

# STATEMENT OF ACCOUNTS

**Newry, Mourne and Down District Council**

**For the year ended 31st March 2017**

## Contents Page

### Newry, Mourne and Down District Council

	Page Number
Narrative Report	1
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	6
Annual Governance Statement	7
Remuneration Report	14
Certificate of Chief Financial Officer	23
Council Approval of Statement of Accounts	23
Independent Auditor's Report to the members	24
Movement in Reserves Statement	26
Comprehensive Income and Expenditure Statement	27
Balance Sheet	28
Cash Flow Statement	29
Notes to the Accounts	30

## **Narrative Report**

### **An Introduction to Newry, Mourne and Down District Council**

Newry, Mourne and Down District Council (The Council), is one of 11 District Councils which were established on the 1 April 2015. With a population of around 171,500 and a coastline of 100 miles, it is the third largest council area in Northern Ireland spanning from Crossmaglen in County Armagh to Saintfield in County Down. There are seven District Electoral Areas: Crotleive, Downpatrick, Newry, Rowallane, The Mournes, Slieve Croob and Slieve Guilion. We have approximately 934 employees working within the Council.

### **Newry, Mourne and Down District Council's Strategic Priorities**

The Council published its Corporate Plan for the period 2015-2019, containing a vision for the District and setting out eight clear strategic objectives for the Council:

1. Become one of the premier tourism destinations on the island of Ireland
2. Attract investment and support the creation of new jobs
3. Support improved health and well-being outcomes
4. Protect our natural and built environment
5. Lead the regeneration of our urban and rural areas
6. Advocate on your behalf specifically in relation to those issues which really matter to you
7. Empower and improve the capacity of our communities
8. Transform and modernise the Council, providing accessible as well as value for money services.

The Council has five core values which are fundamental to everything we do. These are to be:

- ☐ Citizen Focused – Actively encourage citizens and community engagement, as well as being a listening and responsive Council.
- ☐ Accountable – We will make decisions based on an objective assessment of need and operate in a transparent way as well as openly reporting on our performance.
- ☐ Collaborative – This means we will actively encourage and pursue working in partnership at all levels to deliver for our District.
- ☐ Sustainable – We will take into account the social, economic and environmental impacts of our decisions on current and future generations.
- ☐ Fair – This means we will proactively target actions at those which are marginalised in our community.

### **Significant Issues for 2017/18 and Beyond**

#### *External Factors*

Economic and Political Climate – The current economic and political uncertainty means the Council faces significant financial challenges due to potential reductions in funding from Central Government along with cost pressures within services and greater volatility in financing. Significant challenges lie ahead for Councils which will have to make savings over the next number of years, sufficient to compensate for any additional cost pressures they face. These include those arising from general inflation, increases in demand for everyday services as the population grows, and increases in core costs such as national insurance, the National Living Wage and Pension Contributions.

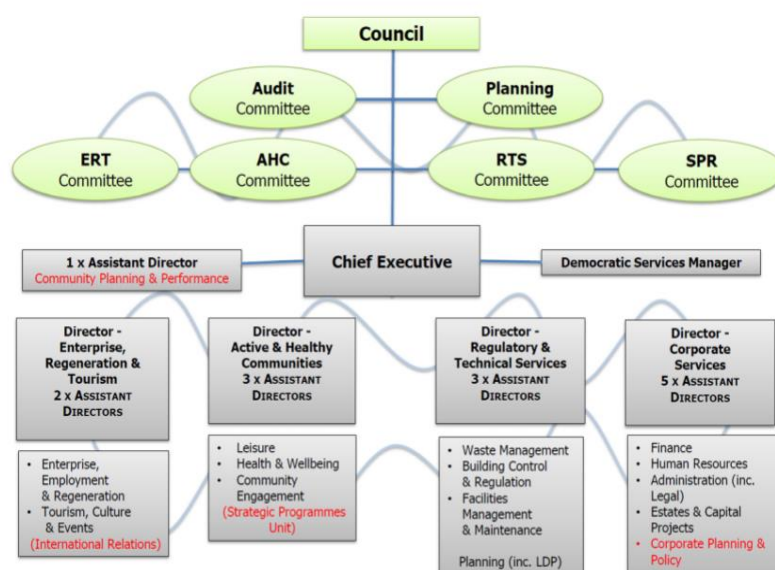
The Medium Term Financial Plan (MTFP) sets out the Councils approach to achieving a sustainable budget over the medium term whilst ensuring all revenue resources are directed towards corporate priorities. The MTFP describes the financial direction of the Council over the planning period and outlines the financial pressures it will face.

Brexit –Following the referendum result on the 23 June 2016 which meant that the UK was to leave the EU, the Prime Minister triggered Article 50 on the 29 March 2017 which formally began this process. The implications of leaving the EU are not fully known but there could be a potential impact for the Council due to reductions in EU funding, a change in interest rates, an increase in expenditure and an increase in the cost of basic goods which could impact on residents and businesses.

It is too early to understand the full implications of Brexit on jobs and investment in the District until trade negotiations begin. As there is still a degree of doubt, the risk associated with leaving the EU is not measurable. Council is working collaboratively to try to plan for and minimise the impact of Brexit on the District.

## Internal Factors

Restructuring and Embedding Organisation Design – From the 1 April 2017 the number of departments within the Council were reduced from five to four. The decision of Council resulted in functions which previously sat within the Strategic Planning and Performance Directorate; being reallocated to the Active and Healthy Communities, Corporate Services, Economic Regeneration and Tourism Directorates and Chief Executive's Office. The Current organisational structure is shown in the diagram below:



## Corporate Risks

The Council has an embedded process to manage any risks and assist with the achievement of its strategic objectives. The Corporate Risk Register plays an integral role in the delivery of the Corporate Plan and is subject to a quarterly review by Audit Committee, and a bi monthly review by the Senior Management Team. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact.

The Council's key corporate risks at the 31 March 2017 included:

1. Failure to develop and improve our tourism offering;
2. Failure to deliver the capital investment programme for the District;
3. Failure to deliver and implement a community plan and to empower and support our community;
4. Non-compliance with legislative requirements;
5. Failure to effectively manage waste;
6. Failure to provide accurate and timely planning decisions;
7. Failure to have necessary staffing structures and resourcing to deliver efficient and effective services;
8. IT Services do not support the Statutory, Strategic or Operational requirements of Council;
9. Failure to adequately plan for major incident;
10. Ineffective corporate communications (internal & external) impacts significantly on services and on reputation;
11. Failure to implement an economic development programme to regenerate the district and attract inward investment;
12. Legal & Financial uncertainties caused by the current economic and political climate; and
13. The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage.

## Business Performance - Council's Achievements in 2016/17

Against a backdrop of reducing resources and changing demand it is critical that the Council continues to actively manage performance. The Council strives to provide the best services for people living in, working in and visiting the district. To measure how we are doing and find where we need to improve, we monitor a set of key actions from our Corporate Plan.

Our key achievements during 2016/2017 included:

- Delivery on major programmes such as commencement of a £36 million investment in two state of the art Leisure Centres in Downpatrick and Newry;
- On-going implementation of the £11 million Rural Development Programme;
- We drew down over £2 million in external funding for the development and roll out of community engagement programmes;
- The economic value to our district of our key events was £9.5 million;
- We produced a Community Plan which sets out to create an environment that supports collaboration, where everyone can work together towards achieving agreed outcomes;
- We provided logistical support to 187 Community Groups from April – December 2016 as well as financial assistance towards the operation of 46 community centres;
- We formed 7 District Electoral Area (DEA) Fora, held 20 Public Meetings and developed 7 multi-faceted District Electoral Area Action Plans all underpinned by an inclusive engagement process with our local communities;
- We developed a new Play Strategy and Sports Facilities Strategy both of which will enhance the wellbeing of all our citizens across the generations;
- We lifted approximately 100,000 bins every week and we received and processed 3,350 Building Control applications;
- We delivered 150 environmental and sustainability education programmes; and
- We were successful in being awarded £4.25 million funding under the European Funding Peace IV Programme.

During 2017/2018 we will continue to deliver on our key projects and bring many of them to fruition and work together with all our partners, agencies, stakeholders and our citizens to achieve agreed outcomes for all.

### **Introduction to Financial Performance**

The Council's financial performance for the year ended 31st March 2017 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 2017 (the Code) and the Department for Communities Accounts Direction, Circular LG 10/2017. 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 2016/17 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. The 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 26, 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 27, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### **The Balance Sheet**

The Balance Sheet, as set out on page 28, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### **The Cash Flow Statement**

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

## Financial Report

For the year ended 31 March 2017, the Council increased its General Fund reserve by £1,675k to £8,909k. The Council operated a deficit budget in the year of £410k funded from the Reserves. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £9,010k.

Expenditure on capital projects during the year amounted to £12.9m, the most significant spend was on vehicles and equipment £1m, Phase 2 of Newry Leisure Centre £5.8m, Down Leisure Centre £3.6m and Camlough Lake £1m.

For the 2016/17 year the Council had an authorised borrowing limit of £79.2m. This is based on the Council's forecast capital expenditure plans over the next four financial years. In conjunction with the Council's approved capital Financing requirement of £84.3m (actual £70.1m), this ensures that the Council only borrows for capital purposes.

- (a) The extensive schedules and notes which make up this report help the user ascertain most of the major items which go to make up these accounts. Items of particular note will be highlighted in the statements below.
- (b) 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 20 to these accounts.
- (c) The revaluation account on the Balance Sheet has had a revaluation uplift by £2.7m 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.
- (d) There has been no significant changes in Accounting Policies from the prior year.
- (e) The Council has a £5 million overdraft facility with Danske Bank for short term needs. For capital spend the Council borrows monies from the Government Loans fund.
- (f) There have been no material events after the reporting date.
- (g) The Council updated its Minimum Revenue Provision (MRP) Policy for the estimates setting process for 2017/18 rates to ensure MRP is provided over the useful life of the asset.
- (h) The current economic and political uncertainty means Council faces significant financial challenges due to potential reductions in funding from Central Government along with cost pressures within services and greater volatility in financing. Brexit is also a major risk to the Council. It is too early to understand the full implications of Brexit on jobs and investment in the District until trade negotiations begin. As there is still a degree of doubt, the risk associated with leaving the EU is not measurable.

## **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 the 26th of September 2017.

### **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 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 for Communities 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, efficiency and effectively.

Newry, Mourne and Down District Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, 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 a statement on internal control.

#### **The Purpose of the Governance Framework**

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 2017 and up to the date of approval of the financial statements.

## The governance framework

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

- identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.

The 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. The Council has a dedicated website and facebook pages to support access to information by citizens and service users.

A key focus in 2016-17 has been the implementation of the Newry, Mourne and Down District Council Tourism Strategy. The Community Plan is also out in the community for consultation. The Regulatory and Technical Services Directorate has also rolled out the 'brown bin' service across the District.

- reviewing Newry, Mourne and Down District Council's vision and its implications for its 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. Directorate Risk Registers are now also in operation and are used to inform the Corporate Risk Register. During 2017-18, the risk management arrangements will be further enhanced to ensure that the Corporate Risk Register will be informed by both directorate and service risk registers. The Risk Management Policy will also be updated.

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

The 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.

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

- o Leisure customer surveys;
- o Market research techniques, surveys, formal consultation processes;
- o Feedback
- o Complaints;
- o 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.

Job descriptions and responsibilities are in place for all Council positions including all senior officer roles, which clearly define and document the roles and responsibilities of senior officers.

- 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. The Northern Ireland Local Government Code of Conduct for Councillors came in to force in May 2014 and all councillors have signed up to this. All Members, Senior Management Team and Corporate Management team have completed a declaration of conflicts of interest during 2016-17. The Register of Members Interests and the Chief Executives is published on the website to aid transparency. All policies are available on the Council's internet 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 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. The 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 the 2016-17 year. The Audit Committee also has a Terms of Reference.

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 are provided to new members of the Committee.

- 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 Council policies and procedures, and 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. Public concerns are also addressed through the elected Members who bring the issues to Council for review. The Whistleblowing Policy was revised and was approved by Council in May 2017. The Anti-Fraud Policy and Fraud response plan was revised simultaneously. The Policies are maintained on the Council's internal network and are available to all staff and members of the public. The Council has a complaints procedure in place across its various activities. Complaints management training was provided to staff in 2016-17.

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

Council continued to deliver elected Members' capacity building programme throughout 2016-2017. This included topics relating to the planning function, tailored specifically for the identified needs of the Council's Planning Committee Members; Community Planning; procurement, fraud and bribery; ethnic awareness; Prudential Code; TBUC (community planning, good relations, equality statutory duties and race relations).

The Council was successful in its application for re-accreditation of the N Ireland Charter for Elected Member Development. The Council continues to offer the Elected Member accredited training programme which facilitates members interested in undertaking course of study to enhance their own individual learning and personal development through the Local Government Training Programme. The Elected Member Development Working Group continues to meet on a regular basis and has sustained continuity of membership, which has cross party representation.

A Learning and Development policy for officers was introduced in January 2017. Work is continuing on the development of an eLearning system for Members and staff which will provide an alternative to, and supplement, more traditional classroom style training.

- 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 available during 2016-17 to further enhance transparency and accountability. Work is ongoing currently to develop and enhance our website to further enhance our digital communications.

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

### **Review of Effectiveness**

Newry Mourne and Down District 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 Newry Mourne and Down District 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 following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- the 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.
- the Senior 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. During 2016-17 a meeting of the Corporate Management Team (Assistant Directors), chaired by a Director took 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. Every quarter Assurance Statements are completed at both Assistant Director and Director level to give the Chief Executive assurance over the controls that are in place and also make the Chief Executive aware of any of the risk arising which may have a negative impact on the Council.
- 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 2016/17.
- 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 2016/17.
- other:
 

By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.

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 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**

Internal Audit conducted seven reviews during the 2016-17 year. Six Internal Audit Reviews received a satisfactory assurance rating. The Fleet Management report received Limited Assurance rating. Internal Audit also undertook a follow up review of recommendations made in their 2015/16 reviews. The review identified that, out of the 42 accepted recommendations, 26 recommendations were fully implemented, 9 recommendations were partially implemented, 2 recommendations were not implemented, and the remaining 5 recommendations were no longer relevant.

The internal audit assurance work as detailed in the Internal Audit Plan for 2016/17 approved by the Audit Committee on 28 April 2016 and revised on 8 December 2016 was completed in full.


Internal Audit's Annual Opinion during the period from 1 April 2016 to 31 March 2017 was that the Council's systems in relation to internal control, risk management and governance were adequate and operated effectively and provided satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The Audit Services Manager will continue to follow up on the 2015-16 Internal Audit Recommendations which have not yet been implemented, and will also follow up on the 2016-17 recommendations prior to the Independent Internal Auditor carrying their follow up review during 2017-18. The progress on the implementation on Internal Audit recommendations will be reported at each Audit Committee.

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

- We have concerns regarding the internal control processes in relation to procurement and contract management. Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. There has been limited progress in implementing the recommendations made in 2015/16 report. There is also a further investigation into two procurements which relate to the Legacy Newry and Mourne Council and this investigation is currently on-going. As a consequence a full internal audit of purchasing, procurement and contract management has been scheduled for the end of the 2017-18 financial year. Currently management are meeting with the Procurement Unit and Accounts Payables team monthly to get a new Purchasing Policy in operation and ensure that the financial and procurement system link properly.
- Delivery of the Capital Programme (particularly the new Leisure Centres) and the long term financial sustainability of the Council continue to be economically challenging. To reduce this risk the Council has devised a four year capital plan, which was approved by Council in February 2017. This will be reviewed annually by officers and by Council.
- We are currently undertaking an IT transformation project to enhance our IT services. This is a long term project and until a time when the IT Strategy is fully implemented, we are actively working at managing our risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation.

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 

Date 26/09/2017

Signed 

Date 26/09/2017

By the Chairperson on behalf of Newry, Mourne and Down District Council and by the Chief Executive

## **NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**

### **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 then 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.

A consolidated document on Guidance and determinations on Councillors' Allowances applicable from 1 April 2017 were issued by the Department for Communities on January 2017. The determinations and rates have been updated in LG 03/2017. 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 2016/17.

##### **REMUNERATION OF 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, 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 (audited information)**

Allowance	2016/17		2015/16	
	Total Allowances	Number of	Total Allowances	Number of
Basic Allowance	583,990	44	582,198	41
Special Responsibility	69,969	28	70,001	20
Chairperson/Deputy	19,770	1	15,628	1
Vice Chairperson/	6,170	1	10,312	1
Mileage Allowance	69,621	37	79,863	41
Public Transport and Other Travel	14,089	23	-	-
Subsistence	2,585	8	7,897	10
Courses/ Conferences	16,486	19	6,393	20
Dependents' Carers	-	-	-	-
<b>TOTAL ALLOWANCES</b>	<b>782,680</b>		<b>772,292</b>	

Details of the allowances paid to individual councillors in 2016/17 are published on the council website. The 44 Councillors paid during the year included 3 leavers/starters. Leavers: Harold McKee 06/05/2016, Colin McGrath 06/05/2016, Patrick Clarke 20/10/2016. Starters: Jill McCauley 31/05/2016, John Trainor 01/06/2016, Andrew McMurray 16/11/2016.

## REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Executive Management Team/Senior Management Team. The following table provides details of the remuneration paid to senior employees in 2016/17:

**Table 2: Remuneration (including salary) [audited information]**

Officers	2016/17				2015/16			
	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
Mr Liam Hannaway Clerk & Chief Executive	115-120	0	100	115-120	110-115	0	100	110-115
Mr Edwin Curtis Director of Strategic Planning & Performance	80 - 85	0	400	80 - 85	85-90	0	400	85-90
Mr Michael Lipsett Director of Active Health & Communities	80 - 85	0	100	80 - 85	75-80	0	100	75-80
Mr Canice O'Rourke Director of Regulatory & Technical Services	80 - 85	0	100	80 - 85	75-80	0	100	75-80
Mrs Marie Ward Director of Enterprise, Regeneration & Tourism	80 - 85	0	100	80 - 85	70-75 (75-80 full year equivalent)	0	100	70-75 (75-80 full year equivalent)
Mrs Dorinnia Carville Director of Corporate Services (from 01/04/2016)	75 - 80	0	100	75 - 80	-	-	-	-
Mr Robert Dowey Director of Finance (until 08/04/2016)	0 - 5 (75 - 80 full time equivalent)	0	0	0 - 5 (75 - 80 full time equivalent)	75 - 80	0	200	75 - 80
Mr John Farrell Director of Environmental Health (until 08/04/2016)	0 - 5 (75 - 80 full time equivalent)	0	0	0 - 5 (75 - 80 full time equivalent)	75 - 80	0	200	75 - 80

\*Mr Canice O'Rourke retired on the 30 June 2017.

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

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

	<b>2016/17</b>	<b>2015/16</b>
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£115-£120k	£110-£115k
Median Total Remuneration	£20,223	£19,167
Ratio	5.81	5.87

In 2016/17, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

#### **Salary**

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

#### **Bonus Payments**

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2016/17 relate to performance in 2016/17.

#### **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 2016/17, 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 (audited information):**

Severance Package Cost Band	2016/17			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	1	1	13,538
£20,001 - £40,000	0	2	2	61,288
£40,001 - £60,000	0	3	3	166,603
£60,001 - £80,000	0	1	1	61,030
£80,001 - £100,000	1	1	2	162,080
£100,001 - £150,000	0	1	1	108,877
£150,001 - £200,000	0	0	0	0
£200,001 - £250,000	0	0	0	0
<b>Total</b>	<b>1</b>	<b>9</b>	<b>10</b>	<b>573,417</b>

Please note: A payment of £57,670 was made to Armagh, Banbridge & Craigavon Borough Council as contribution towards redundancy of an officer which is not included in the above table.

Severance Package Cost Band	2015/16			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	0	0	0
£20,001 - £40,000	0	1	1	28,543
£40,001 - £60,000	0	4	4	209,138
£60,001 - £80,000	0	4	4	263,830
£80,001 - £100,000	0	5	5	445,200
£100,001 - £150,000	0	2	2	234,542
£150,001 - £200,000	0	1	1	156,977
£200,001 - £250,000	0	3	3	678,568
<b>Total</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>2,016,798</b>

## **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 for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2016, were as follows:

**Table 5: Employee Contribution Rates**

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

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

**Table 6: Employer Contribution Rates**

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2016/17 was £130,130.

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

**Table 7: Pension Benefits of senior staff in 2016/17 (audited information)**

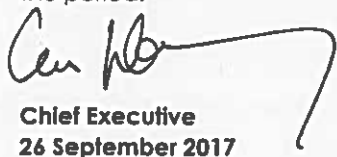
<b>Officers</b>	<b>Accrued Pension as at 31/3/17</b>	<b>Real increase in pension and related lump sum at pension</b>	<b>CETV at 31/3/17</b>	<b>CETV at 31/3/16</b>	<b>Real increase in CETV</b>
<b>Mr Liam Hannaway</b> Clerk & Chief Executive	55 - 60 plus lump sum of 120 - 125	3.0 - 3.5 plus lump sum of 5.0 - 5.5	1,074	1,001	57
<b>Mr Edwin Curtis</b> Director of Strategic Planning & Performance	35 - 40 plus lump sum of 75 - 80	1.5 - 2.0 plus lump sum of 0.0 - 0.5	765	715	37
<b>Mr Michael Lipsett</b> Director of Active Health & Communities	30 - 35 plus lump sum of 65 - 70	2.0 - 2.5 plus lump sum of 1.0 - 1.5	550	504	34
<b>Mr Canice O'Rourke</b> Director of Regulatory & Technical Services	10 - 15 plus lump sum of 10 - 15	1.0 - 1.5 plus lump sum of 0.0 - 0.5	246	221	20
<b>Mrs Marie Ward</b> Director of Enterprise, Regeneration & Tourism	10 - 15 with no lump sum	1.5 - 2.0 with no lump sum	101	84	10
<b>Mrs Dorinnia Carville</b> Director of Corporate Services, from 01/04/2016)	10 - 15 with no lump sum	10 - 15 with no lump sum	112	0	14
<b>Mr Robert Dowey</b> Director of Finance (until 08/04/2016)	30 - 35 with lump sum of 65 - 70	0.0 - 0.5 plus lump sum of 0.0 - 0.5	666	667	-0.5
<b>Mr John Farrell</b> Director of Environmental Health (until 08/04/2016)	35 - 40 with lump sum of 80 - 85	0.0 - 0.5 plus lump sum of 0.0 - 0.5	709	705	4

#### **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  
26 September 2017



### **Certificate of the Chief Financial Officer**

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2017 on pages 26 to 88 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 30 to 54.
- (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 2017.



Chief Financial Officer

**Date** 26/09/2017

### **Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Council/Committee on 26 September 2017.

**Chairperson**



**Date** 26/09/2017

## **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 2017 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. These 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 2016-17, of the financial position of Newry, Mourne and Down District Council as at 31 March 2017 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' 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 2017 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 2016-17;
    - 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

Newry, Mourne and Down District Council

Movement in Reserves Statement for the year ended 31 March 2017

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
<b>Balance as at 1 April 2015</b>	<b>6,923,193</b>	<b>1,255,113</b>	<b>-</b>	<b>8,178,306</b>	<b>53,316,929</b>	<b>61,495,235</b>
<b>Movement in reserves during the year</b>						
Surplus/ (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
<b>Total Comprehensive Income and Expenditure</b>	<b>(1,628,316)</b>	<b>-</b>	<b>-</b>	<b>(1,628,316)</b>	<b>12,018,136</b>	<b>10,389,820</b>
Adjustments between accounting basis & funding under regulations	1,939,243	-	-	1,939,243	(1,939,243)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>310,927</b>	<b>-</b>	<b>-</b>	<b>310,927</b>	<b>10,078,893</b>	<b>10,389,820</b>
<b>Increase/ Decrease in year</b>	<b>310,927</b>	<b>-</b>	<b>-</b>	<b>310,927</b>	<b>10,078,893</b>	<b>10,389,820</b>
<b>Balance as at 31 March 2016</b>	<b>7,234,120</b>	<b>1,255,113</b>	<b>-</b>	<b>8,489,233</b>	<b>63,395,822</b>	<b>71,885,055</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	(2,194,672)	-	-	(2,194,672)	-	(2,194,672)
Other Comprehensive Income and Expenditure	-	-	-	-	(6,815,087)	(6,815,087)
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,194,672)</b>	<b>-</b>	<b>-</b>	<b>(2,194,672)</b>	<b>(6,815,087)</b>	<b>(9,009,759)</b>
Adjustments between accounting basis & funding under regulations	3,869,642	-	-	3,869,642	(3,869,642)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>1,674,970</b>	<b>-</b>	<b>-</b>	<b>1,674,970</b>	<b>(10,684,729)</b>	<b>(9,009,759)</b>
<b>Increase in year</b>	<b>1,674,970</b>	<b>-</b>	<b>-</b>	<b>1,674,970</b>	<b>(10,684,729)</b>	<b>(9,009,759)</b>
<b>Balance as at 31 March 2017</b>	<b>8,909,090</b>	<b>1,255,113</b>	<b>-</b>	<b>10,164,203</b>	<b>52,711,093</b>	<b>62,875,296</b>

**Newry, Mourne and Down District Council**

**Comprehensive Income and Expenditure Statement for the year ended 31 March 2017**

		2016/17			2015/16		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Leisure and Recreational Services	2	26,112,590	4,239,992	21,872,598	25,019,493	5,059,847	19,959,646
Environmental Services	2	24,853,947	1,818,380	23,035,567	24,393,107	2,313,036	22,080,071
Planning and Development Services	2	8,020,618	4,451,656	3,568,962	6,726,472	4,022,074	2,704,398
Highways and Transport Services	2	598,517	638,585	(40,068)	532,506	557,822	(25,316)
DRM and Corporate Management	2	2,195,246	36,567	2,158,679	2,510,578	69,833	2,440,745
Other Services	2	4,309,027	2,017,402	2,291,625	5,726,550	1,379,594	4,346,956
<b>Cost of Services on Continuing Operations</b>		<b>66,089,945</b>	<b>13,202,582</b>	<b>52,887,363</b>	<b>64,908,706</b>	<b>13,402,206</b>	<b>51,506,500</b>
Other Operating Expenditure	7	52,943	155,735	(102,792)	-	-	-
Financing and Investment Income and Expenditure	8	2,850,601	213,661	2,636,940	3,082,383	82,634	2,999,749
(Surplus) or Deficit on Discontinued Operations				-			-
Share of Operating Results of associates and joint ventures		-	-	-	-	-	-
<b>Net Operating Expenditure</b>		<b>68,993,489</b>	<b>13,571,978</b>	<b>55,421,511</b>	<b>67,991,089</b>	<b>13,484,840</b>	<b>54,506,249</b>
Taxation and Non-Specific Grant Income	9	-	53,226,839	(53,226,839)	-	52,877,933	(52,877,933)
<b>Surplus/(Deficit) on the Provision of Services</b>		<b>68,993,489</b>	<b>66,798,817</b>	<b>(2,194,672)</b>	<b>67,991,089</b>	<b>66,362,773</b>	<b>(1,628,316)</b>
Surplus/(Deficit) on revaluation of non-current assets	10			2,738,182			5,376,894
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			-
Remeasurements of the Net Defined Benefit (Liability)/ Asset	20			(9,553,269)			6,641,242
<b>Other Comprehensive Expenditure</b>				<b>(6,815,087)</b>			<b>12,018,136</b>
<b>Total Comprehensive Expenditure</b>				<b>(9,009,759)</b>			<b>10,389,820</b>

Newry, Mourne and Down District Council  
**Balance Sheet as at 31 March 2017**

	Note	31st March 2017	31st March 2016
		£	£
Fixed Assets	10	156,750,850	147,797,978
Long Term Investments	15	-	-
Investment in Associates and Joint Ventures		-	-
Long Term Debtors	14	603,680	690,169
<b>LONG TERM ASSETS</b>		<b>157,354,530</b>	<b>148,488,147</b>
Short Term Investments	15	-	-
Inventories	13	409,790	349,951
Short Term Debtors	14	5,369,808	6,363,888
Cash and Cash Equivalents	24	7,806,689	12,946,658
Assets Held for Sale	10	575,000	-
<b>CURRENT ASSETS</b>		<b>14,161,287</b>	<b>19,660,497</b>
Bank Overdraft	24	986,177	1,275,301
Short Term Borrowing	16	5,350,470	5,204,471
Short Term Creditors	17	10,199,762	10,180,051
Provisions	18	143,748	146,343
<b>CURRENT LIABILITIES</b>		<b>16,680,157</b>	<b>16,806,166</b>
Long Term Creditors	17	-	-
Provisions	18	3,757,476	3,669,565
Long Term Borrowing	16	54,183,888	52,997,858
Other Long Term Liabilities	20	34,019,000	22,790,000
Donated Assets Account	21	-	-
Capital Grants Receipts in Advance	22	-	-
<b>LONG TERM LIABILITIES</b>		<b>91,960,364</b>	<b>79,457,423</b>
<b>NET ASSETS</b>		<b>62,875,296</b>	<b>71,885,055</b>
USABLE RESERVES			
Capital Receipts Reserve	25	-	-
Capital Grants Unapplied Account	25	-	-
Capital Fund	25	1,255,113	1,255,113
Renewal and Repairs Fund	25	-	-
Other Balances and Reserves	25	-	-
General Fund	25	8,909,090	7,234,120
		<b>10,164,203</b>	<b>8,489,233</b>
UNUSABLE RESERVES			
Capital Adjustment Account	26	52,120,219	48,301,310
Financial Instruments Adjustment Account	26	-	-
Revaluation Reserve	26	35,064,168	38,351,670
Available for Sale Financial Instruments Reserve	26	-	-
Pensions Reserve	26	(34,019,000)	(22,790,000)
Capital Receipts Deferred Account	26	-	-
Accumulated Absences Account	26	(454,294)	(467,158)
Landfill Regulations Reserve	26	-	-
Provisions Discount Rate Reserve	26	-	-
		<b>52,711,093</b>	<b>63,395,822</b>
<b>NET WORTH</b>		<b>62,875,296</b>	<b>71,885,055</b>

**Cash Flow Statement at 31 March 2017**

	Note	2016/17	2015/16
		£	£
Net Deficit on the provision of services		(2,194,672)	(1,628,316)
Adjustment for non-cash movements		6,537,480	11,793,445
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(479,584)	(1,851,535)
<b>Net cash flows from operating activities</b>	<b>24</b>	<b>3,863,224</b>	<b>8,313,594</b>
Cash flows from Investing Activities	24	(10,046,099)	(799,361)
Net Cash flows from Financing Activities	24	1,332,030	1,316,705
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(4,850,845)</b>	<b>8,830,938</b>
Cash and cash equivalents at the beginning of the reporting period		11,671,357	2,840,419
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>6,820,512</b>	<b>11,671,357</b>

**Newry, Mourne and Down District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**1 Accounting Policies**

**a General Principles**

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities 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 2016/17 and the Service Reporting Code of Practice 2016/17 (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.

**Summary of Significant Accounting Policies**

**i) Accruals of Income and Expenditure**

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

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

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

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

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



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

ii) **Acquisitions**

Newry, Mourne and Down District Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

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 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.

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**

The majority of the 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. As a result of Local Government Reform on the 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 for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31st 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 Account as at 31st March 2017.

## **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 x% (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.

Council employees who transferred from Central Government on 1st April 2015 as a result of Local Government reform, are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

### 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 his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

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

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.

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

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

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

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

Additional policy detail required where a Council has entered into financial guarantees or has financial liabilities at fair value through profit or loss (such as derivatives).

### **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



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.

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

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

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

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 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 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.

### **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 Services.

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.

## **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.

Heritage Assets are stated in the Balance Sheet at Insurance Valuation or Historic Cost

### **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. 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.

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 [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

\* Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that

the authority can access at the measurement date

\* Level 2 – inputs other than quoted prices included within Level 1 that are observable for

the asset or liability, either directly or indirectly

\* Level 3 – unobservable inputs for the asset or liability.

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

### **Accounting and Reporting by Pension Funds – Investment Transaction Costs**

In the 2016/17 Code CIPFA/LASAAC indicated its intention to mandate the recommended disclosure on pension fund investment transaction costs.

After consultation, CIPFA/LASAAC agreed to proceed with the transaction costs disclosure to elevate concerns regarding the transparency of pension fund management expenses generally. Transaction costs are clearly defined in IFRS (in IAS 39 Financial Instruments: Recognition and Measurement and IAS 40 Investment Property). The requirement for disclosure on transaction costs has been included in the 2017/18 Code of Practice.

### **Amendment to the disclosure of investment asset concentration**

In a review of application guidance on pension fund reporting, CIPFA/LASAAC considered that the information required under IAS 26 no longer provided materially relevant disclosures and therefore the disclosure regarding defined benefit pension fund at paragraph 6.5.5.1 of 2017/18 Code of Practice refers to 'Details of any single investment exceeding either 5% of the net assets available for benefits, this is consistent with the approach in the Financial Reports of Pension Schemes – A Statement of Recommended Practice 2015.

The above Accounting Standards that have been issued but not yet adopted have no material impact on the financial statements of Newry, Mourne and Down District Council.

c **Critical Judgements in Applying Accounting Policies**

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

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

d **Assumptions Made About the Future and Other Major Sources of Estimation**

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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as



**Newry, Mourne and Down District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**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 for Communities' Accounts Direction.

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

Services	2016/17			2015/16		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	3,042,650	(305,708)	2,736,942	3,069,101	(270,970)	2,798,131
Recreation and Sport	14,471,775	(2,201,999)	12,269,776	13,122,467	(2,539,280)	10,583,187
Tourism	4,773,097	(545,930)	4,227,167	4,564,136	(1,173,879)	3,390,257
Community Services	3,825,068	(1,186,355)	2,638,713	4,263,789	(1,075,718)	3,188,071
<b>Leisure and Recreational Services</b>	<b>26,112,590</b>	<b>(4,239,992)</b>	<b>21,872,598</b>	<b>25,019,493</b>	<b>(5,059,847)</b>	<b>19,959,646</b>
Cemetery, Cremation & Mortuary	610,542	(53,089)	557,453	561,784	(50,411)	511,373
Environmental Health	3,483,520	(553,173)	2,930,347	3,857,033	(623,272)	3,233,761
Flood Defence and Land Drainage	-	-	-	-	-	-
Public Conveniences	451,929	(819)	451,110	453,997	(7,836)	446,161
Licensing	168,675	(109,169)	59,506	210,633	(104,983)	105,650
Other Cleaning	3,309,071	(1,015)	3,308,056	3,350,344	(1,587)	3,348,757
Waste Collection	15,092,580	(1,031,462)	14,061,118	12,335,264	(1,179,174)	11,156,090
Waste Disposal	1,334,511	(45,873)	1,288,638	2,951,092	(325,450)	2,625,642
Other Community Assets	-	-	-	-	-	-
Minor Works	403,119	(23,780)	379,339	672,960	(20,323)	652,637
<b>Environmental Services</b>	<b>24,853,947</b>	<b>(1,818,380)</b>	<b>23,035,567</b>	<b>24,393,107</b>	<b>(2,313,036)</b>	<b>22,080,071</b>
Community Planning	291,388	-	291,388	-	-	-
Economic Development	2,582,696	(1,006,558)	1,576,138	2,059,701	(909,020)	1,150,681
EU Rural Development	123	(2,716)	(2,593)	-	(2,664)	(2,664)
Urban Regeneration and Community Development	194,832	(316,925)	(122,093)	407,575	(315,816)	91,759
Planning Policy	2,834,066	(2,013,423)	820,643	2,366,128	(1,736,511)	629,617
Development Control	-	-	-	-	-	-
Building Control	2,117,513	(1,112,034)	1,005,479	1,893,068	(1,058,063)	835,005
Environmental initiatives	-	-	-	-	-	-
<b>Planning and Development Service</b>	<b>8,020,618</b>	<b>(4,451,656)</b>	<b>3,568,962</b>	<b>6,726,472</b>	<b>(4,022,074)</b>	<b>2,704,398</b>
Off-street Parking Services	598,517	(638,585)	(40,068)	532,506	(557,822)	(25,316)
<b>Highways and Transport Services</b>	<b>598,517</b>	<b>(638,585)</b>	<b>(40,068)</b>	<b>532,506</b>	<b>(557,822)</b>	<b>(25,316)</b>
Democratic Representation and Management	1,119,395	(35,500)	1,083,895	1,108,872	(25,401)	1,083,471
Corporate Management	1,075,851	(1,067)	1,074,784	1,401,706	(44,432)	1,357,274
<b>DRM and Corporate Management</b>	<b>2,195,246</b>	<b>(36,567)</b>	<b>2,158,679</b>	<b>2,510,578</b>	<b>(69,833)</b>	<b>2,440,745</b>
Trading Services	286,741	(74,904)	211,837	292,505	(77,285)	215,220
Non Distributed Costs	1,763,551	(64,203)	1,699,348	3,952,557	(12,318)	3,940,239
Central Services to the Public	2,258,735	(1,878,295)	380,440	1,481,488	(1,289,991)	191,497
<b>Other Services</b>	<b>4,309,027</b>	<b>(2,017,402)</b>	<b>2,291,625</b>	<b>5,726,550</b>	<b>(1,379,594)</b>	<b>4,346,956</b>
<b>CONTINUING OPERATIONS</b>	<b>66,089,945</b>	<b>(13,202,582)</b>	<b>52,887,363</b>	<b>64,908,706</b>	<b>(13,402,206)</b>	<b>51,506,500</b>

## 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

	2016/17	2016/17	2015/16	2015/16
	£	£	£	£
<b>Net Cost of Services in Service Analysis</b>		52,887,363		51,506,500
<b>Items excluded from Service Analysis:</b>				
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	-		-	
		-		-
<b>Cost of Services on Continuing Operations in the Comprehensive Income and Expenditure Statement</b>		52,887,363		51,506,500
<b>Items included in Net Operating Expenditure excluded from Service Analysis:</b>				
Other Operating Expenditure	(102,792)		-	
Financing and Investment Income and Expenditure	2,636,940		2,999,749	
Surplus or Deficit on Discontinued Operations	-		-	
		<b>2,534,148</b>		<b>2,999,749</b>
<b>Net Operating Expenditure per the Comprehensive Income and Expenditure</b>		55,421,511		54,506,249

### 3 Adjustment between an Accounting Basis and Funding Basis under Regulations

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

		2016/17		2015/16	
	Notes	£	£	£	£
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>					
Impairments (losses & reversals) of non-current assets		-		-	
Derecognition (other than disposal) of non-current assets	10	(0)		-	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10	(227,575)		(1,330,631)	
Depreciation charged in the year on non-current assets	10	6,156,066	5,928,491	6,626,165	5,295,534
Net Revenue expenditure funded from capital under statute	11		1,709,089		2,016,802
Carrying amount of non current assets sold	7	56,028		-	
Proceeds from the sale of PP&E, investment property and intangible assets	24,26	(155,735)	(99,707)	-	-
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	26		-		-
Net charges made for retirement benefits in accordance with IAS 19	20		6,081,000		6,395,000
Direct revenue financing of Capital Expenditure	11,26		-		-
Capital Grants and Donated Assets Receivable and Applied in year	9b		(323,849)		(1,851,535)
Capital Grants Receivable and Unapplied in year	9c		-		-
Rates Claw-Back Reserve	26		-		-
Adjustments in relation to Short-term compensated absences	17		(12,864)		77,536
Adjustments in relation to Lessor Arrangements			-		-
Landfill Regulations Reserve Adjustment	26		-		-
Provisions Discount Rate Reserve Adjustment	26		-		-
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of Capital Investment	25		(5,007,248)		(5,585,336)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20		(4,405,269)		(4,408,758)
		<b>3,869,642</b>		<b>1,939,243</b>	

b	Net transfers (to)/from statutory and other earmarked reserves:					
		2016/17	0	2015/16	0	
	Notes	£	£	£	£	£
<b>Capital Fund</b>						
Interest		-		-		
From Capital		-		-		
Other	26	-	-	-		-
<b>Renewal and Repairs Fund</b>						
Interest		-		-		
Other	26	-	-	-		-
<b>Capital Receipts Reserve</b>						
Interest		-		-		
Other	26	-	-	-		-
<b>Other Funds and earmarked reserves</b>						
Interest		-		-		
From Other funds		-		-		
Other	26	-	-	-		-
			-			-

---

#### 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 amount to £0 during 2016/17 (£5,340 in 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.

	2016/17	2015/16
	£	£
External Audit Fees - current year	63,000	65,000
External Audit Fees - prior year under-provided	-	19,700
Other Fees	17,755	-
	80,755	84,700

**5 Operating and Finance Leases**  
Council as Lessor

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

The Council has no Finance leases (as lessor).

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £263,480. No contingent rents were recognised.

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
<b>Minimum lease rentals receivable:</b>				
No later than 1 year	138,216	-	208,679	-
Later than 1 year and no later than 5 years	223,628	-	411,500	-
Later than 5 years	258,950	-	308,217	-
	<b>620,794</b>	<b>-</b>	<b>928,396</b>	<b>-</b>

The prior year figure for Land and Buildings - Later than 5 years has been restated to reflect the correct value outstanding as at 31 March 2016.

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

	2016/17		2015/16	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
Cost	1,589,953	-	916,668	-
Accumulated depreciation and impairments at 1 April	(90,762)	-	-	-
Depreciation charge for the year	(29,707)	-	(16,987)	-
Impairments	-	-	-	-
	<b>1,469,484</b>	<b>-</b>	<b>899,681</b>	<b>-</b>

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 £77,784 (2016 £99,258). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 10c-leased assets). The rentals paid for vehicles held under finance leases totalled £112,008 (2016 £141,553).

	Within 1 year £	1 to 5 years £	After 5 years £	Total £
<b>2016/17</b>				
Finance leases payments	49,285	30,916	-	<b>80,201</b>
Less: finance charges	(5,959)	(3,014)	-	<b>(8,973)</b>
<b>Net present value</b>	<b>43,326</b>	<b>27,902</b>	-	<b>71,228</b>
<b>2015/16</b>				
Finance leases payments	91,678	80,201	-	<b>171,879</b>
Less: finance charges	(12,057)	(8,973)	-	<b>(21,030)</b>
<b>Net present value</b>	<b>79,621</b>	<b>71,228</b>	-	<b>150,849</b>

Included in the Balance Sheet as:	2017 £	2016 £
Current liabilities	43,326	79,621
Long term liabilities	27,902	71,228
<b>Total</b>	<b>71,228</b>	<b>150,849</b>

#### 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:

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
Minimum lease payments	172,886	-	229,702	15,164
Contingent rentals	-	-	-	-
Less: Sublease payments receivable	-	-	-	-
<b>Total</b>	<b>172,886</b>	<b>-</b>	<b>229,702</b>	<b>15,164</b>

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

	2016/17		2015/16	
	Land and Buildings £	Vehicles, Plant and Equipment £	Land and Buildings £	Vehicles, Plant and Equipment £
<b>Minimum lease rentals payable:</b>				
No later than 1 year	107,431	-	99,156	5,700
Later than 1 year and no later than 5 years	317,954	-	330,335	-
Later than 5 years	1,131,324	-	1,281,867	-
<b>Total</b>	<b>1,556,709</b>	<b>-</b>	<b>1,711,358</b>	<b>5,700</b>

6 Employee Costs and Member Allowances			
a Staff Costs		2016/17	2015/16
		£	£
Salaries and Wages		21,637,232	22,084,620
Employers NIC		1,930,194	1,353,289
Employers Superannuation		4,253,194	4,291,590
<b>Total staff costs</b>		<b>27,820,620</b>	<b>27,729,499</b>

In addition, agency costs during the year amounted to £2,176,135.□

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		2016/17	2015/16
		FTE	FTE
Leisure and Recreation Services		256	287
Environmental Services		329	348
Planning and Development Services		46	51
Highways and Transport Service		1	-
Other		199	165
<b>Total Number</b>		<b>831</b>	<b>851</b>

		2016/17	2015/16
		Actual Numbers	Actual Numbers
Full-time numbers employed		726	740
Part-time numbers employed		208	214
<b>Total Number</b>		<b>934</b>	<b>954</b>

c Employees' Remuneration (Higher Paid)		2016/17	2015/16
		£	£
£50,001 to £60,000		14	13
£60,001 to £70,000		1	-
£70,001 to £80,000		1	5
£80,001 to £90,000		4	1
£90,001 to £100,000		-	-
£100,001 to £110,000		-	1
£110,001 to £120,000		1	-
<b>Total Number</b>		<b>21</b>	<b>20</b>



**d Members' Allowances**

	2016/17	2015/16
	£	£
Salaries	-	-
Basic allowance	583,990	582,198
Mayor's & Deputy Mayor's Allowance	25,940	25,940
Special Responsibility Allowances	69,969	70,001
Dependents' carers allowance	-	-
Employer costs	182,090	169,329
Mileage	69,621	79,863
Conferences and Courses	16,486	6,393
Travel & Subsistence Costs	16,674	7,897
Miscellaneous Costs	13,829	11,534
Severance Payments	-	-
<b>Total</b>	<b>978,599</b>	<b>953,155</b>

**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 for Communities 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 DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £257,896 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.

The Council has no employees who have opted to open a partnership pension account.

One person retired early on ill-health grounds; there were no additional accrued pension liabilities in the year in respect of this.

## 7 Other Operating Expenditure

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

	2016/17	2015/16
	£	£
Proceeds from sale	(155,735)	-
Carrying amount of non-current assets sold (excl Investment Properties)	52,943	-
	(102,792)	-

### b Other Operating Income/Expenditure

	2016/17	2015/16
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2016/17	2015/16
	£	£
(Surplus) / Deficit on Non Current Assets	(102,792)	-
Other Operating (Income) / Expenditure	-	-
	(102,792)	-

## 8 Financing and Investment Income and Expenditure

### a Interest Payable and Similar Charges

	2016/17	2015/16
	£	£
Lease/hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	2,118,882	2,251,426
Commercial Loan Interest	-	-
Other interest (please specify)	-	-
	2,118,882	2,251,426

### b Interest and Investment Income

	2016/17	2015/16
	£	£
Bank Interest	7,052	7,351
Employee car loan interest	3,899	3,569
NIHE Loan interest receivable	-	-
<i>Investment income on Fund Balances</i>		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment income	-	-
	10,951	10,920

### c Pensions interest costs

	2016/17	2015/16
	£	£
Net interest on the net defined benefit liability (asset)	701,000	809,000
	701,000	809,000

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

	2016/17	2015/16
<b>Income/Expenditure from Investment Properties:</b>	£	£
Income including rental income	(119,577)	(71,714)
Expenditure	27,634	21,957
De-recognition in relation to amounts written off	-	-
<i>Net income from investment properties</i>	(91,943)	(49,757)
<b>Surplus/deficit on sale of Investment Properties</b>		
Proceeds from sale	-	-
Carrying amount of investment properties sold	3,085	-
<i>(Surplus)/deficit on sale of Investment Properties:</i>	3,085	-
<b>Changes in Fair Value of Investment Properties</b>	(83,133)	-
	(171,991)	(49,757)

Financing and Investment Income and Expenditure						
	2016/17			2015/16		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,118,882	-	2,118,882	2,251,426	-	2,251,426
Interest and Investment Income	-	(10,951)	(10,951)	-	(10,920)	(10,920)
Pensions interest cost	701,000	-	701,000	809,000	-	809,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	30,719	(119,577)	(88,858)	21,957	(71,714)	(49,757)
Changes in Fair Value of Investment Properties	-	(83,133)	(83,133)	-	-	-
	2,850,601	(213,661)	2,636,940	3,082,383	(82,634)	2,999,749

## 9 Taxation and Non Specific Grant Income

### a Revenue Grants

	2016/17	2015/16
	£	£
General	(4,507,489)	(4,433,217)
Other	-	-
	<u>(4,507,489)</u>	<u>(4,433,217)</u>

### b Capital Grants and Donated Assets - Applied

	2016/17	2015/16
	£	£
Government & Other Grants - Conditions met and applied in year	(323,849)	(1,851,535)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	<u>(323,849)</u>	<u>(1,851,535)</u>

### c District Rates

	2016/17	2015/16
	£	£
Current year	(48,175,514)	(46,012,246)
Finalisation - previous year	(219,987)	(580,935)
Transitional Relief	-	-
Finalisation - other years	-	-
	<u>(48,395,501)</u>	<u>(46,593,181)</u>

Taxation and Non Specific Grant Income	2016/17	2015/16
	£	£
District Rate Income	(48,395,501)	(46,593,181)
Revenue Grants	(4,507,489)	(4,433,217)
Capital Grants and Contributions	(323,849)	(1,851,535)
	<u>(53,226,839)</u>	<u>(52,877,933)</u>

Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2017

10 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	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2016</b>	23,756,901	123,104,796	216,780	5,501,137	18,977,396	57,668	5,666,841	3,272,139	<b>180,553,658</b>	1,371,786	2,650,139	566,166	-	<b>185,141,749</b>
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2016</b>	<b>23,756,901</b>	<b>123,104,796</b>	<b>216,780</b>	<b>5,501,137</b>	<b>18,977,396</b>	<b>57,668</b>	<b>5,666,841</b>	<b>3,272,139</b>	<b>180,553,658</b>	<b>1,371,786</b>	<b>2,650,139</b>	<b>566,166</b>	<b>-</b>	<b>185,141,749</b>
Additions	36,573	69,501	-	-	945,023	-	11,810,235	-	<b>12,861,332</b>	-	-	-	-	<b>12,861,332</b>
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	489,049	2,677,629	4,524	-	-	-	-	-	<b>3,171,202</b>	-	-	-	-	<b>3,171,202</b>
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	-	176,969	-	-	-	-	-	-	<b>176,969</b>	-	83,133	-	-	<b>260,102</b>
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(52,943)	-	-	-	(2,700,101)	-	-	-	<b>(2,753,044)</b>	-	(3,085)	(116,537)	-	<b>(2,872,666)</b>
Derecognition - Other	-	-	-	-	-	-	(87,125)	-	<b>(87,125)</b>	-	-	-	-	<b>(87,125)</b>
Reclassifications & Transfers	1,141,227	576,677	-	-	3,332	-	(2,006,678)	-	<b>(285,442)</b>	-	-	285,442	-	-
Reclassified to (-) / from (+) Held for Sale	(575,000)	-	-	-	-	-	-	-	<b>(575,000)</b>	-	-	-	-	<b>(575,000)</b>
<b>Balance as at 31 March 2017</b>	<b>24,795,807</b>	<b>126,605,572</b>	<b>221,304</b>	<b>5,501,137</b>	<b>17,225,650</b>	<b>57,668</b>	<b>15,383,273</b>	<b>3,272,139</b>	<b>193,062,550</b>	<b>1,371,786</b>	<b>2,730,187</b>	<b>735,071</b>	<b>-</b>	<b>197,899,594</b>

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2016</b>	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	<b>36,829,100</b>	-	-	514,671	-	<b>37,343,771</b>
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2016</b>	-	<b>15,687,283</b>	<b>70,834</b>	<b>5,336,133</b>	<b>15,734,850</b>	-	-	-	<b>36,829,100</b>	-	-	<b>514,671</b>	-	<b>37,343,771</b>
Depreciation Charge	-	4,907,804	21,496	65,001	1,058,370	-	-	-	<b>6,052,671</b>	-	-	103,395	-	<b>6,156,066</b>
Depreciation written out on Revaluation Reserve	-	430,721	2,299	-	-	-	-	-	<b>433,020</b>	-	-	-	-	<b>433,020</b>
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	32,527	-	-	-	-	-	-	<b>32,527</b>	-	-	-	-	<b>32,527</b>
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(2,700,101)	-	-	-	<b>(2,700,101)</b>	-	-	(116,537)	-	<b>(2,816,638)</b>
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	-	<b>21,058,335</b>	<b>94,629</b>	<b>5,401,134</b>	<b>14,093,119</b>	-	-	-	<b>40,647,217</b>	-	-	<b>501,529</b>	-	<b>41,148,746</b>

#### Net Book Values

<b>Balance as at 31 March 2017</b>	<b>24,795,807</b>	<b>105,547,237</b>	<b>126,675</b>	<b>100,003</b>	<b>3,132,531</b>	<b>57,668</b>	<b>15,383,273</b>	<b>3,272,139</b>	<b>152,415,333</b>	<b>1,371,786</b>	<b>2,730,187</b>	<b>233,542</b>	<b>-</b>	<b>156,750,848</b>
<b>Balance as at 31 March 2016</b>	<b>23,756,901</b>	<b>107,417,513</b>	<b>145,946</b>	<b>165,004</b>	<b>3,242,546</b>	<b>57,668</b>	<b>5,666,841</b>	<b>3,272,139</b>	<b>143,724,558</b>	<b>1,371,786</b>	<b>2,650,139</b>	<b>51,495</b>	<b>-</b>	<b>147,797,978</b>

b	<b>Cost or Valuation</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure Assets</b>	<b>Landfill Sites</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>PP&amp;E Under Construction</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>	<b>Heritage Assets</b>	<b>Investment Properties</b>	<b>Intangible Assets</b>	<b>Assets Held for Resale</b>	<b>TOTAL</b>
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	<b>Balance as at 1 April 2015</b>	23,602,544	101,539,552	216,780	5,501,137	18,174,085	57,668	16,304,682	3,272,139	<b>168,668,587</b>	1,371,786	2,650,139	566,166	-	<b>173,256,678</b>
	Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balance as at 1 April 2015</b>	<b>23,602,544</b>	<b>101,539,552</b>	<b>216,780</b>	<b>5,501,137</b>	<b>18,174,085</b>	<b>57,668</b>	<b>16,304,682</b>	<b>3,272,139</b>	<b>168,668,587</b>	<b>1,371,786</b>	<b>2,650,139</b>	<b>566,166</b>	<b>-</b>	<b>173,256,678</b>
	Additions (Note 11)	-	3,074,066	-	-	259,060	-	1,275,101	-	<b>4,608,227</b>	-	-	-	-	<b>4,608,227</b>
	Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Revaluation increases/decreases to Revaluation Reserve	(53,269)	5,901,619	-	-	-	-	-	-	<b>5,848,350</b>	-	-	-	-	<b>5,848,350</b>
	Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	1,428,494	-	-	-	-	-	-	<b>1,428,494</b>	-	-	-	-	<b>1,428,494</b>
	Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Reclassifications & Transfers	207,626	11,161,065	-	-	544,251	-	(11,912,942)	-	-	-	-	-	-	-
	Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balance as at 31 March 2016</b>	<b>23,756,901</b>	<b>123,104,796</b>	<b>216,780</b>	<b>5,501,137</b>	<b>18,977,396</b>	<b>57,668</b>	<b>5,666,841</b>	<b>3,272,139</b>	<b>180,553,658</b>	<b>1,371,786</b>	<b>2,650,139</b>	<b>566,166</b>	<b>-</b>	<b>185,141,749</b>



Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2015</b>	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2015</b>	-	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
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	-	15,687,283	70,834	5,336,133	15,734,850	-	-	-	36,829,100	-	-	514,671	-	37,343,771

#### Net Book Values

<b>Balance as at 31 March 2016</b>	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
<b>Balance as at 31 March 2015</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**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 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.

The next valuation will be carried out on 31 March 2018. In the intervening period land and buildings have been revalued annually using appropriate property indices.

#### 10 c Intangible Assets

The Council also owns Intangible Assets which relates to market rights and purchased licensed software.

#### d Investment Properties

There were no additions in relation to acquisitions and enhancements.

Investment Properties	31/03/2017	31/03/2016
	£	£
Rental Income from Investment Activities	119,577	71,714
Direct Operating expenses arising from investment properties	(27,634)	(21,957)
<b>Net gain/(loss)</b>	<b>91,943</b>	<b>49,757</b>

#### e Heritage Assets

##### Works of Art and Civic Items

The Councils collection of Heritage Assets is reported in the Balance Sheet at Insurance Valuation or Historic Cost. These assets include museum artefacts, works of art and civic items. Ross' Monument is also included which is situated between Warrenpoint and Rostrevor.

#### f Long-Term Assets - Leased Assets

	Vehicles	Equipment	TOTAL
	£	£	£
<b>Cost or Valuation</b>			
At 1 April 2016	2,618,982	769,248	<b>3,388,230</b>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2017</b>	<b>2,618,982</b>	<b>769,248</b>	<b>3,388,230</b>
<b>Depreciation</b>			
At 1 April 2016	2,618,982	669,990	<b>3,288,972</b>
Disposals	-	-	-
Provided for year	-	7,726	<b>7,726</b>
<b>At 31 March 2017</b>	<b>2,618,982</b>	<b>677,716</b>	<b>3,296,698</b>
<b>Net Book Value</b>	<b>-</b>	<b>91,532</b>	<b>91,532</b>

	Vehicles	Equipment	TOTAL
	£	£	£
<b>Cost or Valuation</b>			
At 1 April 2015	2,618,982	769,248	<b>3,388,230</b>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>2,618,982</b>	<b>769,248</b>	<b>3,388,230</b>
<b>Depreciation</b>			
At 1 April 2015	2,520,329	662,264	<b>3,182,593</b>
Disposals	-	-	-
Provided for year	98,653	7,726	<b>106,379</b>
<b>At 31 March 2016</b>	<b>2,618,982</b>	<b>669,990</b>	<b>3,288,972</b>
<b>Net Book Value</b>	<b>-</b>	<b>99,258</b>	<b>99,258</b>

## 11 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. The CFR is analysed in the second part of this note.

Capital Expenditure		2016/17	2015/16
		£	£
<b>Opening Capital Financing Requirement</b>		61,144,998	61,956,840
<b>Capital Investment</b>			
Property, Plant and Equipment	10	12,861,332	4,608,227
Investment Properties		-	-
Intangible Assets		-	-
Revenue Expenditure Funded from Capital under		1,709,089	2,016,802
Other		(87,125)	-
<b>Sources of Finance</b>			
Capital Receipts		(155,735)	-
Government Grants and Other Contributions	9	(323,849)	(1,851,535)
Transfers from Earmarked Reserves		-	-
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions		-	-
Minimum Revenue Provision **		(5,007,248)	(5,585,336)
<b>Closing Capital Financing Requirement</b>		<b>70,141,462</b>	<b>61,144,998</b>
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>8,996,464</b>	<b>61,144,998</b>

## 12 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	37,972,897	-	<b>37,972,897</b>
Other Commitments	-	-	-
<b>Total</b>	<b>37,972,897</b>	<b>-</b>	<b>37,972,897</b>

The main schemes currently underway include Newry Leisure Centre (Phase 2) and Down Leisure Centre.

Inventories		2016/17	2015/16
		£	£
Central Stores		340,127	200,080
Other		69,663	149,871
<b>Total</b>		<b>409,790</b>	<b>349,951</b>

<b>14</b>	<b>Debtors</b>			
<b>a</b>	<b>Long Term Debtors</b>		<b>2016/17</b>	<b>2015/16</b>
			<b>£</b>	<b>£</b>
	Employee car loans		50,256	51,813
	Loans and advances		57,972	70,266
	Trade debtors		495,452	568,090
	<b>Total Long-Term Debtors</b>		<b>603,680</b>	<b>690,169</b>
<b>b</b>	<b>Short Term Debtors</b>		<b>2016/17</b>	<b>2015/16</b>
			<b>£</b>	<b>£</b>
	Government Departments		581,742	715,173
	Other Councils		250,995	111,941
	Public corporations and trading funds		-	-
	Bodies external to general government		-	-
	NIHE loans		-	-
	Employee car loans		37,513	40,786
	Revenue Grants		1,645,580	1,765,830
	Capital Grants		590,153	1,223,169
	Loans and Advances		90,166	88,635
	Capital Debtors		1,640	-
	Value Added Tax		1,316,015	1,373,085
	Prepayments		217,255	182,627
	Finance lease debtors		-	-
	Other		246,641	260,618
	Trade receivables		709,461	871,158
	Impairment loss - Trade receivables		(317,353)	(269,134)
	<b>Total Short-Term Debtors</b>		<b>5,369,808</b>	<b>6,363,888</b>
	<b>Total Debtors</b>		<b>5,973,488</b>	<b>7,054,057</b>

#### 15 Investments

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

<b>16</b>	<b>Borrowings</b>			
<b>a</b>	<b>Short Term Borrowing</b>		<b>2016/17</b>	<b>2015/16</b>
			<b>£</b>	<b>£</b>
	Loans re-payable within one year		5,307,144	5,124,850
	Finance Lease Principal		43,326	79,621
	<b>Total Short Term Borrowing</b>		<b>5,350,470</b>	<b>5,204,471</b>
<b>b</b>	<b>Long Term Borrowing</b>		<b>2016/17</b>	<b>2015/16</b>
			<b>£</b>	<b>£</b>
	Between 1 and 2 years		5,274,020	5,009,842
	Between 2 and 5 years		12,179,175	12,269,642
	Between 5 and 10 years		15,564,213	15,650,753
	In more than 10 years		21,166,480	20,067,621
	<b>Government Loans Fund</b>		<b>54,183,888</b>	<b>52,997,858</b>
	<b>Total Borrowing</b>		<b>59,534,358</b>	<b>58,202,329</b>

Interest rates on government loans range between 1.12% and 15.875%.

<b>17 Creditors</b>				
<b>a Short Term Creditors</b>		<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Government Departments		1,054,877	898,318	-
Other Councils		213,599	104,281	-
Public corporations and trading funds		-	-	-
Remuneration due to employees		449,302	456,038	-
Accumulated Absences		454,294	467,158	-
Receipts in advance		499,665	928,907	-
Trade creditors		7,046,875	6,632,399	-
Other		481,150	692,950	-
<b>Total Short Term Creditors</b>		<b>10,199,762</b>	<b>10,180,051</b>	<b>-</b>

<b>Total Creditors</b>	<b>10,199,762</b>	<b>10,180,051</b>	<b>-</b>
------------------------	-------------------	-------------------	----------

Short Term Creditors includes a balance of £9,468 owing to Newry BID Company Ltd in respect of agency services provided by the Council on behalf of the company.

#### **b Payment of Invoices**

During the year the Council received 24,769 invoices totalling £55,912,577 (2015/16 22,003 invoices totalling £40,370,445)

The number of disputed invoices were 36.

The Council paid:  
20,696 invoices within the 30 day target;  
2,151 invoices within the 10 day target; and  
3,418 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 22 days.

<b>18 Provisions</b>						
	<b>Balance as at 1 April 2016</b>	<b>Increase in provision during year</b>	<b>Utilised during year</b>	<b>Unused amounts reversed</b>	<b>Interest cost and/or discount rate changes</b>	<b>Balance as at 31 March 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Landfill Closure	3,669,565	282,372	(194,461)	-	-	<b>3,757,476</b>
Staff Costs	146,343	-	(2,595)	-	-	<b>143,748</b>
<b>Total</b>	<b>3,815,908</b>	<b>282,372</b>	<b>(197,056)</b>	<b>-</b>	<b>-</b>	<b>3,901,224</b>

Long Term Provisions	3,669,565	282,372	(194,461)	-	-	<b>3,757,476</b>
Current Provisions	146,343	-	(2,595)	-	-	<b>143,748</b>

<b>Total</b>	<b>3,815,908</b>	<b>282,372</b>	<b>(197,056)</b>	<b>-</b>	<b>-</b>	<b>3,901,224</b>
--------------	------------------	----------------	------------------	----------	----------	------------------

#### **Comparative Year**

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

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

<b>Total</b>	<b>4,035,485</b>	<b>-</b>	<b>(34,392)</b>	<b>-</b>	<b>(185,185)</b>	<b>3,815,908</b>
--------------	------------------	----------	-----------------	----------	------------------	------------------

During 2016-17 professional advice was sought from Arling Close and based on that advice the Council has applied the Arling Close recommended discount rates to the landfill provisions which are based on National Loan Fund borrowing rates.

#### **Landfill closure**

The expected cost of landfill closure and aftercare costs of £3,757,476 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.

#### **Staff Costs**

The provision is to cover estimated monies due to employees for overtime due in respect of holiday pay.

## 19 Financial Instruments

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

### Credit Risk

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

Trade debtors, inclusive of VAT, can be analysed by age as follows:			£
Less than three months			644,371
Three to six months			181,003
Six months to one year			52,574
More than one year			153,688
			1,031,636

### Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance'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 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 at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £71,362,819 broken down as follows:

	£
Government Loans	71,362,819
Market Loans	-
<b>Total</b>	<b>71,362,819</b>

The Council has made a number of loans to voluntary bodies and other external bodies at less than market rates (soft loans). Thus the fair value of the loans would be less than the amount of the cash lent. The Department has directed that the fair value consideration for these loans is not necessary this year. Details of the loans are shown below:

Voluntary Body in Receipt of Loan	Amount £	Repayment Due
Hilltown Farmers Mart	4,231	01/04/2018
Longstone Community Association	61,541	01/04/2034
St Patricks 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.

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.

## 20 Retirement Benefits

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

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

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

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

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

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

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

	Note	2016/17 £	2015/16 £
Net cost of services:			
Current service cost		5,197,000	5,427,000
Past service cost/(gain)		183,000	159,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		701,000	809,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>6,081,000</b>	<b>6,395,000</b>
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(6,081,000)	(6,395,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		4,405,269	4,408,758
<b>Net Adjustment to General Fund</b>		<b>(1,675,731)</b>	<b>(1,986,242)</b>
<b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>			
	Note	2016/17 £	2015/16 £
Liability gains/(losses) due to change in assumptions		32,968,247	(5,944,647)
Liability experience gains/(losses) arising in the year		(8,905,000)	(1,104,000)
Actuarial gains/(losses) on plan assets		(14,509,978)	407,405
Other - (if applicable)		-	-
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>9,553,269</b>	<b>(6,641,242)</b>

### c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:		Note	2016/17 £	2015/16 £
Balance as at 1 April			151,328,000	150,100,000
Current service cost			5,197,000	5,427,000
Interest cost			5,101,000	4,772,000
Contributions by members			1,314,000	1,263,000
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from changes in financial assumption			34,160,247	(5,944,647)
Actuarial gains/losses arising from demographic changes			(1,192,000)	-
Actuarial gains/losses arising on liabilities from experience			(8,905,000)	(1,104,000)
Other (if applicable)			-	-
Past service costs/(gains)			183,000	159,000
Losses/(gains) on curtailments			-	-
Liabilities extinguished on settlements			-	-
Estimated unfunded benefits paid			(89,247)	(91,353)
Estimated benefits paid			(3,954,000)	(3,253,000)
<b>Balance as at 31 March</b>			<b>183,143,000</b>	<b>151,328,000</b>



Reconciliation of present value of the scheme assets:	Note	2016/17 £	2015/16 £
Balance as at 1 April		128,538,000	122,655,000
Interest Income		4,400,000	3,963,000
Contributions by members		1,314,000	1,263,000
Contributions by employer		4,316,022	4,317,405
Contributions in respect of unfunded benefits		89,247	91,353
Remeasurement gain/(loss)		14,509,978	(407,405)
Assets distributed on settlements		-	-
Unfunded benefits paid		(89,247)	(91,353)
Benefits paid		(3,954,000)	(3,253,000)
<b>Balance as at 31 March</b>		<b>149,124,000</b>	<b>128,538,000</b>

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

	31/03/2017 £	31/03/2016 £	31/03/2015 £
Fair Value of Employer Assets	149,124,000	128,538,000	-
Present value of funded defined benefit obligation	(181,770,000)	(150,030,000)	-
Pension asset/(liability) of Funded Scheme	(32,646,000)	(21,492,000)	-
Present Value of unfunded defined benefit obligation	(1,373,000)	(1,298,000)	-
Other movement in the liability (asset) (if applicable)	-	-	-
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(34,019,000)</b>	<b>(22,790,000)</b>	<b>-</b>
Amount in the Balance sheet:			
Liabilities	(183,143,000)	(151,328,000)	-
Assets	149,124,000	128,538,000	-
<b>Net Asset/(Liability)</b>	<b>(34,019,000)</b>	<b>(22,790,000)</b>	<b>-</b>

**d Scheme history**

Analysis of scheme assets and liabilities	31/03/2017 £	31/03/2016 £	31/03/2015 £
Fair Value of Assets in pension scheme	149,124,000	128,538,000	-
Present Value of Defined Benefit Obligation	(183,143,000)	(151,328,000)	-

<b>Surplus/(deficit) in the Scheme</b>	<b>(34,019,000)</b>	<b>(22,790,000)</b>	<b>-</b>
--	---------------------	---------------------	----------

Amount recognised in Other Comprehensive Income and Expenditure:	31/03/2017 £	31/03/2016 £	31/03/2015 £
Actuarial gains/(losses)	9,553,269	(6,641,242)	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	9,553,269	(6,641,242)	-
Cumulative actuarial gains and losses	2,912,027	(6,641,242)	-
<b>History of experience gains and losses:</b>			

Long-term expected rate of return on assets in the scheme:	2016/17 %	2015/16 %
Equity investments	74.5%	71.9%
Bonds	11.5%	12.1%
Property	10.5%	13.2%
Cash	2.6%	2.3%
Other	0.9%	0.5%
<b>Mortality assumptions:</b>		
Longevity at 65 current pensioners:	Years	Years
Men	23.2	22.3
Women	25.8	24.8
Longevity at 65 for future pensioners:		
Men	0.0	0.0
Women	0.0	0.0
Inflation/Pension Increase Rate	2.00%	1.80%
Salary Increase Rate	3.50%	3.30%
Expected Return on Assets	0.00%	0.00%
Discount Rate	2.60%	3.40%
Pension accounts revaluation rate	2.00%	1.80%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	0%	0%
Service post April 2009	0%	0%

## Pension Assumptions Sensitivity Analysis

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

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

### Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	178,315,000.00	185,292,000.00
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	6,836,000.00	7,226,000.00
Approximate % change in projected service cost	-2.70%	2.80%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	182,795,000	180,755,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	7,019,000.00	7,029,000.00
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	184,256,000.00	179,319,000.00
% change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	7,226,000.00	6,836,000.00
Approximate % change in projected service cost	2.80%	-2.70%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	<b>- 1 Year</b>	<b>+1 Year</b>
Present value of the total obligation	187,087,000.00	176,483,000.00
% change in the present value of the total obligation	2.90%	-2.90%
Projected service cost	7,275,000.00	6,784,000.00
Approximate % change in projected service cost	3.50%	-3.50%

\* 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 31/3/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

## **21 Donated Assets Account**

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

## **22 Capital Grants Received in Advance**

The Council has no capital grants received in advance.

## **23 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 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.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Until it is known how GMP equalisation will be carried out, the impact of allowing for it in the pension liabilities is uncertain and no allowance for GMP equalisation has been made.

Newry, Mourne and Down District Council  
Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2017

24 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	2016/17	2015/16
		£	£
Depreciation	10	6,156,066	6,626,165
Impairment & downward revaluations (& non-sale	10	(144,442)	(1,330,631)
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in Stock		(59,839)	115,751
(Increase)/Decrease in Debtors		324,301	4,042,338
Increase/(decrease) in impairment provision for bad debts		48,221	156,877
Increase/(Decrease) in Creditors		(1,607,893)	402,154
Increase/(Decrease) in Interest Creditors		-	-
NILGOSC - Net Adjustment to General Fund	20	1,675,731	1,986,242
Carrying amount of non-current assets sold	10	56,028	-
AIC/WIP written off to Net Cost of Services	10	87,124	-
Movement in Provisions		85,316	(205,451)
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		(83,133)	-
Amounts posted to CIES from Donated Assets Account		-	-
		6,537,480	11,793,445

2016.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2016/17	2015/16
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		(155,735)	-
Capital grants included in "Taxation & non-specific grant income"		(323,849)	(1,851,535)
		(479,584)	(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:

		2016/17	2015/16
		£	£
Cash and Bank balances		5,271,112	8,415,730
Short Term Deposits (considered to be Cash Equivalents)		2,535,577	4,530,928
Short Term Investments (considered to be Cash Equivalents)		-	-
Bank Overdraft		(986,177)	(1,275,301)
		<b>6,820,512</b>	<b>11,671,357</b>

c Cash flows from Investing Activities		2016/17	2015/16
		£	£
Purchase of PP&E, investment property and intangible assets		(11,233,730)	(5,565,421)
Proceeds from the sale of PP&E, investment property and intangible assets		155,735	-
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	3,126,805
Capital Grants and Contributions Received		1,031,896	1,639,255
Other Receipts from Investing Activities		-	-
<b>Net Cash flows from Investing Activities</b>		<b>(10,046,099)</b>	<b>(799,361)</b>

d Cash flows from Financing Activities		2016/17	2015/16
		£	£
Cash Receipts from Short and Long Term Borrowing		6,536,500	6,200,000
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		(79,620)	(100,208)
Repayment of Short and Long Term Borrowing		(5,124,850)	(4,783,087)
Other payments for Financing Activities		-	-
<b>Net Cash flows from Financing Activities</b>		<b>1,332,030</b>	<b>1,316,705</b>

## 25 Usable Reserves

### a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2017	31/03/2016
		£	£
At 1 April		-	-
<b>Movement</b>			
Disposal of Non Current Assets/ Capital Sales	3,10	155,735	-
Capital Receipts used to finance capital expenditure	3, 11	(155,735)	-
At 31 March		-	-

### b 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	31/03/2017	31/03/2016
		£	£
At 1 April		1,255,113	1,255,113
At 31 March		1,255,113	1,255,113

## c 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	31/03/2017	31/03/2016
		£	£
At 1 April		7,234,120	6,923,193
Applied Capital Grants	3, 21	(323,849)	(1,851,535)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	3, 11	-	-
Depreciation and Impairment adjustment	3	5,928,491	5,295,534
Statutory Provision for financing Capital Investment	3	(5,007,248)	(5,585,336)
Net Revenue expenditure funded from capital under statute	3, 11	1,709,089	2,016,802
Surplus/(Deficit) on the Provision of Services	CIES	(2,194,672)	(1,628,316)
Transfers between Statutory and Other Reserves and the General Fund		-	-
Net movements on Pension Reserve	3, 20	1,675,731	1,986,242
Disposal of Fixed Assets/Capital Sales	3, 10	(99,707)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(12,864)	77,536
Other Movements		-	-
<b>At 31 March</b>		<b>8,909,090</b>	<b>7,234,120</b>

## 26 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	31/03/2017	31/03/2016
			£	£
At 1 April			48,301,310	45,923,710
Applied Capital Grants	3, 21		323,849	1,851,535
Depreciation & Impairment adjustment	10		(5,928,491)	(5,295,534)
Statutory Provision for financing Capital Investment	3		5,007,248	5,585,336
Net Revenue expenditure funded from Capital under	3, 11		(1,709,089)	(2,016,802)
Disposal of Fixed Assets/ Capital Sales	3, 10		(56,028)	-
Capital Receipts used to finance capital expenditure	3, 11		155,735	-
Other Movements			6,025,684	2,253,065
At 31 March			52,120,219	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	31/03/2017	31/03/2016
			£	£
At 1 April			38,351,670	35,227,841
Revaluation & Impairment	10		2,738,182	5,376,894
Other Movements			(6,025,684)	(2,253,065)
At 31 March			35,064,168	38,351,670

## c Pension Reserve

Pension Reserve		Notes	31/03/2017	31/03/2016
			£	£
At 1 April			(22,790,000)	(27,445,000)
Net Movements on Pension Reserve	3		(1,675,731)	(1,986,242)
Revaluation & Impairment			(9,553,269)	6,641,242
At 31 March			(34,019,000)	(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	31/03/2017	31/03/2016
			£	£
At 1 April			(467,158)	(389,622)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			12,864	(77,536)
At 31 March			(454,294)	(467,158)

#### 27 Significant Trading Operations

The Council has no significant trading operations.

#### 28 Agency Services

The Council provides invoicing and debt collection services to Newry BID Company Ltd. During the year the Council raised invoices on behalf of the company amounting to £352,557. Payments were made to the company of £200,000. The company also reimburses the Council's reasonable charges and expenses which amounted to £13,089 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £130,000 at 31st March 2017. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2017 of £9,468, this balance is included in Short Term Creditors. No transactions other than the charges noted previously have been reflected in the Comprehensive Income and Expenditure Statement.

The Council provides no other agency services.

## **29 Related Party Transactions**

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

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows.

Councillors have direct control over the Council's financial and operating policies. In the 2016/17 financial year the Council commissioned no works and services from companies in which Councillors have an interest.

The Council also paid grants of £335,152 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 £562,897 to other councils of which £213,599 was outstanding as at 31st March 2017.

The Council has recorded income of £339,502 from other Councils of which £250,995 was outstanding as at 31st March 2017.

Arc 21, a joint committee organisation is a waste management group in Northern Ireland representing Councils in the east of the province. The Council's contribution in the current year was £147,311.

The Council paid an additional £1,021,039 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility.

## **30 Events after the reporting period**

There were no events occurring after 31 March 2017 which require adjustment to the Council's financial statements or additional disclosure.

## **31 Date of authorisation for issue**

The Chief Financial Officer authorised these financial statements for issue on 28 September 2017.