Finance and Accounting) Regulations (NI) 2011 and the supporting codes - The Prudential Code and the Treasury Management Code. The Chief Executive of Fermanagh District Council is also the Council's Chief Financial Officer (as outlined in Section 54 of the Local Government Act (NI) 1972). The Chief Financial Officer is charged with ensuring the lawfulness and financial prudence of decision making, providing advice and guidance and ensuring that expenditure is lawful. The Council ensures that professional advice on matters that have legal or financial implications is available and used appropriately.</p>
9.	<p><b>Whistle-blowing and for receiving and investigating complaints from the public.</b></p> <p>The Council has a fraud and corruption policy which has been circulated to all staff, alongside a supplementary whistle-blowing policy. Fraud awareness training was provided for those administering a grants regime, formal fraud awareness training was provided for all senior employees and others with management responsibility and further fraud training took place for directors and managers in December 2013. The Council has provided training on the implications of the Bribery Act 2010 that came into effect on 01 July 2011 and tracks current best practice and case law. Additionally, the Council has an internal complaints procedure available to members of the public in electronic and hard copy formats.</p>
10.	<p><b>Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.</b></p> <p>The Council, through the Human Resources Department, identifies and sources appropriate training for staff and, where appropriate, elected members. This is to ensure that employees and Councillors have the skills, resources and support necessary to perform effectively in their roles.</p>
11.	<p><b>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.</b></p> <p>The Council consults with various bodies in relation to important strategic or policy development matters. Provisions are in place for communication in various formats including publication on the website and in various languages in accordance with our linguistics policy and equality scheme. Through the Freedom of Information procedure, which includes a Guide to Information, the Council tries to ensure that it is open and accessible except when it is specifically necessary to withhold information in accordance with the exemptions available. The Council is developing a Communications and Engagement Strategy to make sure that people are well informed about Council activities.</p>



#### 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 executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The Internal Audit function, which reports to the Chief Executive carries out an annual programme of work based on a longer term strategic plan. The annual plan for 2014-15 was approved by the Audit Committee and takes account of risk inherent in the Council's activities. Any weaknesses identified in internal control procedures are considered by senior management were reported to the Audit Committee and actions are agreed to strengthen the internal control environment.

The Internal Audit function provides an independent opinion on the adequacy and effectiveness of the internal control system. In order to ensure independence, the Internal Auditor has access, if required, to the Chairman of the Audit Committee. Internal Audit reports are presented at each Audit Committee meeting and if appropriate are discussed at Senior Management Team meetings.

An annual review of the Internal Audit function has been carried out in accordance with the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006, and The Internal Audit Function was found to be satisfactory. This review was presented to the Audit Panel of Fermanagh and Omagh District Council on 16 June 2015, along with the Internal Auditor's Annual Report and Statement of Opinion on Internal Control.

In due course Fermanagh and Omagh District Council will be advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Panel, and, if necessary, a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

The Council's financial management arrangements conform with the governance requirements of the CIPFA statement of the Role of the Chief Financial Officer (CFO) in Local Government (2010) with the exception of governance requirement under Principle 1 'ensure the CFO reports directly to the Chief Executive...'. The CFO is the Chief Executive as there is no requirement in Local Government for these roles to be separate.

#### Significant Governance Issues

The Internal Auditor's Annual Statement of Opinion on Internal Control concluded that any issues identified in the course of the internal audit work during the year did not require separate disclosure within the Governance Statement.

The review of effectiveness by executive managers within the Council, and external auditors, has identified significant issues of concern because of the risks they present. The following significant governance issues which existed for Fermanagh District Council at 31 March 2015 will impact on Fermanagh and Omagh District Council from 01 April 2015:

- Waste Management - developments in recycling and waste education are ongoing but issues still remain in the processing and diversion of residual waste from landfill.
- Having obtained independent legal advice the Council is taking steps against the Council's specialist contract advisors with a view to recovering the Council's losses as a result of a court of appeal decision taken on 18 June 2014 in relation to the outcome of the dispute between the Council and the contractor for the development of the Drumree Waste Management Facility.

Fermanagh and Omagh District Council propose over the coming year to take steps to monitor the potential impact of the above matters. Fermanagh and Omagh District Council are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

#### Local Government Reform

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

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

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

Signed   
Chief Executive of Fermanagh & Omagh District Council

26 October 2015

Signed   
On behalf of the Policy and Resources Committee of Fermanagh and Omagh District Council

26 October 2015

**Certificate of the Chief Financial Officer**

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2015 on pages 11 to 69 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 15 to 21
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2015.



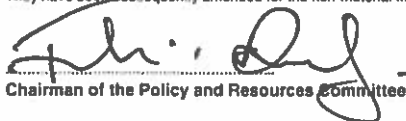
Chief Financial Officer of Fermanagh & Omagh District Council.

Date 26 October 2015

**Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Policy and Resources Committee of Fermanagh and Omagh District Council on 23 June 2015.

They have been subsequently amended for the non-material items referred to in the Accounts Authorised for Issue Certificate on page 70.



Chairman of the Policy and Resources Committee of Fermanagh and Omagh District Council.

Date 26 October 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERMANAGH AND OMAGH DISTRICT COUNCIL**

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

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

### **Respective responsibilities of the Chief Financial Officer and the independent auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In my opinion:

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

### **Opinion on other matters**

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

### Matters on which I report by exception

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

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

### Certificate

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



Louise Mason  
Local Government Auditor  
Northern Ireland Audit Office  
106 University Street  
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27 October 2015

**Fermanagh District Council**

Financial Statements for year ended 31 March 2015

**Movement in Reserves Statement  
For the current and comparative year**

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

	General Fund Summary	Statutory Reserves	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
<b>At 1 April 2013</b>	1,148,876	1,237,419	1,564,395	358,764	4,309,454	32,366,623	36,676,077
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on the provision of services	393,598	0	0	0	393,598	0	393,598
Other Comprehensive Income and Expenditure	0	0	0	0	0	5,294,208	5,294,208
<b>Total Comprehensive Income and Expenditure</b>	<b>393,598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>393,598</b>	<b>5,294,208</b>	<b>5,687,806</b>
Adjustments between accounting basis & funding basis under regulations	(468,171)	(113,685)	386,980	(281,546)	(476,422)	702,074	225,652
<b>Net Increase/Decrease before Transfers to Statutory and Other Reserves</b>	<b>(74,573)</b>	<b>(113,685)</b>	<b>386,980</b>	<b>(281,546)</b>	<b>(82,824)</b>	<b>5,996,282</b>	<b>5,913,458</b>
Transfers to/from Statutory and Other Reserves	73,995	6,505	(80,500)	0	0	0	0
<b>Increase/Decrease in Year</b>	<b>(578)</b>	<b>(107,180)</b>	<b>306,480</b>	<b>(281,546)</b>	<b>(82,824)</b>	<b>5,996,282</b>	<b>5,913,458</b>
<b>At 31 March 2014</b>	<b>1,148,298</b>	<b>1,130,239</b>	<b>1,870,875</b>	<b>77,218</b>	<b>4,226,630</b>	<b>38,362,905</b>	<b>42,589,535</b>
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on provision of services	756,030	0	0	0	756,030	0	756,030
Other Comprehensive Income and Expenditure	0	0	0	0	0	757,556	757,556
<b>Total Comprehensive Income and Expenditure</b>	<b>756,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>756,030</b>	<b>757,556</b>	<b>1,513,586</b>
Adjustments between accounting basis & funding basis under regulations	(331,168)	(16,377)	248,567	(13,383)	(112,361)	458,285	345,924
<b>Net Increase/Decrease before Transfers to Statutory and Other Reserves</b>	<b>424,862</b>	<b>(16,377)</b>	<b>248,567</b>	<b>(13,383)</b>	<b>643,669</b>	<b>1,215,841</b>	<b>1,859,510</b>
Transfers to/from Statutory and Other Reserves	(399,821)	155,821	171,057	0	(72,943)	0	(72,943)
<b>Increase/Decrease in Year</b>	<b>25,041</b>	<b>139,444</b>	<b>419,624</b>	<b>(13,383)</b>	<b>570,726</b>	<b>1,215,841</b>	<b>1,786,567</b>
<b>At 31 March 2015</b>	<b>1,173,339</b>	<b>1,269,683</b>	<b>2,290,499</b>	<b>63,835</b>	<b>4,797,356</b>	<b>39,578,746</b>	<b>44,376,102</b>

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

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

	Notes	2014/15 Gross Expenditure £	2014/15 Gross Income £	Net Cost £	Gross Expenditure £	2013/14 Gross Income £	Net Cost £
<b>Services Expenditure</b>							
Leisure and Recreational Services		6,765,492	2,752,596	6,012,895	8,559,998	2,542,099	6,017,899
Environmental Services		9,043,711	1,271,371	7,772,340	8,957,430	1,056,653	7,900,777
DRM and Corporate Management		1,821,671	23,286	1,798,385	1,508,168	406,653	1,101,515
Other Services		1,651,442	1,053,670	597,772	2,094,944	1,494,457	600,484
<b>Cost of Services on Continuing Operations</b>	4-6	21,282,316	5,100,923	16,181,393	21,120,537	5,499,662	15,620,875
Other Operating Expenditure	7	0	10,295	(10,295)	5,907	0	5,907
Financing and Investment Income and Expenditure	8	414,340	131,250	283,090	550,200	37,722	512,478
Surplus or Deficit on Discontinued Operations		0	0	0	0	0	0
<b>Net Operating Expenditure</b>		21,696,656	5,242,468	16,454,188	21,676,644	5,537,584	16,139,060
<b>Taxation and Non-Specific Grant Income</b>	9	0	17,210,218	(17,210,218)	0	16,532,658	(16,532,658)
<b>Surplus/(Deficit) on the Provision of Services</b>		21,696,656	22,452,686	756,030	21,676,644	22,070,242	393,598
Surplus/(Deficit) on revaluation of non-current assets	10a/10b/10d			1,955,556			2,274,208
Impairment losses on non-current assets charged to the Revaluation Reserve	10a/10b/10d			0			(5,000)
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	25a/25b			0			0
remeasurements of the Net Defined Benefit Liability (Asset)	20			(1,198,000)			3,025,000
<b>Other Comprehensive Income and Expenditure</b>				757,556			5,294,208
<b>Total Comprehensive Income and Expenditure</b>				1,513,586			5,687,806

**Fermanagh District Council**

Financial Statements for year ended 31 March 2015

**Balance Sheet As At 31 March 2015**

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

	Notes	2014/15 £	2013/14 £
Property Plant & Equipment (PP&E)	10a/10b	49,921,265	46,233,589
Heritage Assets	10d	1,505,120	1,500,920
Investment Properties	10a/10b	1,067,100	657,000
Intangible Assets	10a/10b	0	0
Assets Held for Sale	10e	0	0
Long Term Investments	15a	0	0
Investment in Associates and Joint Ventures		0	0
Long Term Debtors	14a	60,130	134,443
<b>LONG TERM ASSETS</b>		<b>52,553,616</b>	<b>48,525,953</b>
Short Term Investments	15b	0	0
Inventories	13	236,503	193,570
Short Term Debtors	14b	4,285,767	2,865,243
Cash and Cash Equivalents	24b	5,959,230	7,142,841
Assets Held for Sale	10e	37,072	346,073
<b>CURRENT ASSETS</b>		<b>10,518,572</b>	<b>10,547,727</b>
Bank Overdraft		450	250
Short Term Borrowing	16a	598,942	576,769
Short Term Creditors	17a	3,003,577	2,804,250
Provisions	18	85,807	57,000
Liabilities in Disposal Groups		0	0
<b>CURRENT LIABILITIES</b>		<b>3,688,776</b>	<b>3,438,269</b>
Long Term Creditors	17b	0	0
Provisions	18	3,197,413	3,225,313
Long Term Borrowing	16b	2,536,896	2,272,750
Other Long Term Liabilities	5,20	9,273,000	7,547,813
Donated Assets Account	21	0	0
Capital Grants Receipts in Advance	22	0	0
<b>LONG TERM LIABILITIES</b>		<b>15,007,309</b>	<b>13,045,876</b>
<b>NET ASSETS</b>		<b>44,376,103</b>	<b>42,589,534</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	25a/25b	4,797,356	4,226,629
Capital Grants Unapplied Account	25a/25b	63,835	77,218
Capital Fund	25a/25b	1,038,942	790,375
Capital Fund	25a/25b	0	0
Renewal and Repairs Fund	25a/25b	1,269,683	1,130,239
Other Balances and Reserves	25a/25b	1,251,557	1,080,500
General Fund	25a/25b	1,173,339	1,148,298
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	25a/25b	39,578,746	38,362,904
Financial Instruments Adjustment Account	25a/25b	37,579,023	37,112,365
Revaluation Reserve	25a/25b	0	0
Revaluation Reserve	25a/25b	10,949,156	8,532,073
Available for Sale Financial Instruments Reserve	25a/25b	0	0
Pensions Reserve	25a/25b	(8,279,950)	(6,543,131)
Capital Receipts Deferred Account	25a/25b	0	0
Accumulated Absences Account	25a/25b	(254,647)	(185,288)
Landfill Regulations Reserve	25a/25b	0	0
Provisions Discount Rate Reserve	25a/25b	(414,836)	(553,114)
<b>NET WORTH</b>		<b>44,376,103</b>	<b>42,589,534</b>

**Cash Flow Statement at 31 March 2015**

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

	Notes	2014/15 £	Restated 2013/14 £
<b>Net (surplus) or deficit on the provision of services</b>		756,030	393,598
Adjustment to surplus or deficit on the provision of services for noncash movements		481,396	4,492,539
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(2,289,079)	(1,917,399)
		<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	24a), 24c)	(1,051,653)	2,968,738
<b>Net Cash flows from Investing Activities</b>	24d)	(200,011)	(815,035)
<b>Net Cash flows from Financing Activities</b>	24e)	67,853	(620,562)
<b>Net increase or decrease in cash and cash equivalents</b>		(1,183,811)	1,533,141
Cash and cash equivalents at the beginning of the reporting period		7,142,591	5,609,450
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>5,958,780</u>	<u>7,142,591</u>



## 1a Accounting Policies

### General Principles

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

### Summary of Significant Accounting Policies

#### i) Accruals of Income and Expenditure

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

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

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

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

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

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

#### ii) Cash and Cash Equivalents

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

#### iii) Contingent Assets

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

#### iv) Contingent Liabilities

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

#### v) Employee Benefits

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

#### Termination benefits

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

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

#### Post Employment Benefits

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

#### The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

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

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

**Within the Cost of Services**

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

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

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

**Within Financing and Investment Income and Expenditure**

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

**Within Other Comprehensive Income and Expenditure (Remeasurements)**

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

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

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

**Within the Movement in Reserves Statement Appropriations**

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

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

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

**Discretionary Benefits**

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

**vi) Events After the Balance Sheet Date**

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

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

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

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

**vii) Exceptional Items**

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

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

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

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

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

**ix) Financial Instruments**

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

**Financial Liabilities**  
Amortised Cost

**Financial Assets**  
Loans and Receivables  
Available for Sale

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

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

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

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

#### Financial Assets

Financial assets are classified into two types:

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

#### Loans and Receivables

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

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

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

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

#### Available-for-Sale Assets

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

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

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

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

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

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

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

#### **x) Foreign Currency Translation**

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

#### **xi) Government Grants and Contributions**

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

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

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

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

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

#### **xii) Intangible Assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5k) the Capital Receipts Reserve.

#### xiii) Inventories & Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned on the basis of the latest invoice price.

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

#### xiv) Investment Property

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

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

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

#### xv) Landfill Allowance Schemes

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

#### xvi) Leases

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

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

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

##### The Council as Lessee

###### *Finance Lease:*

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

Lease payments are apportioned between:

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

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

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

###### *Operating Leases:*

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

##### The Council as Lessor

###### *Finance Leases*

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

Lease rentals receivable are apportioned between:

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

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

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

#### *Operating Leases*

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

#### **xvii) Disposals and Non-Current Assets Held for Sale**

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

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

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

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

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

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

#### **xviii) Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

#### **xix) Property, Plant and Equipment**

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

##### Recognition

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

##### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

#### Impairment

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

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

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

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

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

#### Depreciation

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

Depreciation is calculated on the following basis:

- buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the valuer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 15 to 50 years.
- plant and equipment (excluding I.T. equipment) are depreciated on historic cost using a standard life of 5 years, I.T. equipment is depreciated using a standard life of 3 years. Vehicles are depreciated on historic cost using a standard life of 7 years.

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

#### Componentisation

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

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

#### Revaluations

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

### xx) Heritage Assets

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

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

The Council's Heritage Assets are held in the Fermanagh County Museum ('the Museum'). The Museum has two collections of heritage assets which are held in support of the primary objective of the Museum, i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's collections of heritage assets are accounted for as follows.

#### Local History & Folk Life

xxi) The collection of local history and folk life includes important artefacts from the history of the local area. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on a bi-annual basis. The collection of local history and folk life artefacts are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation ascertained by the museum's curators in accordance with the Council's policy on valuations.

#### Fine and Decorative Arts Collection

The fine and decorative arts collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at market value. Valuations are completed periodically when there has been changes in the market for similar items or when the museum curator believes valuation is necessary. The assets within the fine and decorative arts collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

#### Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xix in this summary of significant accounting policies. The Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### xxii) Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation.

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

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

### xxiii) Reserves

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

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

#### xxiv) Charges to Revenue for Non-Current Assets

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

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

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

#### xxv) Revenue Expenditure Funded from Capital under Statute

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

#### xxvi) Value Added Tax

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

### 1b Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

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

#### IFRS 13 Fair Value Measurement (2011)

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

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

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

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

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

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

#### Annual Improvements cycles 2010 - 2012 and 2011 - 2013.

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

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

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

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

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

### 1c Critical Judgements In Applying Accounting Policies

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

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

In applying accounting policies set out from 1a below the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has £Xm deposited with XYZ Bank which is in administration. A decision by the courts is being sought as to whether the Council will have the status of a preferred creditor or not.
- A claim has been made against the Council in relation to the cancellation of a major procurement contract. With the support of the Council's legal advisors, it has been assessed that the

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

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

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

#### i) Provisions

The Council has a number of provisions, which are based on estimates and assumptions of future spend. These are detailed on Note 18.

#### ii) Pensions Liability

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

The effects on the net pensions liability of changes in individual assumptions can be measured. See note 20 for pension sensitivity analysis.

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**2a Segmental Reporting Analysis - Current Year**

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

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

[Comparative disclosures are reported in Note 2b]

Services	2014/15		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£	£	£
Culture and Heritage	1,184,572	261,645	922,927
Recreation and Sport	4,686,144	1,152,252	3,533,892
Tourism	1,935,738	952,357	983,381
Community Services	959,038	386,342	572,695
<b>Leisure and Recreational Services</b>	<b>8,765,492</b>	<b>2,752,596</b>	<b>6,012,895</b>
Cemetery, Cremation and Mortuary	197,504	21,945	175,559
Environmental Health	1,165,081	213,602	951,480
Flood Defence and Land Drainage	0	0	0
Public Conveniences	320,885	360	320,524
Licensing	123,155	40,009	83,146
Other Cleaning	1,124,892	31,864	1,093,028
Waste Collection	2,099,209	288,383	1,810,826
Waste Disposal	2,976,517	300,602	2,675,915
Building Control	646,870	334,914	311,956
Other Community Assets	170,175	33,714	136,461
Minor Works	219,423	5,977	213,446
<b>Environmental Services</b>	<b>9,043,711</b>	<b>1,271,371</b>	<b>7,772,340</b>
Democratic Representation and Management	1,307,149	4,038	1,303,111
Corporate Management	514,522	19,247	495,274
<b>DRM and Corporate Management</b>	<b>1,821,671</b>	<b>23,286</b>	<b>1,798,386</b>
Economic Development	1,210,830	682,333	528,497
Trading Services	0	0	0
Non Distributed Costs	0	0	0
Central Services to the Public	440,612	371,337	69,275
<b>Other Services</b>	<b>1,651,442</b>	<b>1,053,670</b>	<b>597,772</b>
<b>CONTINUING OPERATIONS</b>	<b>21,282,316</b>	<b>5,100,923</b>	<b>16,181,393</b>



**Notes to the Financial Statements  
For the year ended 31 March 2015**

**2a Segmental Reporting Analysis - Current Year**

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

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

	£	£
<b>Net Cost of Services in Service Analysis</b>		<b>16,181,393</b>
<b>Items excluded from Service Analysis:</b>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in Comprehensive Income and Expenditure Statement	0	
		<u>0</u>
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		<b>16,181,393</b>
<b>Items included in Net Operating Expenditure excluded from Service Analysis:</b>		
Other Operating Expenditure	(10,295)	
Financing and Investment Income and Expenditure	283,090	
Surplus or Deficit on Discontinued Operations	0	
		<u>272,795</u>
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure Statement</b>		<b>16,454,188</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**2b Segmental Reporting Analysis - Comparative Year**

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

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

Services	2013/14		
	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
	£	£	£
Culture and Heritage	1,130,754	219,532	911,222
Recreation and Sport	4,449,876	1,181,368	3,268,508
Tourism	1,714,148	575,143	1,139,005
Community Services	1,265,220	566,056	699,164
<b>Leisure and Recreational Services</b>	<b>8,559,998</b>	<b>2,542,099</b>	<b>6,017,899</b>
Cemetery, Cremation and Mortuary	104,112	17,622	86,490
Environmental Health	973,660	113,681	859,979
Flood Defence and Land Drainage	0	0	0
Public Conveniences	338,602	778	337,824
Licensing	66,039	41,921	24,118
Other Cleaning	1,077,203	24,986	1,052,217
Waste Collection	2,305,485	175,839	2,129,646
Waste Disposal	3,047,191	314,271	2,732,920
Building Control	630,404	296,625	333,779
Other Community Assets	143,107	36,694	106,413
Minor Works	271,626	34,236	237,390
<b>Environmental Services</b>	<b>8,957,429</b>	<b>1,056,653</b>	<b>7,900,776</b>
Democratic Representation and Management	592,455	94,654	497,801
Corporate Management	915,712	311,999	603,713
<b>DRM and Corporate Management</b>	<b>1,508,167</b>	<b>406,653</b>	<b>1,101,514</b>
Economic Development	1,714,141	1,172,058	542,083
Trading Services	0	0	0
Non Distributed Costs	13,207	0	13,207
Central Services to the Public	367,593	322,400	45,193
<b>Other Services</b>	<b>2,094,941</b>	<b>1,494,458</b>	<b>600,483</b>
<b>CONTINUING OPERATIONS</b>	<b>21,120,535</b>	<b>5,499,863</b>	<b>15,620,672</b>

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

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

	£	£
<b>Net Cost of Services in Service Analysis</b>		<b>15,620,672</b>
<i>Items excluded from Service Analysis:</i>		
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0	
		<u>0</u>
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		<b>15,620,672</b>
<i>Items included in Net Operating Expenditure excluded from Service Analysis:</i>		
Other Operating Expenditure	5,907	
Financing and Investment Income and Expenditure	512,478	
Surplus or Deficit on Discontinued Operations	0	
		<u>518,385</u>
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure Statement</b>		<b>16,139,057</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**3a Adjustments between accounting basis and funding basis under regulations**

	Notes	2014/15 £	2014/15 £	2013/14 £	2013/14 £
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>					
Impairments (losses & reversals) of non-current assets	10a/b & 10d/e	0		0	
Derecognition (other than disposal) of non-current assets	10a/b & 10d/e	0		0	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10a/b & 10d/e	(525,846)		(724)	
Depreciation charged in the year on non-current assets	10a/10b,23	2,351,581	1,825,735	2,104,959	2,104,235
Net Revenue expenditure funded via Capitalisation Direction	11		650,000		0
Carrying amount of non current assets sold	10a/b & 10d/e	21,322		17,357	
Proceeds from the sale of PP&E, investment property and intangible assets	23,25	(31,617)	(10,295)	(11,450)	5,907
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	25		0		0
Net charges made for retirement benefits in accordance with IAS 19	20		1,970,000		1,957,000
Direct revenue financing of Capital Expenditure	11,25		(573,815)		(772,792)
Capital Grants and Donated Assets Receivable and Applied in year	9b		(1,281,965)		(1,128,529)
Capital Grants Receivable and Unapplied in year	9c		(966,857)		(772,375)
Rates Claw-Back Reserve	25a/25b		0		
Adjustments in relation to Short-term compensated absences	17		69,359		54,266
Adjustments in relation to Lessor Arrangements			0		0
Landfill Regulations Reserve Adjustment	25a/25b		0		0
Provisions Discount Rate Reserve Adjustment	25a/25b		0		
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of Capital Investment	25a/25b		(582,149)		(620,564)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20a		(1,431,181)		(1,295,319)
			<b>(331,168)</b>		<b>(468,171)</b>

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

		2014/15 £	2014/15 £	2013/14 £	2013/14 £
<b>Capital Fund</b>					
Interest		0		0	
Other	25a/25b	0	0	0	0
<b>Renewal and Repairs Fund</b>					
Interest		(5,821)		(6,505)	
Other	25a/25b	(150,000)	(155,821)	0	(6,505)
<b>Other Funds and earmarked reserves</b>					
Interest		0		0	
Other	25a/25b	(244,000)	(244,000)	80,500	80,500
			<b>(399,821)</b>		<b>73,995</b>

## **Notes to the Financial Statements For the year ended 31 March 2015**

### **Cost of Services on Continuing Operations**

#### **4a Miscellaneous powers to make payments**

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

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

Limits on special payments are calculated by reference to section 40 of the Local Government Finance Act (Northern Ireland) 2011 and for this council the resulting limit was £42,996 for 2014/15 (£41,984 in 2013/14).

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

#### **4b External Audit Fees**

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
External Audit Fees	20,000	19,800
Grant Claim Certification Fees	0	0
Other Fees	1,173	0
	<b>21,173</b>	<b>19,800</b>

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2013/14 £0).

**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**Cost of Services on Continuing Operations (Continued)**

**5 Operating and Finance Leases**

**Council as Lessor:**

**5a Finance Leases (Council as lessor)**

The Council has leased out property to a local community sports and leisure provider on a finance lease with a remaining term of 50 years.

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

	2015	2014
	£	£
<b>Long Term Debtors</b>		
Finance leases-gross receivables	0	0
Less-Unearned finance income	0	0
Less-Unguaranteed residual value of property	0	0
<i>Net present value</i>	<b>0</b>	<b>0</b>

<b>Short Term Debtors</b>		
Finance leases-gross receivables	0	0
Less-Unearned finance income	0	0
Less-Unguaranteed residual value of property	0	0
<i>Net present value</i>	<b>0</b>	<b>0</b>

<b>Gross receivables from finance leases</b>		
No later than 1 year	0	0
Later than 1 year and no later than 5 years	0	0
Later than 5 years	0	0
<b>Total gross receivables</b>	<b>0</b>	<b>0</b>
Less-Unearned future finance income on finance leases	0	0
Less-Unguaranteed residual value of property	0	0
<b>Net investment in finance leases</b>	<b>0</b>	<b>0</b>

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

	<b>2015</b>	<b>2014</b>
	£	£
No later than 1 year	0	0
Later than 1 year and no later than 5 years	0	0
Later than 5 years	0	0
<b>Total gross receivables</b>	<b>0</b>	<b>0</b>

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £0 (2013/14 £0)

The accumulated allowance for uncollectable minimum lease payments receivable is £0 (2013/14 £30)  
No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 0% (2013/14 0%)

**5b Operating Leases (Council as lessor)**

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £53,367 (2013/14 £49,492). No contingent rents were recognised.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 99 years. Future minimum lease income is set out below:

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals receivable:				
No later than 1 year	40,188	0	45,519	0
Later than 1 year and no later than 5 years	28,710	0	17,420	0
Later than 5 years	30,720	0	34,590	0
	<b>99,618</b>	<b>0</b>	<b>97,529</b>	<b>0</b>

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Cost	6,781,446	0	5,361,413	0
Accumulated depreciation and impairments at 1 April	(1,235,155)	0	(1,619,169)	0
Depreciation charge for the year	(186,457)	0	(103,480)	0
Impairments	(49,900)	0	487,494	0
Additions	236,220		1,420,036	
	<b>5,546,154</b>	<b>0</b>	<b>5,546,294</b>	<b>0</b>



**Council as Lessee:**

**5c Finance Leases (Council as lessee)**

Some of The Council's vehicles are held under finance leases. The net carrying amount of the vehicles held under finance lease arrangements is £695,586 (2014/15 £718,551). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 10c-leased assets). The rentals paid for vehicles held under finance leases totalled £195,501 (2013/14 £225,771).

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Statement during the reporting period under review, and no future sub-lease income is expected to be received, as all assets are used exclusively by the council.

Part of the Council's Townhall is held under a finance lease. The net carrying amount of the townhall held under finance lease arrangements is £621,964 (2013/14 £655,714) This asset is included under Operational Buildings which form a integral part of Property, Plant and Equipment

Future minimum finance lease payments at the end of each reporting period under review are as follows:

	Within 1 year	1 to 5 years	After 5 years	Total
	£	£	£	£
<b>2014/15</b>				
Finance leases payments	241,411	632,004	476,997	1,350,412
Less: finance charges	(28,323)	(74,563)	(41,386)	(144,272)
<b>Net present value</b>	<b>213,088</b>	<b>557,441</b>	<b>435,611</b>	<b>1,206,140</b>
<b>2013/14</b>				
Finance leases payments	265,374	614,265	517,500	1,397,139
Less: finance charges	(34,723)	(75,501)	(51,582)	(161,806)
<b>Net present value</b>	<b>230,651</b>	<b>538,764</b>	<b>465,918</b>	<b>1,235,333</b>
<b>2012/13</b>				
Finance leases payments	270,833	555,826	575,000	1,401,659
Less: finance charges	(37,140)	(82,503)	(57,613)	(177,256)
<b>Net present value</b>	<b>233,693</b>	<b>473,323</b>	<b>517,387</b>	<b>1,224,403</b>

Included in the Balance Sheet as:

	2015	2014	2013
	£	£	£
Current liabilities	213,088	230,651	233,693
Long term liabilities	993,052	1,004,682	990,710
	<b>1,206,140</b>	<b>1,235,333</b>	<b>1,224,403</b>

**5d Operating Leases (Council as lessee)**

The Council has acquired its office copiers and printers by entering into operating leases with typical lives of 2-3 years

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

	2014/15		2013/14	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease payments	13,289	0	0	14,676
Contingent rentals	0	0	0	0
Less: Sublease payments receivable	0	0	0	0
	<b>13,289</b>	<b>0</b>	<b>0</b>	<b>14,676</b>

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

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

	2015		2014	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	0	2,696	0	12,126
Later than 1 year and no later than 5 years	0	0	0	3,570
Later than 5 years	0	0	0	0
	<b>0</b>	<b>2,696</b>	<b>0</b>	<b>15,696</b>

**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**Cost of Services on Continuing Operations (Continued)**

**6 Employee Costs and Members' Allowances**

**6a Staff Costs**

	2014/15	2013/14
	£	£
Salaries and wages	7,609,500	7,613,284
Employers National Insurance	408,500	429,606
Employers pension costs	1,355,673	1,241,462
<b>Total</b>	<b>9,373,673</b>	<b>9,284,352</b>

In addition, agency costs during the year amounted to £53,773 (2013/14 £97,167).

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

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

	2014/15	2013/14
	FTE	FTE
Environmental services	168	175
Leisure services	99	98
Other	55	54
<b>Total Number</b>	<b>322</b>	<b>327</b>
	Actual Numbers	Actual Numbers
Full-time numbers employed	302	301
Part-time numbers employed	46	53
<b>Total Number</b>	<b>348</b>	<b>354</b>

**6c Senior Employees' Remuneration**

	2014/15	2013/14
£50,001 to £60,000	1	3
£60,001 to £70,000	1	0
£70,001 to £80,000	0	1
£80,001 to £90,000	0	1
<b>Total Number</b>	<b>2</b>	<b>5</b>

The above notes do not include staff seconded to the Shadow Council.

**6d Members' Allowances**

During the year Members' allowances (paid under Part 3, Sections 31 to 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £300,833 (2013/14 £476,502) and are as follows:

	2014/15	2013/14
	£	£
Salaries	0	0
Basic allowance	169,644	225,941
Mayor's & Deputy Mayor's Allowance	12,673	3,606
Special Responsibility Allowances	29,184	29,338
Dependents' carers allowance	0	0
Statutory Transition Committee Allowances	5,707	15,898
Employer costs	36,500	51,489
Mileage	35,298	43,153
Conferences and Courses	7,647	9,107
Travel & Subsistence Costs	580	6,170
Miscellaneous Costs	0	0
Severance Payments *	3,600	91,800
<b>Total</b>	<b>300,833</b>	<b>476,502</b>

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

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**6e Exit Packages**

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

Exit package cost band (including special payments)	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14
	0	1	0	13,207
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>13,207</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**7 Other Operating Expenditure**

	2014/15 £	2013/14 £
Surplus/Deficit on Non-Current Assets	(10,295)	5,907
Other Operating Income/Expenditure	0	0
<b>Total Other Operating expenditure</b>	<b>(10,295)</b>	<b>5,907</b>

**8 Financing and Investment Income and Expenditure**

	2014/15			2013/14		
	Gross Expenditure	Gross Income	Net Cost	Gross Expenditure	Gross Income	Net Cost
	£	£	£	£	£	£
Interest Payable and Similar Charges	163,326	0	163,326	178,786	0	178,786
Interest and Investment Income	0	31,496	(31,496)	0	26,763	(26,763)
Pensions interest cost	250,000	0	250,000	370,000	0	370,000
Surplus/(Deficit) on trading operations	0	0	0	0	0	0
Changes in Fair Value of Investment Properties	0	90,100	(90,100)	0	1,000	(1,000)
Other investment income	1,014	9,654	(8,640)	1,414	9,959	(8,545)
	<b>414,340</b>	<b>131,250</b>	<b>283,090</b>	<b>550,200</b>	<b>37,722</b>	<b>512,478</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**9 Taxation and Non-Specific Grant Income**

	2014/15	2013/14
	£	£
District Rates Income	13,503,116	13,167,912
Revenue Grants	1,458,280	1,463,842
Capital Grants and Contributions	2,248,822	1,900,904
<b>Total Taxation and Non-Specific Grant Income</b>	<b>17,210,218</b>	<b>16,532,658</b>

Notes to the Financial Statements  
For the year ended 31 March 2015

10a Long-Term Assets Note - Current Year

	Property, Plant & Equipment (PP&E)										Intangible Assets	TOTAL
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties		
	£	£	£	£	£	£	£	£	£	£	£	£
Coat or Valuation At 1 April 2014	8,636,736	34,664,007	0	0	6,897,747	987,848	1,462,518	135,000	52,783,857	657,000	0	53,440,856
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	8,636,736	34,664,007	0	0	6,897,747	987,848	1,462,518	135,000	52,783,857	657,000	0	53,440,856
Additions (Note 11)	0	0	0	0	647,738	0	3,032,541	0	3,680,279	0	0	3,680,279
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	0	1,980,556	0	0	0	0	0	(25,000)	1,955,556	0	0	1,955,556
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	435,746	0	0	(140,750)	0	0	0	435,746	90,100	0	525,846
Derecognition - Other	0	0	0	0	0	0	0	0	(140,750)	0	0	(140,750)
Reclassifications & Transfers	32,053	2,505,384	0	0	9,000	25,360	(2,571,797)	0	0	0	0	0
Reclassified to Held for Sale	0	0	0	0	(192,258)	0	0	0	(192,258)	0	0	(192,258)
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	320,000	0	320,000
Adjustment-Landfill Deferred Charge (Note 18)	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	8,668,789	39,585,693	0	0	7,221,477	1,013,208	1,923,262	110,000	58,522,430	1,067,100	0	59,589,531
Depreciation and impairment	0	1,476,614	0	0	4,774,270	299,366	0	0	6,550,270	0	0	6,550,270
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	1,476,614	0	0	4,774,270	299,366	0	0	6,550,270	0	0	6,550,270
Depreciation Charge	0	1,645,994	0	0	669,922	35,665	0	0	2,351,581	0	0	2,351,581
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	(123,928)	0	0	0	(123,928)	0	0	(123,928)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	0	0	0	(176,758)	0	0	0	(176,758)	0	0	(176,758)
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2015	0	3,122,608	0	0	5,143,506	335,051	0	0	8,601,165	0	0	8,601,165
Net Book Value	8,668,789	36,463,085	0	0	2,077,971	678,157	1,923,262	110,000	49,921,265	1,067,100	0	50,988,366
At 31 March 2015	8,636,736	33,187,393	0	0	2,123,477	688,462	1,462,518	135,000	46,233,587	657,000	0	46,890,588



**Intangible Assets**

Fermanagh District Council does not hold any intangible assets at 31 March 2015.

**Investment properties**

There were no additions in the year.

**Valuations**

The last valuation of freehold and leasehold properties was carried out as at 1 April 2013 by an independent valuer from Land and Property Services and indices were applied at 31 March 2015. Please refer to note 1A(xix) for further information on revaluation and depreciation policies.

**Effects of Changes in Estimates**

There were no material changes in accounting estimates for property, plant & equipment (e.g. a change in remaining useful lives of certain assets following a review by the Council) during the period.

**Impairments**

Indices were applied at 31 March 2015 on all operational land and Building. The impairments charged direct to the services is reflected in note 10a above.

Notes to the Financial Statements  
For the year ended 31 March 2015

10b Long-Term Assets Note - Comparative Year

	Property, Plant & Equipment (PP&E)											TOTAL
	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties	Intangible Assets	
	£	£	£	£	£	£	£	£	£	£	£	£
Cost or Valuation												
At 1 April 2013	8,415,461	35,446,320	0	0	6,287,394	981,264	2,172,700	280,000	53,583,140	976,000	0	54,559,141
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	8,415,461	35,446,320	0	0	6,287,394	981,264	2,172,700	280,000	53,583,140	976,000	0	54,559,141
Additions (Note 11)	233,236	0	0	0	629,408	0	2,374,576	0	3,237,220	0	0	3,237,220
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	21,993	(3,616,885)	0	0	0	0	0	(137,708)	(3,732,610)	0	0	(3,732,610)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(33,944)	40,960	0	0	0	0	0	(7,292)	(276)	1,000	0	724
Derecognition - Disposals	0	0	0	0	(14,298)	0	0	0	(14,298)	0	0	(14,298)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	2,793,612	0	0	284,562	6,584	(3,084,758)	0	(286,319)	(320,000)	0	(609,319)
Reclassified to Held for Sale	0	0	0	0	(289,319)	0	0	0	(289,319)	0	0	(289,319)
Reclassified from Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment-Landfill Deferred Charge (Note 18)	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	8,636,736	34,664,007	0	0	6,897,747	987,848	1,462,518	135,000	52,783,857	657,000	0	53,440,858
Depreciation and Impairment												
At 1 April 2013	0	6,012,323	0	0	4,438,590	263,386	0	20,946	10,735,245	0	0	10,735,245
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	6,012,323	0	0	4,438,590	263,386	0	20,946	10,735,245	0	0	10,735,245
Depreciation Charge	0	1,476,614	0	0	592,345	36,000	0	0	2,104,959	0	0	2,104,959
Depreciation written out on Revaluation Reserve	0	(5,984,872)	0	0	0	0	0	(20,946)	(6,005,818)	0	0	(6,005,818)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	(14,298)	0	0	0	(14,298)	0	0	(14,298)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	0	(27,451)	0	0	27,451	0	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	(269,818)	0	0	0	(269,818)	0	0	(269,818)
At 31 March 2014	0	1,476,614	0	0	4,774,270	299,386	0	0	6,550,270	0	0	6,550,270
Net Book Value												
At 31 March 2014	8,636,736	33,187,393	0	0	2,123,477	688,462	1,462,518	135,000	46,233,587	657,000	0	46,890,588
At 31 March 2013	8,415,461	29,433,997	0	0	1,848,604	717,878	2,172,700	259,054	42,847,695	976,000	0	43,823,696

**Intangible Assets**  
Fermanagh District Council do not hold any Intangible Assets at the 31 March 2014.

**Investment properties**  
There were no additions in the year.

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

**Effects of Changes in Estimates**  
There were no material changes in accounting estimates for property, plant and equipment (e.g. a change in remaining useful lives of certain assets following a review by the Council) during the period.

**Impairments**  
At the 1 April 2013 a revaluation was carried out on all operational land and buildings by Land and Property Services. The impairments charged direct to the services is reflected in note 10a above.

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**10c Long-Term Assets - Leased Assets  
At 31 March 2015**

<u>LEASED ASSETS (included within vehicles, plant and equipment)</u>	<b>Vehicles £</b>	<b>Equipment £</b>	<b>TOTAL £</b>
<b>Cost or Valuation</b>			
At 1 April 2014	1,518,742	0	1,518,742
Additions	206,833	0	206,833
Disposals	0	0	0
Transferred to Assets Held for Sale	(114,490)	0	(114,490)
<b>At 31 March 2015</b>	<b>1,611,085</b>	<b>0</b>	<b>1,611,085</b>
<b>Depreciation</b>			
At 1 April 2014	800,191	0	800,191
Disposals	0	0	0
Provided for year	219,798	0	219,798
Transferred to Assets Held for Sale	(104,490)	0	(104,490)
<b>At 31 March 2015</b>	<b>915,499</b>	<b>0</b>	<b>915,499</b>
<b>Net Book Value</b>			
<b>At 31 March 2015</b>	<b>695,586</b>	<b>0</b>	<b>695,586</b>
<b>At 31 March 2014</b>	<b>718,551</b>	<b>0</b>	<b>718,551</b>

**Comparative Year**

<u>LEASED ASSETS (included within vehicles, plant and equipment)</u>	<b>Vehicles £</b>	<b>Equipment £</b>	<b>TOTAL £</b>
<b>Cost or Valuation</b>			
At 1 April 2013	1,243,252	0	1,243,252
Additions	275,490	0	275,490
Disposals	0	0	0
<b>At 31 March 2014</b>	<b>1,518,742</b>	<b>0</b>	<b>1,518,742</b>
<b>Depreciation</b>			
At 1 April 2013	609,726	0	609,726
Disposals	0	0	0
Provided for year	190,465	0	190,465
<b>At 31 March 2014</b>	<b>800,191</b>	<b>0</b>	<b>800,191</b>
<b>Net Book Value</b>			
<b>At 31 March 2014</b>	<b>718,551</b>	<b>0</b>	<b>718,551</b>
<b>At 31 March 2013</b>	<b>633,526</b>	<b>0</b>	<b>633,526</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**Heritage Assets**

10d

Cost or Valuation	Local History/Folk Life £	Fine & Decorative Arts £	Other £	Total Assets £
At 1 April 2013	339,399	1,162,020	-	1,501,420
Additions	-	3,500	-	3,500
Disposals	-	-	-	-
Derecognition - Other	-	-	-	-
Revaluation Increases/(Decreases) to Revaluation Reserve	-	1,000	-	1,000
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	-	-	-	-
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	-	(5,000)	-	(5,000)
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	-	-	-	-
<b>At 31 March 2014</b>	<b>339,399</b>	<b>1,161,520</b>	<b>0</b>	<b>1,500,920</b>
Cost or Valuation				
At 1 April 2014	339,399	1,161,520	-	1,500,920
Additions	1,200	3,000	-	4,200
Disposals	-	-	-	-
Derecognition - Other	-	-	-	-
Revaluation Increases/(Decreases) to Revaluation Reserve	-	-	-	-
Revaluation Increases/(Decreases) to Surplus or Deficit on the Provision of Services	-	-	-	-
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	-	-	-	-
Impairment (Losses)/Reversals recognised in Surplus or Deficit on the Provision of Services	-	-	-	-
<b>At 31 March 2015</b>	<b>340,599</b>	<b>1,164,520</b>	<b>0</b>	<b>1,505,120</b>

**Local history & Folk life**

Fermanagh District Council's collection of local history and folk life artefacts is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated annually.

**Fine & Decorative Arts**

Fermanagh District Council's fine and decorative arts collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated annually.

The fine and decorative arts collection also has particularly significant items in terms of both value and note, including a collection of William Scott and TP Flanagan paintings valued at £909,500 (2013/14 £909,500) and £118,400 (2013/14 £118,400) respectively.

**Additions of Heritage Assets**

	2014/15	2013/14
Additions comprise::	£	£
Purchases at Auction of:	0	0
Acquisitions made of:		
Donations from Arts Council	1,200	0
Donations from private individuals	3,000	3,500
<b>Total Additions</b>	<b>4,200</b>	<b>3,500</b>

Notes to the Financial Statements  
For the year ended 31 March 2015

10e Assets Held for Sale

At 31 March 2015	Assets Held for Sale-Current	Assets Held for Sale-Non-current	TOTAL
	£		£
<b>Cost or Valuation</b>			
At 1 April 2014	490,944	0	490,944
Transferred from Non-Current Assets during year	192,258	0	192,258
Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	(82,358)	0	(82,358)
Derecognition - Other	0	0	0
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale		0	0
Transferred to Property, Plant & Equipment during year	(320,000)	0	(320,000)
<b>At 31 March 2015</b>	<b>280,844</b>	<b>0</b>	<b>280,844</b>
<b>Impairment</b>			
At 1 April 2014	144,872	0	144,872
Transferred from Non-Current Assets during year	176,758		176,758
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	(77,858)	0	(77,858)
Derecognition - Other	0	0	0
Reclassified from Current Assets Held for Sale to non current Assets Held for Sale	0	0	0
Transferred to Property, Plant & Equipment during year	0	0	0
<b>At 31 March 2015</b>	<b>243,772</b>	<b>0</b>	<b>243,772</b>
<b>Net Book Value</b>			
At 31 March 2015	37,072	0	37,072
At 31 March 2014	346,072	0	346,072

The gain on assets classified to held for sale and sold during the year was £10,295 (2013/14 loss £5,907)

Comparative Year

At 31 March 2014	Assets Held for Sale-Current	Assets Held for Sale-Non-current	TOTAL
	£		£
<b>Cost or Valuation</b>			
At 1 April 2013	433,810	0	433,810
Transferred from Non-Current Assets during year	339,501	0	339,501
Revaluation Increases/decreases taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	(282,367)	0	(282,367)
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
<b>At 31 March 2014</b>	<b>490,944</b>	<b>0</b>	<b>490,944</b>
<b>Impairment</b>			
At 1 April 2013	409,882	0	409,882
Impairment losses/reversals taken to Surplus or Deficit on the Provision of Services	0	0	0
Derecognition - Disposals	(265,010)	0	(265,010)
Derecognition - Other	0	0	0
Transferred to to Property, Plant & Equipment during year	0	0	0
<b>At 31 March 2014</b>	<b>144,872</b>	<b>0</b>	<b>144,872</b>
<b>Net Book Value</b>			
At 31 March 2014	346,072	0	346,072
At 31 March 2013	23,928	0	23,928

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**10f Investment Properties**

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
Rental income from investment property	9,654	9,959
Direct operating expenses arising from investment property	(1,014)	(1,414)
<b>Net gain/(loss)</b>	<b>8,640</b>	<b>8,545</b>

There were no restrictions on the realisability of the investment properties or remittance of income and proceeds of disposal, in accordance with paragraph 4.4.4.2.(3) of the Code.

There were no Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements, in accordance with paragraph 4.4.4.2.(43) of the Code.

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**11 Capital Expenditure and Capital Financing**

	2014/15	Restated 2013/14
	£	£
<b>Opening Capital Financing Requirement</b>	<b>3,093,139</b>	<b>3,253,754</b>
<i>Capital Investment</i>		
Property, Plant and Equipment	3,684,479	3,240,720
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded via Capitalisation Direction	650,000	0
<i>Sources of Finance</i>		
Capital Receipts	(45,000)	(292,996)
Government Grants and Other Contributions	(2,000,255)	(1,423,924)
Transfers from Earmarked Reserves	(224,023)	(291,059)
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	(573,815)	(772,792)
Transfer from Inventories	0	0
Minimum Revenue Provision **	(582,149)	(620,564)
<b>Closing Capital Financing Requirement</b>	<b>4,002,376</b>	<b>3,093,139</b>

<b>Explanation of Movements in Year</b>		
Increase/ (decrease) in underlying need to borrow	702,404	(436,105)
Assets acquired under finance leases	206,833	275,490
Assets acquired under PFI/PPP contracts	0	0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>909,237</b>	<b>(160,615)</b>



**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**12 Future Capital Commitments**

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

	<b>Gross Cost</b>	<b>Grant Aid</b>	<b>Net Cost</b>
	£	£	£
Schemes underway	2,195,000	2,000,000	195,000
Other Commitments	10,923,724	4,665,000	6,258,724
<b>Total</b>	<b>13,118,724</b>	<b>6,665,000</b>	<b>6,453,724</b>

**13 Inventories**

	<b>2014/15</b>	<b>2013/14</b>
	£	£
Central Stores	116,881	59,278
Other	119,622	134,292
<b>Total</b>	<b>236,503</b>	<b>193,570</b>

The cost of inventories recognised as expense and included in 'services' amounted to £670,383 (2013/14 £728,158).

**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**14 Debtors**

	2014/15	2013/14
	£	£
<b>14a Long Term Debtors</b>		
Government Departments	0	0
Other Councils	0	0
Public corporations and trading funds	0	0
Bodies external to general government	0	0
Employee car loans	0	0
Grants	0	0
Loans and advances	0	0
Finance lease debtors-Note 5c)	0	0
Trade debtors	0	0
NIHE Loans	0	0
Other	60,130	134,443
Impairment of loans and receivables	0	0
<b>Total Long-Term Debtors</b>	<b>60,130</b>	<b>134,443</b>
<b>14b Short Term Debtors</b>		
Government Departments	2,768,082	1,461,853
Other Councils	299,434	188,994
Public corporations and trading funds	0	0
Bodies external to general government	60,643	39,341
Employee car loans	0	0
Grants	253,158	388,603
Value Added Tax	520,119	184,013
Prepayments	51,748	60,873
Finance lease debtors-Note 5c)	0	0
Other	111,864	85,470
Trade receivables	288,151	500,976
Impairment loss - Trade receivables	(67,432)	(44,880)
<b>Total Short-Term Debtors</b>	<b>4,285,767</b>	<b>2,865,243</b>
<b>Total Debtors</b>	<b>4,345,897</b>	<b>2,999,686</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**15a Long-Term Investments**

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

**Analysed over:**

	2014/15	2013/14
	£	£
Money market deposits	0	0
Other deposits	0	0
<b>Total Long-term Investments</b>	<b>0</b>	<b>0</b>

**15b Short-Term Investments**

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

**Analysed over:**

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

<b>Total Long Term and Short-term Investments</b>	<b>0</b>	<b>0</b>
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**Notes to the Financial Statements  
For the year ended 31 March 2015**

**16a Short Term Borrowing**

	2014/15	2013/14
	£	£
Loans re-payable within one year	385,854	346,118
Finance Lease Principal	213,088	230,651
<b>Total Short Term Borrowing</b>	<b>598,942</b>	<b>576,769</b>

**16b Long Term Borrowing**

	2014/15	2013/14
	£	£
Between 1 and 2 years	418,637	356,762
Between 2 and 5 years	1,308,067	1,089,827
Between 5 and 10 years	746,483	786,384
In more than 10 years	63,709	39,777
Government Loans Fund	2,536,896	2,272,750
<b>Total Borrowing</b>	<b>3,135,838</b>	<b>2,849,519</b>

Interest rates on Government Loans range between 2.3% and 10.63%.

**17a Short Term Creditors**

	2014/15	2013/14
	£	£
Government Departments	699,970	855,720
Other Councils	508,723	15,889
Public corporations and trading funds	0	0
Bodies external to general government	111,320	59,104
Rates clawback	0	0
Remuneration due to employees	58,430	99,893
Accumulated Absences	254,647	185,288
Receipts in advance	49,399	59,596
Trade creditors	773,103	891,864
Other	547,985	636,896
<b>Total Short Term Creditors</b>	<b>3,003,577</b>	<b>2,804,250</b>

**17b Long Term Creditors**

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

<b>Total Creditors</b>	<b>3,003,577</b>	<b>2,804,250</b>
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Notes to the Financial Statements  
For the year ended 31 March 2015

18 Provisions

	At 1 April 2014	Increase in provision during year	Utilised during year	Other Movements	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2015
	£	£	£		£	£	£
Single status	0	0	0	0	0	0	0
Election expenses	0	0	0	0	0	0	0
Landfill closure - Glassmullagh	1,457,263	32,714	(58,661)	(91,931)	0	4,899	1,344,284
Landfill closure - Drummee	1,768,050	199,062	(123,045)		0	9,062	1,853,129
Reorganisation	0	0	0	0	0	0	0
Claims management	0	0	0	0	0	0	0
Other	57,000	28,807	0	0	0	0	85,807
Severance	0						0
	<b>3,282,313</b>	<b>260,583</b>	<b>(181,706)</b>	<b>(91,931)</b>	<b>0</b>	<b>13,961</b>	<b>3,283,220</b>

<b>Current Provisions</b>	57,000	28,807	0	0	0	0	85,807
<b>Long Term Provisions</b>	3,225,313	231,776	(181,706)	(91,931)	0	13,961	3,197,413
	<b>3,282,313</b>	<b>260,583</b>	<b>(181,706)</b>	<b>(91,931)</b>	<b>0</b>	<b>13,961</b>	<b>3,283,220</b>

Comparative Year

	At 1 April 2013	Increase in provision during year	Utilised during year	Other Movements	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2014
	£	£	£		£	£	£
Single status	0	0	0		0	0	0
Election expenses	3,369	0	(3,369)		0	0	0
Landfill closure - Glassmullagh	1,574,229		(76,768)	(34,328)		(5,870)	1,457,263
Landfill closure - Drummee	1,593,739	229,898	(25,689)	0	0	(29,898)	1,768,050
Reorganisation	0	0	0		0	0	0
Claims management	0	0	0		0	0	0
Other	72,100	57,000	(65,351)	(6,749)	0	0	57,000
Severance	0	91,800	0	(91,800)			0
	<b>3,243,437</b>	<b>378,698</b>	<b>(171,177)</b>	<b>(132,877)</b>	<b>0</b>	<b>(35,768)</b>	<b>3,282,313</b>

<b>Current Provisions</b>	72,100	148,800	(65,351)	(98,549)	0	0	57,000
<b>Long Term Provisions</b>	3,171,337	229,898	(105,826)	(34,328)	0	(35,768)	3,225,313
	<b>3,243,437</b>	<b>378,698</b>	<b>(171,177)</b>	<b>(132,877)</b>	<b>0</b>	<b>(35,768)</b>	<b>3,282,313</b>

Closure and Aftercare at Landfill Sites

The Council has an operational landfill site at Drummee and a landfill site at Glassmullagh that has ceased operations. In respect of both sites, at 31 March 2015, the Council has an obligation for the closure of the sites and the subsequent aftercare costs.

During the year some capital elements were completed at both Glassmullagh and Drummee Landfill Sites. £129,468 of the expenditure for Glassmullagh is classified as capital and £5,235 of the expenditure for Drummee is classified as capital. Equivalent sums were transferred from the provision to fund this expenditure. In line with recommended accounting practice and the Code, the gas income due for Glassmullagh is included in Other Debtors (Note 14a&b). This adjustment is reflected in other movements.

At the 31 March 2013 the Council amended the discount rates used in the calculation of its provisions for the closure and aftercare of its landfill sites, in line with HM Treasury discount rates. This has been accounted for as a change in accounting estimate and resulted in an increase to the provision of £829,670. However, the Department of the Environment issued Circular LG 28/2013, dated 24 October 2013, which allows for the mitigation of these costs over a period of six years subject to Departmental approval which the Council has received. As a result, in this current year, the effect on the General Fund is £138,278 (2014 £138,278) and a balance £414,836 (2013: £553,114) is included in the Landfill Reserve.

During the year the Council submitted its detailed calculations for the provision for the closure and aftercare costs of Drummee Landfill Site to the Northern Ireland Environment Agency (NIEA) for review. NIEA has approved the calculations as at 31 March 2014. The calculations as at 31 March 2015 has been assessed and agreed with a qualified civil engineer.

Other

A provision was made in the 2011/12 financial statements on foot of an adjudicator's decision in respect of the contractor's claim for the development of Drummee Waste Management Facility. The Council issued an Arbitration Notice but was not permitted by the Courts to commence the Arbitration Process following an Application under Section 12 of the Arbitration Act 1996.

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**19 Financial Instruments**

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

**Credit Risk**

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

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

	£
Less than three months	£174,405
Three to six months	£17,026
Six months to one year	£96,630
More than one year	£90
	<b>£288,151</b>

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

**Liquidity Risk**

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 16 to 18. All trade and other payables are due for payment within one year.

**Market Risk**

Interest rate risk

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

Foreign exchange risk

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

**Fair Value of Soft Loans and Government Loans**

The Council is in receipt of loans from the Department of Finance and Personnel that differ from the prevailing market rates. The fair value of these loans is £3,351,869 (2013/14 £3,035,950), analysed as follows:-

	£
Government Loans	3,351,869
Market Loans	0
<b>Total</b>	<b>3,351,869</b>

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

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**20 Retirement Benefits**

**20a Participation in the Northern Ireland Local Government Officers' Pension Fund.**

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

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

**20b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges:**

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

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

	Note	2014/15	2013/14
		£	£
<b>Net cost of services:</b>			
Current service cost		1,720,000	1,573,000
Past service cost/(gain)		0	14,000
Gains and losses on settlements or curtailments		0	0
<b>Net operating expenditure:</b>			
Net Interest on net defined benefit Liability (asset)		250,000	370,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>1,970,000</b>	<b>1,957,000</b>
<b>Movement in Reserves Statement:</b>			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(1,970,000)	(1,957,000)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>			
Employers' contributions payable to scheme		1,431,181	1,295,319
<b>Net charge to the Comprehensive Income and Expenditure Statement</b>		<b>(538,819)</b>	<b>(661,681)</b>

The service cost figures include an allowance for administration expenses of 1.2% (2013/14 1.2%)

**Remeasurements recognised in Other Comprehensive Income and Expenditure**

	Note	2014/15	2013/14
Liability gains/(losses) due to change in assumptions		(4,806,000)	2,705,000
Liability experience gains/(losses) arising in the year		207,000	(2,095,000)
Actuarial gains/(losses) on plan assets		3,401,000	2,415,000
Other - (if applicable)			
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>(1,198,000)</b>	<b>3,025,000</b>

20c **Assets and liabilities in relation to retirement benefits**

**Reconciliation of present value of the scheme liabilities:**

	Note	2014/15	2013/14
		£	£
<b>Balance as at 1 April</b>		<b>44,844,000</b>	<b>42,880,000</b>
Current service cost		1,720,000	1,573,000
Interest cost		1,913,000	1,909,000
Contributions by members		440,000	389,000
<b>Remeasurement (gains) and losses:</b>			
- Actuarial gains/losses arising on liabilities from experience		(207,000)	2,095,000
- Actuarial gains/losses arising from demographic changes		0	(1,566,000)
- Actuarial gains/losses arising from changes in financial assumptions		4,806,000	(1,139,000)
- Other (if applicable)			
Past service costs/(gains)		0	14,000
Losses/(gains) on curtailments		0	0
Liabilities extinguished on settlements		0	0
Estimated unfunded benefits paid		0	0
Estimated benefits paid		(1,169,000)	(1,311,000)
<b>Balance as at 31 March</b>		<b>52,347,000</b>	<b>44,844,000</b>

**Reconciliation of present value of the scheme assets:**

	Note	2014/15	2013/14
		£	£
<b>Balance as at 1 April</b>		<b>38,300,869</b>	<b>33,973,550</b>
Interest income		1,663,000	1,539,000
Contributions by members		440,000	389,000
Contributions by employer		1,431,181	1,295,319
Contributions in respect of unfunded benefits		0	0
Remeasurement gain/(loss)		3,401,000	2,415,000
Assets distributed on settlements		0	0
Unfunded benefits paid		0	0
Benefits paid		(1,169,000)	(1,311,000)
<b>Balance as at 31 March</b>		<b>44,067,050</b>	<b>38,300,869</b>

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



**Fermanagh District Council**

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**Fair Value of Plan Assets**

	31/03/2015	31/03/2014
	£	£
Equity investments	32,168,947	28,419,245
Bonds	5,376,180	4,596,104
Property	5,552,448	4,289,697
Cash	881,341	995,823
Other	88,134	0
	<b>44,067,050</b>	<b>38,300,869</b>

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

The bid values of the assets for the Fund as a whole were provided by the administering authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £0 (2013/14 £0).

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

	31/03/2015	31/03/2014
	£	£
Fair Value of Employer Assets	44,080,000	38,300,869
Present value of funded defined benefit obligation	(52,347,000)	(44,844,000)
Pension asset/(liability) of Funded Scheme	(8,267,000)	(6,543,131)
Present Value of unfunded defined benefit obligation	0	0
Other movement in the liability (asset) (if applicable)	0	0
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(8,267,000)</b>	<b>(6,543,131)</b>
<i>Amount in the Balance sheet:</i>		
Liabilities	(52,347,000)	(44,844,000)
Assets	44,067,050	38,300,869
<b>Net Asset/(Liability)</b>	<b>(8,279,950)</b>	<b>(6,543,131)</b>

20d

**Scheme history**

**Analysis of scheme assets and liabilities**

	31/03/2015	31/03/2014
	£	£
Fair Value of Assets in pension scheme	44,067,050	38,300,869
Present Value of Defined Benefit Obligation	(52,347,000)	(44,844,000)
<b>Surplus/(deficit) in the Scheme</b>	<b>(8,279,950)</b>	<b>(6,543,131)</b>

**Amount recognised in Other Comprehensive Income and Expenditure:**

	31/03/2015	31/03/2014
	£	£
Actuarial gains/(losses)	3,401,000	2,415,000
Expected Return on Plan Assets	0	0
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	(4,599,000)	610,000
Remeasurements recognised in Other Comprehensive Income and Expenditure	(1,198,000)	3,025,000
<b>Cumulative actuarial gains and losses</b>	<b>(1,198,000)</b>	<b>3,025,000</b>

**Fermanagh District Council**

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The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £52.347m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £8.267m.

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

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

	31/03/2016	31/03/2016
	£	%
Projected current cost	1,792,000	24.3%
Net Interest on the net defined benefit liability (asset)	241,000	3.3%
Past service cost	0	0.0%
Gains and losses on settlements or curtailments	0	0.0%
	<b>2,033,000</b>	<b>27.6%</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2016 is £1.473m.

**20e Basis for estimating assets and liabilities**

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

	2014/15	2013/14
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>		
Men	22.2 years	22.1 years
Women	24.7 years	24.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.4 years	24.3 years
Women	27.0 years	26.9 years
Inflation/Pension Increase Rate	1.80%	2.40%
Salary Increase Rate	3.30%	3.90%
Discount Rate	3.20%	4.30%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

**20f Pension Assumptions Sensitivity Analysis**

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

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

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

**Fermanagh District Council**

Financial Statements for year ended 31 March 2015

**Funded Pension Scheme Benefits**

<b>Discount Rate Assumption</b>		
Adjustment to discount rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of the total obligation (£m)	51.404	53.307
% change in the present value of the total obligation	-1.80%	1.80%
Projected service cost (£m)	1.738	1.847
Approximate % change in projected service cost	-3.00%	3.10%
<b>Rate of General Increase in Salaries</b>		
Adjustment to salary increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of the total obligation (£m)	52.677	52.021
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost (£m)	1.792	1.792
Approximate % change in projected service cost	0.00%	0.00%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
Adjustment to pension increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of the total obligation (£m)	53.046	51.658
% change in the present value of the total obligation	1.30%	-1.30%
Projected service cost (£m)	1.847	1.738
Approximate % change in projected service cost	3.10%	-3.00%
<b>Post Retirement Mortality Assumption</b>		
Adjustment to the mortality age rating assumption *	<b>-1 Year</b>	<b>+1 Year</b>
Present value of the total obligation (£m)	53.758	50.935
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost (£m)	1.853	1.731
Approximate % change in projected service cost	3.40%	3.40%

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

20g

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

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

	<b>31/03/2015</b>	<b>31/03/2014</b>
	<b>%</b>	<b>%</b>
Equity investments	73.0	74.2
Bonds	12.2	12.0
Property	12.6	11.2
Cash	2.0	2.6
Other	0.2	0.0
	<b>100.0</b>	<b>100.0</b>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**21 Donated Assets Account**

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

**Analysis of Donated Assets Account**

The Council does not hold any donated Assets that have conditions attached to them.

	Note	2014/15	2013/14
		£	£
<b>Donated Assets Account</b>			
Donation A		0	0
Donation B		0	0
Donation C		0	0
		0	0

**22 Capital Grants Received in Advance**

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

**Analysis of Capital Grants Receipts in Advance Balance**

The Council does not hold any Capital Grants Receipts in Advance.

	Note	2014/15	2013/14
		£	£
<b>Capital Grants Receipts in Advance</b>			
Grant A		0	0
Grant B		0	0
Grant C		0	0
		0	0

**23 Contingencies**

The Northern Ireland Environment Agency reviewed the adequacy of the Council's financial provision to 31 March 2014 for landfill capping and aftercare costs in line with its paper 'Financial Provision for Waste Management Activities in NI'. As a consequence the current landfill closure provision reflected in the financial statements was deemed sufficient.

**Notes to the Financial Statements**

**For the year ended 31 March 2015**

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

	Notes	2014/15 £	Restated 2013/14 £
<b>Adjustment to surplus or deficit on the provision of services for noncash movements</b>			
Depreciation		2,351,581	2,104,959
Impairment & downward revaluations (& non-sale derecognitions)		(525,846)	(724)
Amortisation (included with depreciation above)		0	0
(Increase)/Decrease in Stock		(69,933)	25,753
(Increase)/Decrease in Debtors		(2,232,866)	1,276,695
Increase/(decrease) in impairment provision for bad debts		22,552	(1,898)
Increase/(Decrease) in Creditors		(216,760)	381,258
Increase/(Decrease) in Interest Creditors		0	0
Payments to NILGOSC		538,819	661,681
Carrying amount of non-current assets sold		21,322	17,357
AIC/WIP written off to Net Cost of Services		0	0
Contributions to Other Reserves/Provisions		684,327	27,458
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		(91,800)	0
Amounts posted to CIES from Donated Assets Account	21	0	0
		<b><u>481,396</u></b>	<b><u>4,492,539</u></b>

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

Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		0	0
Proceeds from the sale of PP&E, investment property and intangible assets		(31,617)	(11,450)
Capital grants included in "Taxation & non-specific grant income"		(2,248,822)	(1,897,404)
Other Receipts from Investing Activities		(8,640)	(8,545)
		<b><u>(2,289,079)</u></b>	<b><u>(1,917,399)</u></b>

**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**24b Cash and Cash Equivalents**

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

	31/03/2015 £	31/03/2014 £	31/03/2013 £
Cash and Bank balances	5,959,230	7,142,841	5,933,291
Short Term Investments (considered to be Cash Equivalents)	0	0	0
Short Term Deposits (considered to be Cash Equivalents)	0	0	0
Bank Overdraft	(450)	(250)	(323,841)
	<u>5,958,780</u>	<u>7,142,591</u>	<u>5,609,450</u>

**24c Cash Flow Statement-Operating Activities**

	2014/15 £	2013/14 £
<i>The cash flows from operating activities include:</i>		
Interest received	<u>30,978</u>	<u>33,795</u>
Interest paid	<u>165,919</u>	<u>178,786</u>

**Notes to the Financial Statements  
 For the year ended 31 March 2015**

**24d Cash flows from Investing Activities**

	2014/15 £	2013/14 £
Purchase of PP&E, investment property and intangible assets	3,339,086	2,822,187
Purchase of Short Term Investments (not considered to be cash equivalents)	0	0
Purchase of Long Term Investments	0	0
Other Payments for Investing Activities	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	(31,617)	(11,450)
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Capital Grants and Contributions Received	(3,098,818)	(1,987,157)
Other Receipts from Investing Activities	(8,640)	(8,545)
<b>Net Cash flows from Investing Activities</b>	<b>200,011</b>	<b>815,035</b>

**24e Cash flows from Financing Activities**

	2014/15 £	2013/14 £
Cash Receipts from Short and Long Term Borrowing	650,000	0
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(236,029)	(264,559)
Repayment of Short and Long Term Borrowing	(346,118)	(356,003)
Other payments for Financing Activities	0	0
<b>Net Cash flows from Financing Activities</b>	<b>67,853</b>	<b>(620,562)</b>

Notes to the Financial Statements  
For the year ended 31 March 2015

25a Analysis of Movement on Reserves - Current Year

	USABLE RESERVES						UNUSABLE RESERVES										TOTAL AUTHORITY RESERVES	
	Capital Receipts Reserve	Capital Grants Unapplied Account	Capital Repairs Fund	Renewal & Development Reserve	Economic Reserves	Other Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Deferred Capital Receipts Account	Accumulated Absences Account	Provisional Discount Rate Reserve		Landfill Regulations Reserve
At 1 April 2014	260	260	260	260	260	260	260	37,112,265	261	261	261	261	261	261	261	261	261	42,909,535
Movements during the year:																		
Applied Capital Grants		968,857					(1,281,965)	1,281,965										1,281,965
Unapplied Capital Grants received in year		(718,290)					(968,857)											(718,290)
Unapplied Capital Grants transferred to CAA in year							(573,815)	(573,815)										(573,815)
Direct Revenue Financing							1,825,735	(1,825,735)										(1,825,735)
Depreciation & Impairment adjustment							(582,149)	(582,149)										(582,149)
Statutory Provision for financing Capital Investment							650,000	(650,000)										(650,000)
Net Revenue expenditure funded via Capitalisation Decision							756,030	(756,030)										(756,030)
Surplus/(Deficit) on the Provision of Services							(399,821)											
Transfers between Statutory and Other Reserves and the General Fund							538,819											(538,819)
Net movements on Pension Reserves							(10,295)						(538,819)					(549,114)
Disposal of Fixed Assets/Capital Sales	31,617						21,522											(10,093)
Capital Receipts used to finance capital expenditure	(45,000)						(45,000)											(45,000)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements							60,259											(60,259)
Revaluation & Impairment																		
Other Movements																		
Transfers between Capital Funds/Renewal & Repair Fund & CAA to finance capital expenditure																		
							(60,250)											(60,250)
Total movements on reserves during the year (Change in Net Worth)	(13,383)	240,567	0	139,444	(72,943)	244,000	25,041	468,858	0	2,417,003	0	(1,796,819)	0	(60,258)	138,278	0	1,215,941	
At 31 March 2015	62,825	1,028,842	0	1,299,889	657,937	284,000	1,173,239	37,578,023	0	10,848,156	0	(8,278,250)	0	(254,847)	(418,896)	0	28,378,746	





**Notes to the Financial Statements**  
**Usable Reserves**  
**For the year ended 31 March 2015**

**26a Capital Receipts Reserve**

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

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

**26b Capital Grants Unapplied Account**

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

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

**26c Capital Fund**

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

**26d Renewal and Repairs Fund**

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Council continues to maintain the reserves for the purpose of refurbishing recreational areas and community buildings.

	£
General	1,269,683
<b>Total</b>	<b>1,269,683</b>

At 31 March 2015 the Renewal & Repairs Fund balance is £1.270m (2013/14 £1.130m). The increase in the balance is due to the transfer of funds from the general fund.

**26e Economic Development Fund Reserve**

This reserve was set up on the 1 April 2012 to fund the cost of planned economic development projects. The balance at 31 March 2014 was £1.030m, during the year £0.073m was utilised, leaving a balance at 31 March 2015 of £0.957m.

	£
Balance at 01 April 2014	1,030,500
Utilised during the year	(72,943)
<b>Balance at 31 March 2015</b>	<b>957,557</b>

**26f Other Reserves**

This reserve is used to equalise/(smooth) the cost of Statutory Transition by building up a fund to cover the future associated costs of transition. The reserve was set-up on the 31 March 2014 with a transfer of £0.050m from the general fund. An additional £0.244m was transferred from the General Fund in 2014/15.

**26g General Fund**

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

**Notes to the Financial Statements**  
**Unusable Reserves**  
**For the year ended 31 March 2015**

**26h Capital Adjustment Account**

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

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

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

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

**26i Financial Instruments Adjustment Account**

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

**26j Revaluation Reserve**

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

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

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

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

**26k Available-for-Sale Financial Instruments Adjustment Reserve**

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

**26l Pension Reserve**

Refer to note 20.

**26m Deferred Capital Receipts Account**

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

**26n Accumulated Absences Account**

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

**26o Provisions Discount Rate Reserve**

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2012/13 accounts direction (see DOE circular 28/2013), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

Subject to agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 6 years.

**26p Landfill Regulations Reserve**

Additional Landfill costs that were not allowed for by councils arose from the amendment of the Landfill Regulations (NI) 2003 by the Landfill (Amendment) Regulations (NI) 2011, affecting all sites that closed after the target transposition date for the Landfill Directive (1999/31/EC).

The Department of the Environment's accounts direction provides an option to spread costs for the affected landfill sites, creating a negative reserve within the financial statements of the particular Council.

The approved costs and period of time are those agreed between the council and the Department's Environment Policy Division in conjunction with the Northern Ireland Environment Agency.

## **Notes to the Financial Statements For the year ended 31 March 2015**

### **27 Significant Trading Operations**

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

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

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

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

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

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

The Council does not have any significant trading operations.

### **28 Agency Services**

The Council does not provide any specialist agency services.

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**29 Related Party Transactions**

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

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

Councillors have direct control over the Council's financial and operating policies. In the 2014/15 financial year the Council commissioned £139,384 of works and services from companies in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct.

The Council also paid grants of £490,981 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

During 2014/15 the Council had expenditure of £766,362 to other Councils, of which £508,723 (see note 17a) was outstanding at 31 March 2015, and £689,721 received from other Councils, of which £299,434 (see note 14) was outstanding at 31 March 2015. These amounts mainly related to services provided.

South West Action for Rural Development (SWARD) Joint Committee is the delivery mechanism for Axis 3 of the Northern Ireland Rural Development Programme (NIRDP) 2007-2013. It comprises the Council Areas of Cookstown, Dungannon and South Tyrone, Fermanagh and Magherafelt. The Northern Ireland Rural Development Programme is funded by the European Agricultural Fund for Rural Development and the Department of Agriculture and Rural Development (DARD). Cookstown District Council acts as the Administrative Council with responsibility for all financial and administrative matters. Cookstown District Council administers the payments and income for the Joint Committee but these transactions are not reflected in Cookstown District Council's accounts. Instead they are reflected in the SWARD Joint Committee's statement of accounts for the year ended 31st March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by the local government auditor.

The Council participates in the South West PEACE III Partnership. Under this arrangement Peace III funding is available from the Special EU Programmes Body. The Council is part of this Joint Committee with Magherafelt, Dungannon South Tyrone and Cookstown councils. Magherafelt District Council acts as the Administrative Council with responsibility for all financial and administrative matters. Magherafelt District Council administers the payments and income for the Joint Committee but these transactions are not reflected in Magherafelt District Council's accounts. Instead they are reflected in the South West PEACE III Partnership's statement of accounts for the year ended 31st March 2015. These statements are prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by the local government auditor. The contribution for 2014/15 was £10,000 (2013/14 £14,000).

The Council is a member of the SWaMP2008 Joint Committee which is established for the purposes of managing waste. During the year the Council advanced £32,747 (2013/14 £33,042) towards funding the expenditure of the Joint Committee. The Joint Committee is a partnership of 8 councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public. Total expenditure by the committee was £309,066 (2013/14 £351,256).

The Joint Committee accounts for its' funding by the provision of a statement of accounts which is prepared under the Local Government (Northern Ireland) Order 2005 and subject to statutory audit by the local government auditor.

The Fermanagh & Omagh Statutory Transition Committee was formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013, for the purpose of preparation for the New Council, namely, Fermanagh and Omagh District Council. Fermanagh District Council acted as the Lead Council in this joint committee between Fermanagh and Omagh District Council, with responsibility for the majority of financial and administrative matters. During the final period of the STC (period ending 19th June 2014) total expenditure of £261,373 was incurred, of which £240,716 was funded through Council contributions in equal proportion (i.e. £120,358 each). The payments and income transactions made on behalf of the Committee by the Council are not reflected in Fermanagh District Council's accounts. Rather, they are reflected in the Statutory Transition Committee's accounts for the period ended 19th June 2014. These Accounts are prepared under the Local Government (Accounts and Audit) Regulations 2006 and subject to statutory audit by the local government auditor.

In addition to the 50% funding of the Committee's financial activities, the Council also provided accommodation, administrative staff and support, facilities and financial management necessary for the Committee to carry out its duties, free of charge to the Committee.

**29 Related Party Transactions ctd**

The Local Government (Transitional, Supplementary, Incidental Provisions and Modification) Regulations (Northern Ireland) 2014 made transitional provision for the New Councils, which came into existence on the 26th May 2014 and operated in shadow form until they took over full responsibility for local government on the 1st April 2015, when the predecessor councils ceased to exist. Fermanagh District Council acted as the Lead Council for financial matters and during the period of the Shadow Council (period ending 31st March 2015) total expenditure of £1,709,600 was incurred, of which £1,229,068 was funded through Council contributions on a population basis (i.e. £652,468, excluding non-cash accounting adjustments of £18,329), in line with Circular LG 01/2014. The payments and income transactions made on behalf of the New Council by the predecessor Council are not reflected in Fermanagh District Council's accounts. Rather, they are reflected in the Shadow Council's accounts for the period ended 31st March 2015. These Accounts are prepared in compliance with the Departments' Accounts Direction, issued under Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and subject to statutory audit by the local government auditor.

In addition to the funding of the Shadow Councils financial activities, the Council also provided accommodation, administrative staff and support, facilities and financial management necessary for the New Council to carry out its duties, free of charge.

**Financial Statements  
For the year ended 31 March 2015**

**Accounts Authorised for the Issue Certificate**

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains amendments which are not material from the Accounts approved on 23 June 2015 is at today's date hereby authorised for issue.

IAS 10 sets out

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

Signed

  
.....  
**Chief Financial Officer**

Date

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*26/10/15*  
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