

STATEMENT OF ACCOUNTS

Newry, Mourne and Down District Council

For the year ended 31st March 2016

Narrative Report

Introduction

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

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2016 (the Code) and the Department of the Environment Accounts Direction, Circular LG 04/2016. It is the purpose of this narrative report to explain, in an easily understandable way the financial facts in relation to the Council.

This Statement of Accounts explains Newry, Mourne and Down District Council's finances during the financial year 2015/16 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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. Newry, Mourne and Down 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 20, 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 21, shows the accounting cost for 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 22 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.

The Cash Flow Statement

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

Financial Report

For the year ended 31 March 2016, the Council increased its General Fund reserve by £311k to £7,234k. The Council operated a balanced budget for the year ie. expenditure equal to income.

Expenditure on capital projects during the year amounted to £4.6m, the most significant spend was on vehicles and equipment £803k, Newry Leisure Facility £1.3m, Mourne Esplanade £266k and Victoria Lock £806k.

The extensive schedules and notes which make up this report help the user to ascertain most of the major items which go to make up these accounts. Items of particular note will be drawn attention to in the notes which follow.

In the current year a revaluation decrease of £490k has been charged to reflect the revaluation of the Strangford Road Offices.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. Transactions relating to retirement benefits are included in note 21 to these Statement of Accounts.

The Revaluation Account on the Balance Sheet has had a revaluation uplift by £3.1m to reflect the increase in value of Fixed Assets which were revalued upwards using indices provided by Land and Property Services less the realised element on the reserve.

The Council has a £5 million overdraft facility with the Danske Bank for short term needs. For capital spend the Council borrows monies from the Government Loans Fund. During the year the Council borrowed monies from the loan fund amounting to £6.2 million and repaid £4.8 million. At the 31 March 2016 the total amount outstanding on external loans was £58.05 million (excluding finance leases).

The Council commenced its strategic objective with phase 2 of the Leisure Centre in Newry and the replacement of the Down Leisure Centre in Downpatrick.

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

The Council's Responsibilities

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

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

These Accounts were approved by the Chief Financial Officer on 29th September 2016.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

Newry, Mourne and Down District Council also has a duty under Local Government Act (Northern Ireland) 2014 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, Newry, Mourne and Down District 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.

Newry, Mourne and Down District 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 Newry, Mourne and Down District Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

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 on-going process designed to identify and prioritise the risks to the achievement of the local government body'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 Newry, Mourne and Down District Council for the year ended 31 March 2016 and up to the date of approval of the financial statements.

The Governance Framework

The key elements of the systems and processes that comprise Newry, Mourne & Down Council's governance arrangements including arrangements for:

- ***Identifying and communicating Newry, Mourne & Down Council's vision of its purpose and intended outcomes for citizens and service users.***

Council's primary channel of communication with its citizens and service users is its Corporate Plan. The current Corporate Plan spans the period 2015 to 2019 and has been widely disseminated, both online and in hard copy. The Corporate Plan was informed by a variety of internal and external engagements which sought to involve all relevant stakeholders. The Corporate Plan also benefitted from considerable Member input prior to it being formally adopted by Council. Council completed its first annual review of the Corporate Plan in June 2016, informed by a series of consultation workshops with a range of stakeholders.

A key focus of 2015-16 has been on Community Engagement with the establishment of District Electoral Area (DEA) Foras who play a key role in communicating corporate messages throughout the district. DEAs meet bi-monthly and are chaired by an elected member from the area. The development of Thematic Delivery Groups in 2016 will further enhance communication, with membership made up of partner agencies, community and voluntary sector representatives and elected members.

- ***Reviewing Newry, Mourne & Down Council's vision and its implications for Council's governance arrangements.***

The Corporate Plan for the period 2015 to 2019 sets out the Council's vision and the Corporate Risk Register identifies the main risks associated with achievement of Council's objectives. Both these documents are kept under review, particularly in the context of Council's statutory performance improvement duty.

A Corporate Risk Management Policy was formally adopted by Council in March 2016. The Policy outlines the key governance arrangements to ensure Council effectively manage the risks faced in achieving its objectives. This Corporate Risk Register is reviewed by Senior Management Team bi-monthly and by Audit Committee quarterly. During 2016-17, the risk management arrangements will be further enhanced to ensure that the Corporate Risk Register will be informed by directorate and service risk registers.

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

Council strives to operate in an efficient, effective, economic and ethical manner. It has established arrangements to secure continuous improvements in line with the Local Government Act (NI) 2014. Council has complaints procedures in place across its services.

Council measures the quality of its services through a variety of means including:

- Market research techniques, surveys, formal consultation processes;
- Mystery shopping visits;
- Feedback;
- Leisure customer surveys;
- Complaints;
- Reporting & Benchmarking.

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

The main decision making committee is full Council. Council meetings are led by the Council Chair and Council meets on a monthly basis. Their work is supported by a Committee structure with decisions taken by Committees subject to ratification by full Council. The Constitution sets out the rules and procedures to be followed by Council and Committees when conducting their business in accordance with the law. It contains the standing orders and schemes of delegation which delineates areas of delegated authority.

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

Council defined the standards of behaviour for Members and staff within its standing orders, Member's Code of Conduct and Employee Code of Conduct. The Members and staff must comply with their respective Codes of Conduct. A number of briefing sessions were held for staff to inform them of the revised Code of Conduct and induction training was provided to Members during the year. All Members and Senior Management Team complete a declaration of conflicts of interest. The Register of Members Interests is published on the website to aid transparency. All policies are available on the Council's intranet and refresher training will be provided as these are updated.

- ***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.***

Council has a Constitution which is regularly reviewed and revised, as and when required to reflect changes brought forward by the Department for Communities (formerly the Department of Environment) or any internal Council reviews. The Constitution is available on the Council's website.

The Constitution contains schemes of delegation which clearly outlines areas of delegated authority.

Council approved a risk management policy in March 2016 which outlines the key processes to be undertaken to effectively manage risk.

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

The Audit Committee comprises ten Members of Council and is chaired by an independent Chairperson.

The Audit Committee produced an annual report in relation to the work undertaken by the Committee during 2015/16.

The independent Internal Audit service operates in compliance with the Public Sector Internal Audit Standards. The Audit Committee operates in compliance with the CIPFA Audit Committee guidance notes issued in 2013 and undertakes an annual review of its effectiveness and performance. Training and updates were provided to members of the Committee, with further training for new members planned for 2016-17.

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

Compliance with laws and regulations is primarily ensured through operation of internal policies and procedures. Council also has access to advice from a range of sources, including in house legal advice and more specialist advice from the Council's Solicitor. All Officers and elected Members are required to act in compliance with their respective Codes of Conduct while carrying out their duties and to declare any conflicts of interest.

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

Council has a whistle blowing policy designed for employees to raise concerns in the knowledge that they will be protected by the safeguards of the Public Interest Disclosure (Northern Ireland) Order 1998. Many public concerns are also addressed through the elected Members who bring the issues to Council for review. The whistleblowing policy was reviewed in 2016 and is maintained on the Council's internal network and is available to all staff.

The Council has a complaints procedure in place across its various activities. Complaints management training is being provided in 2016 to staff.

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

Council delivered an elected Members' capacity building programme throughout 2015-16, which included topics such as training in relation to planning functions which transferred to Council, Community Planning minutepad and IT training, how to chair Committee and Council meetings and standing orders. This will be further enhanced in 2016-17. The Council also has an Elected Member accredited training programme which facilitates Members interested in undertaking courses of study to enhance their own individual learning. During 2015-16 four members obtained the advanced Diploma in Civic Leadership through this programme. The Council has an elected Member Development Working Group, with cross party/independent membership. This meets quarterly and is a dedicated working group to ensure a Member led forum to inform on Councillors' development needs. The reports of the working group are tabled directly to Council. Council has achieved the Elected Member Development Charter and will be re-applying for accreditation in 2016/17. The Development of senior officers in relation to their strategic roles was considered by an independent assessors, with opportunities provided to senior officers for training required. Council also avails of Member and Senior Officer personal development training from the LGTG programme as required.

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

Council ensures that clear channels of communication are in place and engages in regular meetings with the community and voluntary sector and with the public. It both welcomes and encourages feedback from stakeholders. In addition to the monthly meeting of full Council, Special Meetings of Council are also held monthly focused specifically on presentations from external bodies. All minutes of public meetings of the Council and its committees are available on the website, with audio recording of committees introduced in 2016-17 to further enhance transparency and accountability.

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

Review of Effectiveness

Newry, Mourne & Down 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 effectiveness of the governance framework has been maintained and reviewed as follows:

- By Members. The main decision making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council officers.
- By Officers. The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. From January 2016, a meeting of the Corporate Management Team (Assistant Directors), chaired by the Deputy Chief Executives takes place monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.
- By the Audit Committee. The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on five occasions during 2015/16.
- By Internal Audit. The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Seven internal audit assignments were carried out in 2015/16.

Other:

- By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees established in 2016.
- The NIAO provides an external audit opinion on the accounts and may comment on the Annual Governance Statement if they do not consider its contents to be consistent with their understanding.
- We have been advised on the review of effectiveness of the governance framework by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Role of Chief Financial Officer

The Council's financial management arrangements do not conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). In line with the disclosure required by the Application Note to Delivering Good Governance in Local Government: A Framework (2010), it is noted that the Chief Executive is not a professionally qualified accountant but is considered suitably experienced and has access to advice and support from professionally qualified accountants.

Significant Governance Issues

Four internal audit reviews conducted in 2015/16 received a limited assurance rating. These were in relation to planning, programme management, procurement and contract management, and off street parking. Satisfactory assurance was obtained in reviews of leisure services, grants management and corporate governance.

The Internal Audit Plan for 2015/16 was completed in full. The annual opinion of the Head of Internal Audit was limited 'specifically in relation to those limited assurance reviews and the lack of risk management developed across the Council during the period 1 April 2015 to 31 March 2016'.

In addition to those areas noted by Internal Audit above, the following governance issues have been identified:

- Transferred Functions - The challenges of successfully integrating new functions such as planning, off street car parking and community planning continued in the period.
- Delivery of Capital Programme (particularly Leisure Centres) and the long term financial sustainability of the Council continue to be economically challenging.
- Information Technology - ensuring our IT systems and IT security are sufficiently robust and meet the needs of the organisation.
- Other Governance Arrangements - developing and embedding robust risk management arrangements including ensuring the organisation has effective systems and procedures in place over key strategic priorities and areas of statutory responsibility.

A risk management policy was approved by Council in March 2016 and a Newry, Mourne and Down corporate risk register was developed in June 2016. Plans are in place to further enhance the risk management procedures in 2016/17. A schedule of actions to progress internal audit recommendations, including those relating to internal audit reviews carried out in the legacy councils, is being actively monitored by management. Follow up reviews will also be undertaken by Internal Audit.

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

Signed

Chief Financial Officer

Position

Date 29th September 2016

Signed

Position Chairperson

Date 29th September 2016

On behalf of (the committee) of Newry, Mourne and Down District Council or the members of the body meeting as a whole and by the Chief Executive.

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2016

INTRODUCTION

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

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

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

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

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

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Newry, Mourne and Down District Council had 41 councillors in 2015/16.

SENIOR EMPLOYEES

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

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

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

ALLOWANCES PAID TO COUNCILLORS

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

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

Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	582,198	41
Special Responsibility Allowance	70,001	20
Chairperson	15,628	1
Vice Chairperson	10,312	1
Mileage Allowance	70,741	41
Other Travel Allowance	9,122	24
Public Transport	-	-
Subsistence	7,897	10
Courses/ Conferences Visits	6,393	20
Dependents' Carers Allowance	-	-
TOTAL ALLOWANCES	772,292	

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

REMUNERATION OF SENIOR MANAGEMENT TEAM

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

Table 2 : Remuneration of Senior Management (audited information).

Officers	2015/16			
	Salary Band (Full year equivalent in brackets where applicable)	Bonus Payments £'000	Benefits in kind (to nearest £100)	Total Band £'000
Mr Liam Hannaway Clerk & Chief Executive	110 - 115	0	100	110 - 115
Mr Eddie Curtis Director of Strategic Planning & Performance	85 - 90	0	400	85 - 90
Mr Michael Lipsett Director of Active Health & Communities	75 - 80	0	100	75 - 80
Mr Canice O'Rourke Director of Regulatory & Technical Services	75 - 80	0	100	75 - 80
Mrs Marie Ward Director of Enterprise, Regeneration & Tourism (from 01/05/2015)	70 - 75 (75 - 80 full year equivalent)	0	100	70 - 75 (75 - 80 full year equivalent)
Mr Robert Dowey Director of Finance	75 - 80	0	200	75 - 80
Mr John Farrell Director of Environmental Health	75 - 80	0	200	75 - 80
Mr Gerard McGivern Director of District Development (until 31/12/2015)	55 - 60 (75 - 80 full year equivalent)	0	200	55 - 60 (75 - 80 full year equivalent)

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

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

	2015/16
Banded Salary of highest paid member of SMT	£110 - £115k
Median Total Remuneration	£19,167
Ratio	5.87

Mr Robert Dowey retired in April 2016 and Mrs Dorinnia Carville was appointed as Director of Corporate Services on 1 April 2016.

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

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

Salary

“Salary” includes gross salary, overtime, and any gratia payments

Bonus Payments

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

Benefits in Kind

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

Exit Packages for staff

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

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

Severance Package Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band
£20,001 - £40,000	0	0	1	28,543
£40,001 - £60,000	0	0	4	209,138
£60,001 - £80,000	0	0	4	263,830
£80,001 - £100,000	0	0	5	445,200
£100,001 - £150,000	0	0	2	234,542
£150,001 - £200,000	0	0	1	156,977
£200,001 - £250,000	0	0	3	678,568
Total	0	0	20	2,016,798

Pension Benefits

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

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

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

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

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

Table 5: Employee Contribution Rates

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

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

Table 6: Employer Contribution Rates

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2015/16 was £129,263.

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

Table 7: Pension Benefits of Senior Management in 2015/16 (audited information)

Officers	Accrued Pension at pension age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000
Mr Liam Hannaway Clerk & Chief Executive	50 - 55 plus lump sum of 115 - 120	2.5 - 5.0 plus lump sum of 5.0 - 7.5	1,001	901	88
Mr Eddie Curtis Director of Strategic Planning & Performance	35 - 40 plus lump sum of 75 - 80	0.0 - 2.5 plus lump sum of (-0.0) - (-2.5)	715	684	23
Mr Michael Lipsett Director of Active Health & Communities	30 - 35 plus lump sum of 65 - 70	7.5 - 10.0 plus lump sum of 12.5 - 15.0	504	380	117
Mr Canice O'Rourke Director of Regulatory & Technical Services	10 - 15 plus lump sum of 10 - 15	2.5 - 5.0 plus lump sum of 0.0 - 2.5	221	157	58
Mrs Marie Ward Director of Enterprise, Regeneration & Tourism (from 01/05/2015)	5 - 10 no lump sum	2.5 - 5.0 no lump sum	84	55	23
Mr Robert Dowey Director of Finance	30 - 35 plus lump sum of 65 - 70	0.0 - 2.5 plus lump sum of (-0.0) - (-2.5)	667	674	-14
Mr John Farrell Director of Environmental Health	35 - 40 plus lump sum of 80 - 85	0.0 - 2.5 plus lump sum of 0.0 - 2.5	705	654	44
Mr Gerard McGivern Director of District Development (until 31/12/2015)	20 - 25 plus lump sum of 50 - 55	0.0 - 2.5 plus lump sum of 0.0 - 2.5	471	454	17

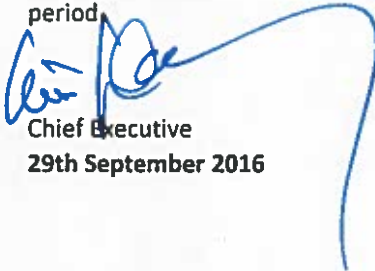
The actuarial factors used to calculate CETVs were changed in 2015-16. The CETVs at 31/3/2015 and 31/3/2016 have both been calculated using the new factors for consistency.

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

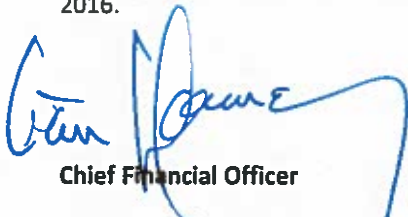


Chief Executive
29th September 2016

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2016 on pages 20 to 71 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 24 to 44.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2016.



Chief Financial Officer

Date 29th September 2016

Council/Committee Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 22nd September 2016.



Chairperson

Date 29th September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWRY, MOURNE AND DOWN DISTRICT COUNCIL

I have audited the financial statements of Newry, Mourne and Down District Council for the year ended 31 March 2016 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes. The financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the Members of Newry, Mourne and Down District Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities.

Respective responsibilities of the Chief Financial Officer and the independent auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion:

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Narrative Report for the financial year ended 31 March 2016 is consistent with the financial statements.

Matters on which I report by exception

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

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

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

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

30 September 2016

Newry, Mourne and Down District Council

Movement in Reserves Statement for the year ended 31 March 2016

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2014	-	-	-	-	-	-
Movement in reserves during the year						
Deficit on the provision of services	(14,125)	-	-	(14,125)	-	(14,125)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	(14,125)	-	-	(14,125)	-	(14,125)
Adjustments between accounting basis & funding under regulations	14,125	-	-	14,125	(14,125)	-
Net increase before transfers to Statutory and Other	-	-	-	-	(14,125)	(14,125)
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
Decrease in year	-	-	-	-	(14,125)	(14,125)
Balance as at 31 March 2015	-	-	-	-	(14,125)	(14,125)
Balance at 1 April 2015 *	6,923,193	1,255,113	-	8,178,306	53,316,929	61,495,235
Movement in reserves during the year						
Deficit on the provision of services	(1,628,316)	-	-	(1,628,316)	-	(1,628,316)
Other Comprehensive Income and Expenditure	-	-	-	-	12,018,136	12,018,136
Total Comprehensive Income and Expenditure	(1,628,316)	-	-	(1,628,316)	12,018,136	10,389,820
Adjustments between accounting basis & funding under regulations	1,939,243	-	-	1,939,243	(1,939,243)	0
Net increase before transfers to Statutory and Other	310,927	-	-	310,927	10,078,893	10,389,820
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
Increase in year	310,927	-	-	310,927	10,078,893	10,389,820
Balance as at 31 March 2016	7,234,120	1,255,113	-	8,489,233	63,395,822	71,885,055

* The opening balance represents the reserves on the opening balance sheet of the new Council.

Newry, Mourne and Down District Council

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

Service	Notes	2015/16			2014/15		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	£	£	£
Leisure and Recreational Services	2	25,019,493	(5,059,847)	19,959,646	-	-	-
Environmental Services	2	24,393,107	(2,313,036)	22,080,071	-	-	-
Planning and Development Services	2	6,726,472	(4,022,074)	2,704,398	-	-	-
Highways and Transport Services	2	532,506	(557,822)	(25,316)	-	-	-
DRM and Corporate Management	2	2,510,578	(69,833)	2,440,745	1,463,004	(1,448,879)	14,125
Other Services	2	5,726,550	(1,379,594)	4,346,956			
Cost of Services on Continuing Operations		64,908,706	(13,402,206)	51,506,500	1,463,004	(1,448,879)	14,125
Other Operating Expenditure	7	-	-	-	-	-	-
Financing and Investment Income and Expenditure	8	3,082,383	(82,634)	2,999,749	-	-	-
Surplus or Deficit on Discontinued Operations				-			-
Net Operating Expenditure		67,991,089	(13,484,840)	54,506,249	1,463,004	(1,448,879)	14,125
Taxation and Non-Specific Grant Income	9	-	(52,877,933)	(52,877,933)	-	-	-
Surplus/(Deficit) on the Provision of Services		67,991,089	(66,362,773)	(1,628,316)	1,463,004	(1,448,879)	(14,125)
Surplus/(Deficit) on revaluation of non-current assets	11			5,376,894			-
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)	21			6,641,242			-
Other Comprehensive Income and Expenditure				12,018,136			-
Total Comprehensive Income and Expenditure				10,389,820			(14,125)

Newry, Mourne and Down District Council
Balance Sheet as at 31 March 2016

	Note	31st March 2016	31st March 2015
		£	£
Fixed Assets	11	147,797,978	-
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors	15	690,169	-
LONG TERM ASSETS		148,488,147	-
Short Term Investments	16	-	-
Inventories	14	349,951	-
Short Term Debtors	15	6,363,888	261,013
Cash and Cash Equivalents	26	12,946,658	-
Assets Held for Sale	11	-	-
CURRENT ASSETS		19,660,497	261,013
Bank Overdraft	26	1,275,301	237,783
Short Term Borrowing	17	5,204,471	-
Short Term Creditors	18	10,180,051	37,355
Provisions	19	146,343	-
CURRENT LIABILITIES		16,806,166	275,138
Long Term Creditors	18	-	-
Provisions	19	3,669,565	-
Long Term Borrowing	17	52,997,858	-
Other Long Term Liabilities	21	22,790,000	-
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
LONG TERM LIABILITIES		79,457,423	-
NET ASSETS		71,885,055	(14,125)
USABLE RESERVES			
Capital Receipts Reserve	27	-	-
Capital Grants Unapplied Account	27	-	-
Capital Fund	27a	1,255,113	-
Renewal and Repairs Fund	27	-	-
Other Balances and Reserves	27	-	-
General Fund	27b	7,234,120	-
		8,489,233	-
UNUSABLE RESERVES			
Capital Adjustment Account	28a	48,301,310	-
Financial Instruments Adjustment Account	28	-	-
Revaluation Reserve	28b	38,351,670	-
Available for Sale Financial Instruments Reserve	28	-	-
Pensions Reserve	28c	(22,790,000)	-
Capital Receipts Deferred Account	28	-	-
Accumulated Absences Account	28d	(467,158)	(14,125)
Landfill Regulations Reserve	28	-	-
Provisions Discount Rate Reserve	28	-	-
		63,395,822	(14,125)
NET WORTH		71,885,055	(14,125)

Cash Flow Statement at 31 March 2016

	Note	2015/16	2014/15
		£	£
Net Deficit on the provision of services		(1,628,316)	(14,125)
Adjustment for non-cash movements	26a	11,793,445	(223,658)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a	(1,851,535)	-
Net cash flows from operating activities		8,313,594	(237,783)
Cash flows from Investing Activities	26c	(799,361)	-
Net Cash flows from Financing Activities	26d	1,316,705	-
Net increase or decrease in cash and cash equivalents		8,830,938	(237,783)
Cash and cash equivalents at the beginning of the reporting period		(237,783)	-
Opening 1 April Newry and Mourne & Down District Council Cash Balances		3,078,202	
Cash and cash equivalents at the end of the reporting period	26b	11,671,357	(237,783)

**Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016**

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

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

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

- 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) **Acquisitions**

The transfer of Off-Street Car parking from the Department for Regional Development to Councils resulted in a transfer of corresponding assets. This included Land and Buildings, Plant and Machinery and outstanding Penalty Charge Notice Debt and debt provisions.

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

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

iv) **Cash and Cash Equivalents**

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

v) **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.

vi) **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.

vii) **Discontinued Operations**

There were no discontinued operations during the financial year.

viii) **Employee Benefits**

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

Termination benefits

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

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

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of -1.8% (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
- unitised securities – current bid price

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

Within the Cost of Services

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

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

ix)

Events After the Balance Sheet Date

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

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

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

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

x)

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.

xi) **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.

xii) **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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

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

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

Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the sections on Provisions, Contingent Liabilities and Contingent Assets.

xiii) 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.

xiv) Government Grants and Contributions

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

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

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

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

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

xv)

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 £10k) the Capital Receipts Reserve.

xvi)

Inventories & Long Term Contracts

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

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.

xvii) **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.

xviii) **Landfill Allowance Scheme**

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

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

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

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

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

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

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

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

The Council as Lessor - Operating Lease

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

xx)

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.

xxi) **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xxii) **Property, Plant and Equipment**

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure, 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:

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- buildings and infrastructure assets are depreciated on their value at the most recent valuation 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 1 to 55 years.
- vehicles are depreciated on historic cost on a straight line basis over a period of 7 years;
- plant and equipment, excluding IT equipment, are depreciated on historic cost on a straight line basis over a period of 5 years;
- I.T. equipment including software is depreciated on historic cost on a straight line basis over a 3 year period;
- 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.

xxiii) 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.

At the most part Heritage Assets are valued at their insurable value with some of the more difficult to value pieces are valued by independent valuers.

xxiv) Provisions

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

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

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

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

xxv) 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.

xxvi) **Charges to Revenue for Non-Current Assets**

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

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

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

xxvii) **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.

xxviii) **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.

xxviii) **The Carbon Reduction Commitment Scheme (CRC)**

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

xxix) **Fair Value Measurement**

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

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

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

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

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

b

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

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

In November 2013 the IASB issued its amendments to IAS 19. CIPFA/LASAAC considered the options in the standard for accounting for employee contributions 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 to IFRS 2010 - 2012 Cycle and 2012 - 2014 Cycle

The IASB carries out cyclical work to identify and implement improvements in IFRS's. The 2010 - 2012 cycle was issued in November 2013 and the 2012 - 2014 cycle was issued in December 2013. These amendments have not yet been endorsed by the European Union and this endorsement would be required to be adopted into the Code. There are no significant issues affecting the council emanating from the annual improvements work.

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

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

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

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

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

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

d

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 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

(i) Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

(iii) Pension Liability

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

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

2 Segmental Reporting

a Segmental Reporting Analysis

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	2015/16			2014/15		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Culture and Heritage	3,069,101	(270,970)	2,798,131	-	-	-
Recreation and Sport	13,122,467	(2,539,280)	10,583,187	-	-	-
Tourism	4,564,136	(1,173,879)	3,390,257	-	-	-
Community Services	4,263,789	(1,075,718)	3,188,071	-	-	-
Leisure and Recreational Services	25,019,493	(5,059,847)	19,959,646	-	-	-
Cemetery, Cremation & Mortuary	561,784	(50,411)	511,373	-	-	-
Environmental Health	3,857,033	(623,272)	3,233,761	-	-	-
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	453,997	(7,836)	446,161	-	-	-
Licensing	210,633	(104,983)	105,650	-	-	-
Other Cleaning	3,350,344	(1,587)	3,348,757	-	-	-
Waste Collection	12,335,264	(1,179,174)	11,156,090	-	-	-
Waste Disposal	2,951,092	(325,450)	2,625,642	-	-	-
Other Community Assets	-	-	-	-	-	-
Minor Works	672,960	(20,323)	652,637	-	-	-
Environmental Services	24,393,107	(2,313,036)	22,080,071	-	-	-
Community Planning	-	-	-	-	-	-
Economic Development	2,059,701	(909,020)	1,150,681	-	-	-
EU Rural Development	-	(2,664)	(2,664)	-	-	-
Urban Regeneration and Community Development	407,575	(315,816)	91,759	-	-	-
Planning Policy	2,366,128	(1,736,511)	629,617	-	-	-
Development Control	-	-	-	-	-	-
Building Control	1,893,068	(1,058,063)	835,005	-	-	-
Environmental initiatives	-	-	-	-	-	-
Planning and Development Services	6,726,472	(4,022,074)	2,704,398	-	-	-
Off-street Parking Services	532,506	(557,822)	(25,316)	-	-	-
Highways and Transport Services	532,506	(557,822)	(25,316)	-	-	-
Democratic Representation and Management	1,108,872	(25,401)	1,083,471	-	-	-
Corporate Management	1,401,706	(44,432)	1,357,274	1,463,004	(1,448,879)	14,125
DRM and Corporate Management	2,510,578	(69,833)	2,440,745	1,463,004	(1,448,879)	14,125
Trading Services	292,505	(77,285)	215,220	-	-	-
Non Distributed Costs	3,952,557	(12,318)	3,940,239	-	-	-
Central Services to the Public	1,481,488	(1,289,991)	191,497	-	-	-
Other Services	5,726,550	(1,379,594)	4,346,956	-	-	-
CONTINUING OPERATIONS	64,908,706	(13,402,206)	51,506,500	1,463,004	(1,448,879)	14,125

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

	2015/16	2015/16	2014/15	2014/15
	£	£	£	£
Net Cost of Services in Service Analysis		51,506,500		14,125
Items excluded from Service Analysis:				
Add amounts not reported in Service Analysis but included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	-		-	
	<u>-</u>	-	<u>-</u>	-
Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement		51,506,500		14,125
Items included in Net Operating Expenditure excluded from Service Analysis:				
Other Operating Expenditure	-		-	
Financing and Investment Income and Expenditure	2,999,749		-	
Surplus or Deficit on Discontinued Operations	-		-	
		2,999,749		-
Net Operating Expenditure per the Comprehensive Income and Expenditure Statement		54,506,249		14,125

3 Adjustment between an Accounting Basis and Funding Basis under Regulations

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

		2015/16	2015/16	2014/15	2014/15
	Notes	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Revaluation increases/decreases taken to					
Surplus/Deficit on the Provision of Services	11	(1,330,631)		-	
Depreciation charged in the year on non-current assets	11	6,626,165	5,295,534	-	-
Net Revenue expenditure funded from capital under statute	12		2,016,802		-
Net charges made for retirement benefits in accordance with IAS 19	21		6,395,000		-
Capital Grants and Donated Assets Receivable and Applied in year	9b		(1,851,535)		-
Adjustments in relation to Short-term compensated absences	28d		77,536		14,125
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	27/28		(5,585,336)		-
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(4,408,758)		-
Total adjustments			1,939,243		14,125

4 Cost of Services on Continuing Operations

a General Power of Competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

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

The actual expenditure under the power of competence amounted to £5,340 during 2015/16.

b External Audit Fees

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

	2015/16	2014/15
	£	£
External Audit Fees - Current Year	65,000	-
Other Fees - under provision for 2014/15	19,700	-
	84,700	-

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

5 Operating and Finance Leases
Council as Lessor

a Finance Leases (Council as lessor)

The 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.

b Operating Leases (Council as lessor)

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £290,451. No contingent rents were recognised.

	2015/16		2014/15	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease rentals receivable:				
No later than 1 year	208,679	-	-	-
Later than 1 year and no later than 5 years	411,500	-	-	-
Later than 5 years	836,877	-	-	-
	1,457,056	-	-	-

	2015/16		2014/15	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Cost	916,668	-	-	-
Accumulated depreciation and impairments at 1 April	-	-	-	-
Depreciation charge for the year	(16,987)	-	-	-
Impairments	-	-	-	-
	899,681	-	-	-

Council as Lessee

c Finance Leases (Council as lessee)

The Council's vehicles are held under finance leases. The net carrying amount of the vehicles held under finance lease arrangements is £99,258. The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 11c-leased assets). The rentals paid for vehicles held under finance leases totalled £141,553.

	Within 1 year £	1 to 5 years £	After 5 years £	Total £
2015/16				
Finance leases payments	91,678	80,201	-	171,879
Less: finance charges	(12,057)	(8,973)	-	(21,030)
Net present value	79,621	71,228	-	150,849

Included in the Balance Sheet as:	2016	2015	2014
	£	£	£
Current liabilities	79,621	-	-
Long term liabilities	71,228	-	-
Total	150,849	-	-

d Operating Leases (Council as lessee)

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

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease payments	229,702	15,164	-	-
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
Total	229,702	15,164	-	-

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

	2015/16		2014/15	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Minimum lease rentals payable:				
No later than 1 year	99,156	5,700	-	-
Later than 1 year and no later than 5 years	330,335	-	-	-
Later than 5 years	1,281,867	-	-	-
Total	1,711,358	5,700	-	-

The Council had an operating lease for photocopiers which are depreciated over four years.

6 Employee Costs and Member Allowances

a Staff Costs

	2015/16	2014/15
	£	£
Salaries and Wages	22,084,620	-
Employers NIC	1,353,289	-
Employers Superannuation	4,291,590	-
Total staff costs	27,729,499	-

In addition, agency costs during the year amounted to £1,862,088

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

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		2015/16	2014/15
		FTE	FTE
Leisure and Recreation Services		287	-
Environmental Services		348	-
Planning and Development Services		51	-
Highways and Transport Service		-	-
Other		165	-
Total Number		851	-

		2015/16	2014/15
		Actual Numbers	Actual Numbers
Full-time numbers employed		740	-
Part-time numbers employed		214	-
Total Number		954	-

c Senior Employees' Remuneration		2015/16	2014/15
		£	£
£50,001 to £60,000		13	-
£60,001 to £70,000		-	-
£70,001 to £80,000		5	-
£80,001 to £90,000		1	-
£90,001 to £100,000		-	-
£100,001 to £110,000		-	-
£110,001 to £120,000		1	-
Total Number		20	-

d Members' Allowances		2015/16	2014/15
		£	£
Basic allowance		582,198	-
Mayor's & Deputy Mayor's Allowance		25,940	-
Special Responsibility Allowances		70,001	-
Employer costs		169,329	-
Mileage		70,741	-
Conferences and Courses		6,393	-
Travel & Subsistence Costs		17,019	-
Miscellaneous Costs		11,534	-
Total		953,155	-

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/3/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £263,326 were payable to the NICS pension arrangements at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31/3/2012 was completed by the Actuary during 2015-16. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

No staff retired early on ill-health grounds.

7 Other Operating Expenditure

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

	2015/16	2014/15
	£	£
Proceeds from sale	-	-
Carrying amount of non-current assets sold (excl Investment Properties)	-	-
	-	-

b Other Operating Income/Expenditure

	2015/16	2014/15
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2015/16	2014/15
	£	£
(Surplus) / Deficit on Non Current Assets	-	-
Other Operating (Income) / Expenditure	-	-
	-	-

8 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2015/16	2014/15
	£	£
Loan interest	2,251,426	-
	<u>2,251,426</u>	<u>-</u>

b Interest and Investment Income

	2015/16	2014/15
	£	£
Bank Interest	7,351	-
Employee car loan interest	3,569	-
	<u>10,920</u>	<u>-</u>

c Pensions interest costs

	2015/16	2014/15
	£	£
Net interest on the net defined benefit liability (asset)	809,000	-
	<u>809,000</u>	<u>-</u>

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

	2015/16	2014/15
Income/Expenditure from Investment Properties:	£	£
Income including rental income	(71,714)	-
Expenditure	21,957	-
Net income from investment properties	<u>(49,757)</u>	<u>-</u>

Financing and Investment Income and Expenditure	2015/16			2014/15		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,251,426	-	2,251,426	-	-	-
Interest and Investment Income	-	10,920	(10,920)	-	-	-
Pensions interest cost	809,000	-	809,000	-	-	-
Other investment income	21,957	71,714	(49,757)	-	-	-
	<u>3,082,383</u>	<u>82,634</u>	<u>2,999,749</u>	<u>-</u>	<u>-</u>	<u>-</u>

9 Taxation and Non Specific Grant Income

a Revenue Grants

	2015/16	2014/15
	£	£
General	(4,433,217)	-
	(4,433,217)	-

b Capital Grants and Donated Assets - Applied

	2015/16	2014/15
	£	£
Government & Other Grants - Conditions met and applied in year	(1,851,535)	-
	(1,851,535)	-

c District Rates

	2015/16	2014/15
	£	£
Current year	(46,012,246)	-
Finalisation - previous year	(580,935)	-
	(46,593,181)	-

Taxation and Non Specific Grant Income	2015/16	2014/15
	£	£
District Rate Income	(46,593,181)	-
Revenue Grants	(4,433,217)	-
Capital Grants and Contributions	(1,851,535)	-
	(52,877,933)	-

10 Acquired and Discontinued Operations

Local Government reform was implemented on 1st April 2015, when 11 New Councils took over from the previous 26 Councils. As a result of reform

A number of functions which were previously delivered by NI Executive departments are now carried out by local councils. These include:

Planning

- local development plan functions
- development control and enforcement

Roads

- off-street parking (except Park and Ride)

Local economic development

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

Local tourism

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

Heritage

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

Other services

- Some elements of the delivery of the EU Rural Development Programme
- Local water recreational facilities
- Local sports

As a result of the Geographical Boundary Change, the ward of Ballyward transferred from Banbridge District Council to Newry, Mourne and Down District Council at 1st April 2015.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

11 Fixed Assets

a

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	23,602,544	101,539,552	216,780	5,501,137	18,174,085	57,668	16,304,682	3,272,139	168,668,587	1,371,786	2,650,139	566,166	173,256,678
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	23,602,544	101,539,552	216,780	5,501,137	18,174,085	57,668	16,304,682	3,272,139	168,668,587	1,371,786	2,650,139	566,166	173,256,678
Additions	-	3,074,066	-	-	259,060	-	1,275,101	-	4,608,227	-	-	-	4,608,227
Revaluation increases/ decreases to Revaluation Reserve	(53,269)	5,901,619	-	-	-	-	-	-	5,848,350	-	-	-	5,848,350
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	-	1,428,494	-	-	-	-	-	-	1,428,494	-	-	-	1,428,494
Reclassifications & Transfers	207,626	11,161,065	-	-	544,251	-	(11,912,942)	-	-	-	-	-	-
Balance as at 31 March 2016	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	180,553,658	1,371,786	2,650,139	566,166	185,141,749
Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2015	-	9,716,945	49,674	5,271,132	14,625,001	-	-	-	29,662,752	-	-	485,535	30,148,287
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2015	-	9,716,945	49,674	5,271,132	14,625,001	-	-	-	29,662,752	-	-	485,535	30,148,287
Depreciation Charge	-	5,401,019	21,160	65,001	1,109,849	-	-	-	6,597,029	-	-	29,136	6,626,165
Depreciation written out on Revaluation Reserve	-	471,456	-	-	-	-	-	-	471,456	-	-	-	471,456
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	97,863	-	-	-	-	-	-	97,863	-	-	-	97,863
Balance as at 31 March 2016	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	37,343,771
Net Book Values													
Balance as at 31 March 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	23,756,901	107,417,513	145,946	165,004	3,242,546	57,668	5,666,841	3,272,139	143,724,558	1,371,786	2,650,139	51,495	147,797,978

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 for the Legacy Council of Newry and Mourne District Council. The valuation at the same date for the Legacy Council of Down District Council was carried out by RHM Commercial Ltd. Please refer to Note 1(xxii) for further information on revaluation and depreciation policies.

11 b Investment Properties

Investment Properties					31/03/2016
					£
	Rental Income from Investment Activities				71,714
	Direct Operating expenses arising from investment properties				(21,957)
	Net gain/(loss)				49,757

c Long-Term Assets - Leased Assets

		Vehicles £	Equipment £
Cost or Valuation			
	At 1 April 2015	2,618,982	769,248
	Additions	-	-
	Disposals	-	-
	At 31 March 2016	2,618,982	769,248
Depreciation			
	At 1 April 2015	2,520,329	662,264
	Disposals	-	-
	Provided for year	98,653	7,726
	At 31 March 2016	2,618,982	669,990
	Net Book Value	-	99,258

12 Capital Expenditure and Capital Financing

NOTE: The total Capital Expenditure incurred in the year (and comparative year) is shown below - including the value of assets acquired under finance leases and PFI/PPP contracts together with the resources that have been used to finance it. Where Capital Expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the CFR, a measure of the Capital Expenditure incurred historically by the Council that has yet to be financed. £2,017k of exit packages that are being capitalised with this cost being charged to the CIES by way of an MRP cost over a 3 year period.

Capital Expenditure		2015/16	2014/15
		£	£
Opening Capital Financing Requirement		61,956,840	-
Capital Investment			
Property, Plant and Equipment	11a	4,608,227	-
Revenue Expenditure Funded from Capital under Statute	3	2,016,802	-
Sources of Finance			
Government Grants and Other Contributions	9b	(1,851,535)	-
Sums set aside from Revenue:			
Minimum Revenue Provision		(5,585,336)	-
Closing Capital Financing Requirement		61,144,998	-

13 Future Capital Commitments

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

		Gross Cost	Grant Aid	Net Cost
		£	£	£
Schemes underway		27,783,000	-	27,783,000
Other Commitments		125,000	-	125,000
Total		27,908,000	-	27,908,000

14 Inventories		2015/16	2014/15
		£	£
Central Stores		200,080	-
Other		149,871	-
Total		349,951	-

15 Debtors		2015/16	2014/15
a Long Term Debtors		£	£
Employee car loans		51,813	-
Loans and advances		70,266	-
Trade debtors		568,090	-
Total Long-Term Debtors		690,169	-

b Short Term Debtors		2015/16	2014/15
		£	£
Government Departments		715,173	261,013
Other Councils		111,941	-
Employee car loans		40,786	-
Revenue Grants		2,988,999	-
Loans and advances		88,635	-
Value Added Tax		1,373,085	-
Prepayments		182,627	-
Other		260,618	-
Trade receivables		871,158	-
Impairment loss - Trade receivables		(269,134)	-
Total Short-Term Debtors		6,363,888	261,013

Total Debtors		7,054,057	261,013
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16 Investments

The Council has no Short Term Investments or Long Term Investments.

17 Borrowings		2015/16	2014/15
a Short Term Borrowing		£	£
Loans re-payable within one year		5,124,850	-
Finance Lease Principal		79,621	-
Total Short Term Borrowing		5,204,471	-

b Long Term Borrowing		2015/16	2014/15
		£	£
Between 1 and 2 years		5,009,842	-
Between 2 and 5 years		12,269,642	-
Between 5 and 10 years		15,650,753	-
In more than 10 years		20,067,621	-
Government Loans Fund		52,997,858	-

Total Borrowing		58,202,329	-
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Interest rates on Government Loans range between 1.51% and 15.875%.

18

Creditors					2015/16	2014/15
a Short Term Creditors						
					£	£
Government Departments					898,318	-
Other Councils					104,281	-
Remuneration due to employees					456,038	-
Accumulated Absences					467,158	14,125
Receipts in advance					928,907	-
Trade creditors					6,632,399	-
Other					692,950	23,230
Total Short Term Creditors					10,180,051	37,355
Total Creditors					10,180,051	37,355

c Payment of Invoices

The Council has a target of paying supplier invoices within 30 calendar days. During the year the Council paid 22,003 invoices totalling £40,370,445.

The Council paid:

14,476(66%) invoices within 30 calendar days;
2000 (9%) invoices within 10 working days; and
7527 (34%) invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 29 days.

19

Provisions							
Provisions	Balance as at 1 April 2015	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2016	
	£	£	£	£	£	£	
Landfill Sites	3,854,750	-	-	-	(185,185)	3,669,565	
Single Status	180,735	-	(34,392)	-	-	146,343	
Total	4,035,485	-	(34,392)	-	(185,185)	3,815,908	

Current Provisions	180,735	-	(34,392)	-	-	146,343	
Long Term Provisions	3,854,750	-	-	-	(185,185)	3,669,565	

Total	4,035,485	-	(34,392)	-	(185,185)	3,815,908	
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The discount rate used is that supplied by the Council's Treasury Advisers Arling Close.

Landfill Sites

The expected cost of landfill closure and aftercare costs of £3,669,565 is based on the percentage utilisation of the landfill sites of both Drumanakelly and Aughnagun and has been recognised as a provision. Aughnagun Landfill Site was closed at 31st March 2015. Drumanakelly Landfill Site ceased to take landfill on 30th April 2016. It has to be stated that now the sites have closed it will take a period of time before there will be a reliable trend for closure and aftercare costs and gas generation income.

Single Status

This provision was originally established to deal with pay arrears for employees due to the introduction of the re-grading of employees to reflect equality legislation. During 2015/2016 £34,392 was paid out. The remaining sum of £146,343 is to cover estimated monies due to employees for overtime due in respect of holiday pay.

20 Financial Instruments

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

Credit Risk

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

Trade debtors, inclusive of VAT, can be		
		£
Less than three months		350,709
Three to six months		46,268
Six months to one year		252,501
More than one year		174,029
		823,507

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

		£
Government Loans		68,802,504
Market Loans		-
Total		68,802,504

Voluntary Body in Receipt of Loan	Amount £	Repayment Due
Hilltown Farmers' Mart	8,431	01/04/2017
Longstone Community Association	65,141	01/04/2034
St. Patrick's Visitor Centre	79,500	01/04/2017

Valuation Techniques

There has been no change in the valuation techniques used during the year for Financial Instruments.

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders below current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

21 Retirement Benefits

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

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

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

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

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

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

Note	2015/16	2014/15
	£	£
Net cost of services:		
Current service cost	5,427,000	-
Past service cost/(gain)	159,000	-
Net operating expenditure:		
Net Interest on net defined benefit Liability (asset)	809,000	-
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	6,395,000	-
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(6,395,000)	-
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	4,408,758	-
Net charge to the Comprehensive Income and Expenditure Statement	(1,986,242)	-

Note	2015/16	2014/15
	£	£
Liability gains/(losses) due to change in assumptions	(5,944,647)	-
Liability experience gains/(losses) arising in the year	(1,104,000)	-
Actuarial gains/(losses) on plan assets	407,405	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure	(6,641,242)	-

c Assets and liabilities in relation to retirement benefits

Note	2015/16	2014/15
	£	£
Reconciliation of present value of the scheme liabilities:		
Balance as at 1 April	150,100,000	-
Current service cost	5,427,000	-
Interest cost	4,772,000	-
Contributions by members	1,263,000	-
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in financial assumptions	(5,944,647)	-
Actuarial gains/losses arising on liabilities from experience	(1,104,000)	-
Past service costs/(gains)	159,000	-
Estimated unfunded benefits paid	(91,353)	-
Estimated benefits paid	(3,253,000)	-
Balance as at 31 March	151,328,000	-

Reconciliation of present value of the scheme assets:	Note	2015/16	2014/15
		£	£
Balance as at 1 April		122,655,000	-
Interest Income		3,963,000	-
Contributions by members		1,263,000	-
Contributions by employer		4,317,405	-
Contributions in respect of unfunded benefits		91,353	-
Remeasurement gain/(loss)		(407,405)	-
Unfunded benefits paid		(91,353)	-
Benefits paid		(3,253,000)	-
Balance as at 31 March		128,538,000	-

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

	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Fair Value of Employer Assets	128,538,000	-	-
Present value of funded defined benefit obligation	(152,626,000)	-	-
Pension asset/(liability) of Funded Scheme	(24,088,000)	-	-
Present Value of unfunded defined benefit obligation	1,298,000	-	-
Net asset/(liability) arising from the defined benefit obligation	(22,790,000)	-	-
Amount in the Balance sheet:			
Liabilities	(151,328,000)	-	-
Assets	128,538,000	-	-
Net Asset/(Liability)	(22,790,000)	-	-

d Scheme history

Analysis of scheme assets and liabilities	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Fair Value of Assets in pension scheme	128,538,000	-	-
Present Value of Defined Benefit Obligation	(151,328,000)	-	-

Surplus/(deficit) in the Scheme	(22,790,000)	-	-
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Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2016	31/03/2015	31/03/2014
	£	£	£
Actuarial gains/(losses)	6,641,242	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	6,641,242	-	-
Cumulative actuarial gains and losses	11,296,242	-	-

Long-term expected rate of return on assets in the scheme:	2015/16	2014/15
	%	%
Equity investments	71.9%	0.0%
Bonds	12.1%	0.0%
Property	13.2%	0.0%
Cash	2.3%	0.0%
Other	0.5%	0.0%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	22.3	0
Women	24.8	0

* 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.

e Northern Ireland Civil Service Pension Arrangements

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

22 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

23 Capital Grants Received in Advance

The Council has no capital grants received in advance.

24 Contingencies

A legal claim has been lodged by a land owner from whom the Council previously leased land for the purpose of refuse disposal. The refuse disposal took place a number of years ago. At this stage the Council disputes the validity of the claim and no provision has been made in the accounts. Since 1996 the Council has had its own arrangements in place for refuse disposal.

The Arc 21 Joint Committee has, with the approval of their participant Councils, entered into a Contingent Liability undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project and Down District Council has agreed its share of the contingent liability. Payments made, if any, in accordance with this undertaking will be funded by the participant Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

25 Opening Balance Sheet Note as at 1st April 2015

	Newry and Mourne District Council	Down District Council	Eliminatio n of inter council balances	Shadow Council	Transfers as a result of Boundary change	Transfers from Central Governmen t	Balance as at 1 April 2015
	£	£		£	£	£	£
Property Plant & Equipment	61,864,229	73,420,909	-	-	163,971	3,556,726	139,005,835
Heritage Assets	739,534	632,252	-	-	-	-	1,371,786
Investment Properties	2,650,139	-	-	-	-	-	2,650,139
Intangible Assets	45,631	35,000	-	-	-	-	80,631
Long Term Debtors	790,039	-	-	-	-	-	790,039
LONG TERM ASSETS	66,089,572	74,088,161	-	-	163,971	3,556,726	143,898,430
Short Term Investments	-	3,126,805	-	-	-	-	3,126,805
Inventories	215,236	250,466	-	-	-	-	465,702
Short Term Debtors	4,782,667	4,707,573	-	-	-	499,701	9,989,941
Cash and Cash Equivalents	6,085,275	222,004	-	-	-	-	6,307,279
CURRENT ASSETS	11,083,178	8,306,848	-	-	-	499,701	19,889,727
Bank Overdraft	2,602,076	627,002	-	-	-	-	3,229,078
Short Term Borrowing	2,872,358	2,009,025	-	-	-	-	4,881,383
Short Term Creditors	5,027,712	5,170,322	-	-	-	499,701	10,697,735
Provisions	180,726	-	-	-	-	-	180,726
CURRENT LIABILITIES	10,682,872	7,806,349	-	-	-	499,701	18,988,922
Provisions	1,901,164	1,953,586	-	-	-	-	3,854,750
Long Term Borrowing	24,881,581	27,122,659	-	-	-	-	52,004,240
Other Long Term Liabilities	17,662,000	9,783,000	-	-	-	-	27,445,000
LONG TERM LIABILITIES	44,444,745	38,859,245	-	-	-	-	83,303,990
NET ASSETS	22,045,133	35,729,415	-	-	163,971	3,556,726	61,495,245
USABLE RESERVES							
Capital Fund	-	1,255,113	-	-	-	-	1,255,113
General Fund	3,556,916	3,366,277	-	-	-	-	6,923,193
TOTAL USABLE RESERVES	3,556,916	4,621,390	-	-	-	-	8,178,306
UNUSABLE RESERVES							
Capital Adjustment Account	22,305,812	19,988,573	-	-	72,599	3,556,726	45,923,710
Revaluation Reserve	14,072,620	21,063,849	-	-	91,372	-	35,227,841
Pensions Reserve	(17,662,000)	(9,783,000)	-	-	-	-	(27,445,000)
Accumulated Absences Account	(228,226)	(161,396)	-	-	-	-	(389,622)
TOTAL UNUSABLE RESERVES	18,488,206	31,108,026	-	-	163,971	3,556,726	53,316,929
NET WORTH	22,045,122	35,729,416	-	-	163,971	3,556,726	61,495,235

Newry, Mourne and Down District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

26 Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2015/16	2014/15
		£	£
Depreciation	11a	6,626,165	-
Impairment & downward revaluations (& non-sale derecognitions)	11a	(1,330,631)	-
(Increase)/Decrease in Stock		115,751	-
(Increase)/Decrease in Debtors		4,042,338	(261,013)
Increase/(decrease) in impairment provision for bad debts		156,877	-
Increase/(Decrease) in Creditors		402,154	37,355
Payments to NILGOSC	21	1,986,242	-
Contributions to Other Reserves/Provisions		(205,451)	-
		11,793,445	(223,658)

The Balance Sheet movements have been done with reference to the Balance Sheet at 1 April 2015.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2015/16	2014/15
		£	£
Capital grants included in "Taxation & non-specific grant income"	9b	(1,851,535)	-
		(1,851,535)	-

b Cash and Cash Equivalents

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

	2015/16	2014/15	2013/14
	£	£	£
Cash and Bank balances	8,415,730	-	-
Short Term Deposits (considered to be Cash Equivalents)	4,530,928	-	-
Bank Overdraft	(1,275,301)	(237,783)	-
	11,671,357	(237,783)	-

c Cash flows from Investing Activities

	2015/16	2014/15
	£	£
Purchase of PP&E, investment property and intangible assets	(5,565,421)	-
Proceeds from Short Term Investments (not considered to be cash equivalents)	3,126,805	-
Capital Grants and Contributions Received	1,639,255	-
Net Cash flows from Investing Activities	(799,361)	-

d Cash flows from Financing Activities		2015/16	2014/15
		£	£
Cash Receipts from Short and Long Term Borrowing		6,200,000	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		(100,208)	-
Repayment of Short and Long Term Borrowing		(4,783,087)	-
Net Cash flows from Financing Activities		1,316,705	-

27 Usable Reserves

a Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. The Capital Fund of £1,255,113 is currently not earmarked to any specific projects.

Capital Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		1,255,113	-
At 31 March		1,255,113	-

b General Fund

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

General Fund	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		6,923,193	-
Applied Capital Grants	3	(1,851,535)	-
Depreciation and Impairment adjustment	3	5,295,534	-
Statutory Provision for financing Capital Investment	3	(5,585,336)	-
Net Revenue expenditure funded from capital under statute	3, 12	2,016,802	-
Surplus/(Deficit) on the Provision of Services	CIES	(1,628,316)	(14,125)
Net movements on Pension Reserve	3, 21	1,986,242	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		77,536	14,125
At 31 March		7,234,120	-

28 Unusable Reserves

a Capital Adjustment Account

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

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

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

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

Capital Adjustment Account	Notes	31/03/2016	31/03/2015
		£	£
At 1 April		45,923,710	-
Applied Capital Grants	3	1,851,535	-
Depreciation & Impairment adjustment	3	(5,295,534)	-
Statutory Provision for financing Capital Investment	3	5,585,336	-
Net Revenue expenditure funded from Capital under statute	3, 12	(2,016,802)	-
Other Movements		2,253,065	-
At 31 March		48,301,310	-

b 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.

Revaluation Reserve		Notes	31/03/2016	31/03/2015
			£	£
At 1 April			35,227,841	-
Revaluation & Impairment	11		5,376,894	-
Other Movements			(2,253,065)	-
At 31 March			38,351,670	-

c Pension Reserve

Pension Reserve		Notes	31/03/2016	31/03/2015
			£	£
At 1 April			(27,445,000)	-
Net Movements on Pension Reserve	3, 21		(1,986,242)	-
Revaluation & Impairment	21		6,641,242	-
At 31 March			(22,790,000)	-

d Accumulated Absences Account

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

Accumulated Absences Account		Notes	31/03/2016	31/03/2015
			£	£
At 1 April			(389,622)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			(77,536)	(14,125)
At 31 March			(467,158)	(14,125)

29 Significant Trading Operations

The Council has no significant trading operations.

30 Agency Services

The Council provides no agency services.

31 Related Party Transactions

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

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. 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 2015/16 financial year the Council commissioned no 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 £381,507 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.

The Council incurred expenditure of £305,734 to other councils of which £62,470 was outstanding as at 31st March 2016. The Council has recorded income of £446,545 from other councils of which £111,941 was outstanding as at 31st March 2016.

Arc 21, a joint committee organisation is a waste management group in Northern Ireland representing Councils in the east of the province. This Council's contribution in the current year was £103,836.

The Council paid an additional £451,984 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility.

32 Events after the Reporting Period

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

33 Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 30th September 2016.