



**Causeway  
Coast & Glens  
Borough Council**

**Annual Financial Statements for the year ended 31 March 2016**

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**Narrative Report****Introduction**

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

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 (the Code) and the Department of the Environment Accounts Direction, Circular LG 04/16 dated 4th April 2016. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Council.

This Statement of Accounts explains Causeway Coast and Glens Borough Council's finances during the financial year 2015/2016 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. Causeway Coast and Glens Borough 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 28, 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 29, 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 30, 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, as set out on page 31, 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****Outturn**

For the year ended 31 March 2016 the Council's General Fund increased by £3,313,377 to £10,011,869. The Council's budget of £43,730,832 was supplemented by £747,685 for current year finalisation payment of district rates - (Note 9 refers). The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £48,404,553.

The amount to be raised through Rates and General Grant in the annual estimates process was £39,864,720. A comparison between budgeted and actual net cost for Council is summarised below.

		2015/2016		
	Notes	Actual £	Budgeted £	Variance £
Movement In General Fund	3	3,313,377	(200,000)	3,513,377
<b>Analysed as follows :-</b>				
<b>Income</b>				
Rates Support Grant	9	2,542,420	2,153,416	389,004
De-Rating Grant	9	1,349,940	1,349,940	0
Transferring Functions Grant	9	362,756	362,756	0
Rates Income	9	40,612,405	39,864,720	747,685
Capital grants	3 / 9	154,290	0	154,290
<b>Taxation Income</b>		<b>45,021,811</b>	<b>43,730,832</b>	<b>1,290,979</b>
Net operating expenditure as reported	CIES	48,404,553		
Adjustments between accounting basis and funding basis under regulations	3	(7,747,393)		
Transfers to Usable Reserves	3	1,051,274		
<b>Net Expenditure per Funding Basis</b>		<b>41,708,434</b>	<b>43,930,832</b>	<b>2,222,398</b>
<b>Favourable / (unfavourable) variances</b>		<b>3,313,377</b>	<b>(200,000)</b>	<b>3,513,377</b>
Landfill Provision Reduction	18a			2,484,216
Taxation Income Increases - set out above				1,290,979
Sundry				(261,818)
<b>Current year variances from budget estimates</b>				<b>3,513,377</b>

The movement in General Fund includes allocations to the following funds:

	Notes	2015/2016 £
Repairs and Renewals Fund	3 / 24b	300,000
Sinking Fund	3 / 24c	304,444
Election Reserve	3 / 24d	50,000
Area Planning Reserve	3 / 24e	20,000
Reorganisation Reserve	3 / 24f	376,830
		<b>1,051,274</b>

**Unusual charges or income**

Section 19(3) of the Local Government Finance Act (Northern Ireland) 2011 allows the Department of the Environment to issue capitalisation directions to the councils. This permits specified items of expenditure normally classified as revenue to be treated as capital expenditure. The severance costs incurred in association with the Reform of Local Government were allowed for capitalisation. The council received approval from the Department to capitalise such costs during the year.

Accordingly staff severance costs of £3,814,469 were capitalised - (Note 6a refers).

**Capital Expenditure**

Capital Expenditure amounted to £7,021,011 during the year - (Note 10a refers). The main items of capital expenditure were as follows:

	2015/2016
	£
Carrick Dhu Caravan Park Upgrade	1,727,358
Portstewart EI Scheme	698,738
Benone Activity Centre	347,468
Ballymoney Riverside Park Improvement	306,257
Juniper Hill Site Upgrade	297,565
Dungiven Sports and Community Project	276,422
Depot New Storage Shed	231,472
Ballymoney Play Areas & Landscaping Scheme	213,279
Vehicles, Plant and Equipment	1,022,453
Various Building	543,666
Infrastructure Additions	126,565
Sundry	1,229,768
	<b>7,021,011</b>

**Sources of Finance for Capital Expenditure**

Sources of Finance for Capital Expenditure	2015/2016
Grants	154,290
Direct Revenue Financing	4,732
<b>Total Sources of Financing</b>	<b>159,022</b>

**Borrowings**

Council did not draw down any new loans in the current financial year and its total borrowings at the year end were £69,043,524

The Council's net debt position is as follows:

Net Debt	2015/2016
Short Term Borrowing	3,926,932
Long Term Borrowing	65,116,592
<b>Total Borrowings</b>	<b>69,043,524</b>
Cash and Cash Equivalents	8,990,513
<b>Total Investments and Cash Equivalents</b>	<b>8,990,513</b>
<b>Total Net Debt</b>	<b>60,053,011</b>

**Provisions**

During the year, landfill provisions showed a reduction of £2,490,730. Of this, £1,462,997 was due to savings arising from revisions to the closure plan for the Crosstagherty site, as advised by the Councils landfill engineering specialists. The remainder was the result of a change in 2015-16 to the discount factors the Council is required to apply to long term provisions. (Note 18a refers).

**Pensions**

As a consequence of Local Government Reform Planning staff previously employed by Central Government became employees of the Causeway Coast and Glens Borough Council. These staff remain members of the Civil Service Pension Scheme and contributions of £265,326 were made by Council on their behalf to this pension scheme. Employees of the former Legacy Councils continued as members of the NILGOS pension scheme and Council contributed £3,213,413 in regular payments to this scheme together with payments of £2,767,702 in respect of early year retirement payments. The NILGOS pension liability fell by £4,233,942 from £27,824,534 to £23,590,592 (Note 20 to the accounts refers).

**Local Government Reform**

From 1 April 2015, under the Reform of Local Government, the number of Councils in Northern Ireland reduced from the then existing 26 to 11 new Councils, established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008. From that date the Northern Ireland Executive had agreed to transfer some functions formerly carried out by NI Government Departments (e.g. Planning/Off Street Parking) and gave some new responsibilities to the 11 new Councils. The aspiration being that the new councils would be stronger, more efficient and deliver more effective services.

The new councils came into existence on 26th May 2014, operating in shadow form (Shadow Council) until they took over full responsibility for local government on 1st April 2015 when the 26 existing councils ceased to exist. Causeway Coast and Glens Borough Council is one of these new Councils and amalgamates the former Ballymoney, Coleraine, Limavady and Moyle ("Legacy") Councils. The new Council's physical boundaries encompass those of the former Legacy Councils.

The assets, liabilities and reserves of the former Legacy Councils together with those of the Shadow Council were transferred under absorption accounting as the opening balance sheet position of the new council - Note 28 refers.



**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 Audit Committee on 21st September 2016.

**The Chief Financial Officer's Responsibilities**

Under Regulation 9 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department of the Environment.

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

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

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

The Chief Financial Officer is also required to:

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

**Causeway Coast and Glens Borough Council****Annual Governance Statement****Scope of Responsibility**

Causeway Coast and Glens Borough 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. Causeway Coast and Glens Borough 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, Causeway Coast and Glens Borough 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.

Causeway Coast and Glens Borough 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 Causeway Coast and Glens Borough 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 Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables Causeway Coast and Glens Borough Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at Causeway Coast and Glens Borough Council for the year ended 31 March 2016 and up to the date of approval of the financial statements.

### **The governance framework**

Causeway Coast and Glens Borough Council has been working to comply with those systems of Governance Arrangements identified in the Governance Framework. The statements below describe the key elements of the systems and processes that comprise the authority's governance arrangements.

#### **1. Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.**

Council has produced the Corporate Strategy for 2015-2019, which was agreed by Council on 30th June 2015.

The Corporate Strategy was developed following an extensive consultation process which involved Councillors, senior managers within Council, and our local community including local businesses and the community/voluntary sector. An advertisement was also placed seeking comments from the public on our draft Corporate Strategy before it was finalised and adopted by Council

A copy of the Corporate Strategy has been made available to staff on the intranet and the public via the Causeway Coast and Glens Borough Council website. Hard copies have also been made available in the reception areas of Council facilities.

This Strategy sets out Council's Vision, Mission, Values and Strategic themes. The Plan identifies five strategic themes with associated outcomes.

Causeway Coast and Glens Borough Council is currently working with its Strategic Partners to develop the Causeway Coast and Glens Community Plan for March 2017. Ten Councillors have been nominated to participate on behalf of Council on the Strategic Partnership and they have been involved in developing a draft vision and strategic themes for the Community Plan. Consultation engagement work is currently ongoing on the draft vision and themes with a range of tools being utilised to involve as many people within the community as possible. These include public meetings, questionnaires, group specific meetings, website, public advertisements, etc.

#### **2. Reviewing the Council's vision and its implications for the Council's governance arrangements.**

The vision of the Causeway Coast and Glens Borough Council over the 2015-2019 timeframe is to "Maximise the benefits of our unique location and landscape by providing ambitious, accessible, innovative and efficient services which fulfil customer expectations"

The mission of the Council for 2015-2019 is to

"Improve the quality of life and well-being for all of our citizens and visitors by:-

- Providing effective and sustainable local public services
- Accelerating our economy and improving economic prosperity
- Placing local communities at the heart of decision making
- Protecting and enhancing our unique natural environment and assets; and
- Advocating for the area and our citizens in both local and international arenas

The Causeway Coast and Glens Borough Council will deliver its services and meet its responsibilities to ratepayers and communities across the Council area by adhering to the following values :- Fairness, Excellence, Sustainability and Efficiency, Empowerment and Innovation.

The strategic themes identified in the Council's Corporate Strategy for 2015-19 were designed to ensure the vision is realised, with each objective having a series of sub-objectives.

The strategic themes are as follows:-

- Leader and Champion
- Accelerating Our Economy and Contributing to Prosperity
- Innovation and Transformation
- Resilient, Healthy and Engaged Communities
- Protecting and Enhancing Our Environments and Assets

All reports presented to Council identify the Strategic Theme, ensuring alignment with Council objectives. A template has been developed for Committee and Council reports which clearly identifies the linkage to the Council Strategy with officers required to identify the Strategic Theme and Outcome the subject of the report will contribute to.

The corporate risk register identifies the factors which could prevent achievement of these objectives and each risk is assigned to a member of the Strategic Management Team (SMT). The Corporate Risk Register is updated by SMT and presented to Audit Committee on a quarterly basis.

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

Council is committed to providing quality services aligned to its strategic objectives and has commenced developing business plans for all key services.

The business plan template requires officers to identify relevant actions under each Strategic Theme and related Outcome. These actions are supported by key performance indicators, timescales, lead officers, identification of internal and external partners and how the action links to the Council's Performance Plan.

Council continue to monitor, review and take corrective action as necessary in striving to achieve maximum satisfaction with council services, within the allocated resources.

During the year Council considered all available information in deciding how best to deliver the services within the area.

**4. 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 roles and responsibilities of the Members of Council are defined by the Northern Ireland Code of Local Government Conduct, which is now mandatory, effective from 28th May 2014.

Training has been delivered in this area to elected members at training sessions on the Code of Conduct held on 7th June 2014, 1th June 2014, 1st July 2014, 1st July 2014, 30th July 2014.

Roles and responsibilities of Senior Officers are defined by job description, job specification, and terms and conditions of employment. There are no formal staff performance appraisal/ management systems in operation at present; however this initiative is currently being progressed.

All internal policies and procedures are available on Council's staff net for information, and are also included as part of the induction process for all new employees.

All Directors report to Council on a monthly basis, on areas of responsibility, and ensure Council are kept informed of progress within each service area.

In terms of decision making, all decisions taken by Committee are ratified by full council, with the exception of Planning Committee which has full council powers. There are 5 committees of Council and the meeting schedule is as follows:

- Tuesday Week 1 – Environmental Services Committee
- Tuesday Week 2 – Leisure and Development Committee
- Tuesday Week 3 – Corporate Policy and Resources Committee
- Tuesday Week 4 – Council Meeting
- Wednesday Week 4 – Planning Meeting
- Audit Committee – Quarterly – Audit Committee

Scrutiny is provided by the Audit Committee, Internal Audit (Co-Sourcing Arrangement) and the Local Government Auditor.

Council currently communicates with wider stakeholders through various engagement processes, meetings, Council Website, Social Media and through press and media releases. Internal communication systems include Councils intranet, Staff newsletter, email, written correspondence, working group minutes and a mixture of formal and informal team meetings

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

##### **Codes of Conduct of Members**

The Northern Ireland Local Government Code of Conduct for councillors came into force on 28th May 2014.

A new Register of Interests has been circulated and training was offered to all members.

In terms of travel and subsistence claims, Councillors are required to complete a claim form (submitted by receipts as appropriate) and sign a declaration regarding their claim.

##### **Codes of Conduct for Officers**

Council has adopted the "Code of Conduct for Local Government Officers", prepared by the Local Government Staff Commission. Officers are given a copy of their code on taking up appointment and failure to adhere to it is a disciplinary offence. Officers are also issued with terms and conditions of employment on commencing employment with the Council, and would be advised of various policies and procedures on induction. Existing members of staff have access to these documents on the intranet. New policies and procedures are brought to the attention of staff and are also available via the Councils intranet system.

A register of gifts and hospitality is maintained by the Democratic Services Department and this is updated when relevant information is provided by a member of staff and elected members.

The induction process for all new staff includes a detailed explanation of specific policies on staff conduct, including travelling and subsistence expenses, disciplinary and grievance policies and procedures, absence and sickness reporting, Data Protection, Freedom of Information, Equality and Good Relations and Health and Safety at Work.

Other supplementary codes of practice relating to the conduct expected of employees are available to staff via the Council's intranet system.

Mandatory training was provided to all staff in terms of Code of Conduct during the 2015/16 year.

**6. 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 managing risks.**

Causeway Coast and Glens Borough Council operates a system of standing orders for the regulation of the proceedings of the Council and Council business.

The Standing Orders are included within the Council's Constitution. A Council is required, under section 2 of the Local Government Act (Northern Ireland) 2014, to prepare and keep up to date a Constitution. Causeway Coast & Glens Borough Council adopted a new Constitution on 22nd September 2015. This Constitution governs how the Council operates, how decisions are made, and the procedures which are to be followed to ensure efficiency, transparency and accountability to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

The Constitution is divided into sixteen Articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate Rules and Protocols within the document.

The Council is currently in the process of developing a Scheme of Delegation which will provide the framework and guidance for the delegation of powers to Committees of Council and to senior officers within the Council. The Scheme of Delegation will be included as part of the Constitution when finalised and adopted by Council.

Financial regulations are in place which are reviewed periodically, e.g. Purchasing Policies and Procedures, which detail policies and procedures in relation to Purchasing and Procurement including expenditure limits and authorisation signatures.

Council has also adopted a Risk Management Strategy, which requires the identification of Corporate and Departmental Risks, the assessment of impact and likelihood of those risks and the mitigating controls in place. Council has Corporate and Departmental risk registers in place, and these are reviewed regularly. Internal audit facilitate a Risk Management Workshop once per annum. This is attended by all of the Strategic Management Team, along with Heads of Service with responsibility for operational issues. The output from this annual workshop forms the basis for the areas subject to Internal Audit for the year.

A Treasury Management Policy was approved by Council in December 2014. The policy was developed in the context of the Local Government Finance Act (NI) 2011 and the local Government (Capital Finance and Accounting) Regulations (NI) 2011 and includes the key principles of CIPFA's Treasury Management in the Public Sector Code of Practice. Annual Treasury Management Strategy statements setting out the expected treasury management operations for the year were also approved by Council. The Treasury Management Strategy and Prudential Indicators for 2015/16 were prepared and approved by Causeway Coast and Glens Shadow Council in February 2015 as part of the Estimates process.

Work continued during the year to update the Risk Register on an ongoing basis and significant progress has been made in terms of Corporate Health, Safety and Wellbeing. A further programme of work including a review of the Emergency Plan and Business Continuity Plan was progressed during 2015/16.

As we move forward following LGR, officers continue to collaborate with colleagues across Local Government to ensure commonality and consistency in approach in terms of updating policies and procedures.

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

Causeway Coast and Glens Borough Council operate a committee system, with the Audit Committee meeting once per quarter.

Representation on the Audit Committee is based on the d' hont system, with 16 elected members, representative of each political party grouping in Council. A number of Council officers also attend the Audit Committee, along with Local Government Auditor and Internal Auditor (Co-sourcing Partner)

The Audit Committee met on four occasions between April 2015 and March 2016, this included Internal Auditor and Local Government Audit representation (An open invitation is extended to NIAO to attend all meetings). Following each meeting, minutes are circulated and approved by Council.

The internal audit function for Causeway Coast and Glens Borough Council is provided by both in-house Internal Audit and by Moore Stephens through an Internal Audit Co-Sourcing arrangement. This service was procured during 2015-16.

During the 2015-16 year internal audits were carried out in line with the internal audit plan. Various aspects of operating activities were sampled and examined to ensure the appropriate legislation, policies and procedures were adhered to and expenditure was lawful. Internal audit reports include award of assurance levels and recommendations for improvement. These audit reports are presented to the Audit Committee throughout the year.

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

The Council has a shared legal service with Derry City and Strabane District Council based on a Service Level Agreement (SLA) agreed by Council in February 2015. Derry and Strabane District Council provides legal services to the Causeway Coast and Glens District Council under the terms agreed within the SLA and as part of the arrangement will base an Assistant Solicitor with Causeway Coast and Glens District Council.

The Council, under this arrangement has in-house day to day legal support and importantly access to the hub of legal advice from the wider pool of Solicitors in Derry and Strabane District Council.

There still remains the requirement for specialist legal advice, however, in the shared service arrangement, there may be opportunities to share costs given that there will be circumstances when both Councils will require the same advice.

Internal policies and procedures are updated and renewed as and when required to reflect legislative changes and agreed recommendations by both Internal and External Auditors and are circulated to the relevant staff when reviewed. Internal Policies and Procedures would also be available on the Staff Intranet.

In terms of lawful expenditure, workshops and special council meetings are held to discuss the proposals for the Estimates for the forthcoming year. This covers both Capital and Revenue Expenditure. Internal audit and Local Government Annual reports (including statutory audit) are also examined and discussed at these meetings, as well as the meetings of the Audit Committee. Council are issued with a summary report which forms the basis for discussion and decision making at the meetings.

As previously mentioned, Council appointed Moore Stephens as part of a co-sourcing internal audit arrangement. The Internal Audit plan covers a range of Council's main activities, financial and otherwise. Various aspects of operating activities have been sampled and examined to ensure that appropriate legislation, policies and procedures are adhered to and expenditure is lawful. Internal audit reports including award of assurance levels and recommendations for improvement are reported to both Council and the Audit Committee.

In terms of service specific compliance, service departments are kept up to date in the following ways

- In house legal services
- Subscription to on line expertise e.g. HR - Legal-Island Email Service and Croners On-line Employment Law Information Service and Advice Line.
- Legal Advice when required - Council subscribe to DAS – Employment Advise as part of the annual Insurance programme.
- Officer Meetings – Service specific
- Various Forum
- Training and Development

The Clerk and Chief Executive is also the Council's Chief Financial Officer, as required by Section 1, of the Local Government Finance Act (Northern Ireland) 2011. The Chief Financial Officer is charged with ensuring the lawfulness and financial prudence of decision making, providing advice, and guidance and ensuring that expenditure is incurred lawfully.

The financial management arrangements conform with the governance requirements of CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework. The CFO is also supported by suitably qualified and experienced staff (including two qualified accountants) within the finance function to ensure that decisions made by the CFO are based on sound technical knowledge and understanding.

#### **9. Whistle-blowing and other processes for receiving and investigating complaints from the public.**

Council has a Whistle-Blowing policy and Anti-fraud, Bribe and Corruption Policy. Both policies were presented to the Audit Committee in June 2015 and approved by Council in July 2015. All staff were informed and copies of both documents are included in the Staff Induction Pack and also available on the Staff Intranet.

Council also operates a formal scheme for public complaints and suggestions. These are referred to the relevant department and responded to within set deadlines, with the opportunity to have complaints referred to a higher level in the organisation where the complainant is not satisfied with the response. Where a complainant remains dissatisfied s/he is advised to contact the Northern Ireland Ombudsman.



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

Council has a limited training and development budget for both Members and Staff.

All relevant conferences and courses are circulated to Councillors at Council meetings. An Elected Members' Conference Attendance Policy was agreed by Council on 23rd February 2016.

Each Councillor has an allocated amount of money set aside for conferences and courses and capacity building. This covers course fees, travel and subsistence. This is monitored on a monthly basis to ensure the budget is not exceeded. This may include further education leading to a recognised qualification.

In terms of officers, training needs are identified on an ongoing basis.

A Further education policy exists for each of the legacy Councils.

Service specific training would be identified by managers and employees and the necessary arrangements made.

Causeway Coast and Glens Borough Council are progressing on a consistent and co-ordinated approach to training and development.

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

Council consults with various bodies in relation to important strategic or policy development matters. Provisions are in place for communication in various formats and languages if requested. Contacts have been made with a range of local providers (for example, Magilligan Prison has prepared Braille copies of documents for the Council) and the Local Government Staff Commission are in the process of producing a "call off" list of providers for use by all 11 Councils.

Council communicates in various ways including press releases and public advertisements. A range of leaflets and publications are also available in public buildings across the Council area. The internet also provides information on services, council meetings, council minutes and the "Contact us" section on the webpage allows for enquiries, feedback or complaints to be submitted electronically.

Council also publishes a range of citizen advice leaflets which are available at public buildings in the Borough and also on line.

Council meetings are open to the press and members of the public, and minutes are published on the council's website and made available in public libraries and the Council Offices.

The Council also responds to Freedom of Information requests as received throughout the year.

**Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, comments made by the external auditors and The Audit and Governance Working Group which includes elected member representative of the political membership of Council. The Internal Auditor carried out an annual programme of work in 2015/16 based upon the Annual Plan as agreed by Council.

Under the terms of reference for the Audit Committee, they are charged with responsibility for ensuring good stewardship of the Council's resources, and committed to making the Council, its working groups and departments more responsive to the audit function.

The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the internal control system. The Internal Auditor forwards draft reports to the relevant Director/Head of Service, for Management comments, and responses. The reports are co-ordinated by the Internal Auditor and then issued in their final format, presented to the Audit Committee initially and then to Council.

During the year the Audit Committee reviewed Corporate Governance arrangements, Internal and External Audit Reports, and draft policies and procedures of internal control. The minutes of the Group are brought to full council for approval.

Governance and Risk is a standing item on the SMT Monthly agenda. The Internal Audit Plan and previous recommendations are monitored and reviewed to ensure progress is being made.

**The Role of the Chief Financial Officer**

The Chief Financial Officer is also the Chief Executive and as such is the key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest.

The Chief Financial Officer is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the authority's financial strategy.

He leads the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Specifically he leads and directs the finance function, and is supported, in so doing, by professionally qualified and suitably experienced staff embedded within the Finance Department.

### Significant Governance Issues

Causeway Coast and Glens Borough Council (CC&G) is fully committed to the principles of corporate governance. The senior management team (SMT) review the Corporate Risk Register and report to the Audit Committee on a quarterly basis, alongside a comprehensive programme of Internal Audit.

Based on assurance work undertaken by Internal Audit during 2015/16, the Head of Internal Audit has issued the Annual Internal Audit Report and Assurance Statement for 2015/16. Overall, Satisfactory assurance opinions were provided on the adequacy and effectiveness of internal control operating across the Council in 2015/16. This opinion provides assurance that there is an adequate control framework in place but there are weaknesses and a lack of compliance which may put some system objectives at risk.

As part of Councils co-sourcing arrangement, Moore Stephens Internal Auditors carried out an Internal Audit on Invoicing and Debtor Management in Quarter 1, 2016/17. Quarter 2 Internal Audit covered Cash handling at Caravan Parks, Cash handling at Ballreagh Golf Course, and Business Continuity and Emergency Planning. These audits received a Limited level of assurance. The recommendations contained within these reports will be implemented during the 2016/17 year.

Council has identified the following significant Governance Issues

#### 1 Financial Risk

- 1.1 The impact of spending reductions in the public sector is a key Governance issue for the Council. Any reduction of capital or revenue funding in terms of grants and income from central government or other funders may have a significant impact on the rates of Council. This along with National Insurance Pension Relief, Living Wage and uncertainty around Rates Support Grant provides an element of uncertainty and risk regarding financial planning.
- 1.2 The assumptions made in the Estimates process, particularly around savings, inflation, pay awards, employer pension contributions and potential liabilities, future Government grants, income from rates and council delivered services, whilst based on the best information available are subject to change from economic circumstances and public finances in general. This represents a potential risk to the Council's budget and actual expenditure and subsequently the medium term financial plan, which will be monitored closely in order to enable corrective action to be taken where necessary.
- 1.3 During the year-ending 2016, Management Accounts were not completed and circulated to SMT and Council on a monthly or quarterly basis, more an ad-hoc nature. In the absence of accurate Management Information in the form of Management Accounts, in a timely manner, there are significant risks. Managers could potentially make a decision in the absence of relevant and reliable information, which may lead to a negative variances, or reputational damage, leading to additional costs and ultimately an increase in rates. Management Accounts are an effective control mechanism, providing relevant accurate information assisting in planning and performance. They highlight variances at an early stage and allow Managers to make decisions and take action around delivery of services and consider alternatives whilst still complying with budget.

The weakness identified during 2015/16 will be addressed in the 2016/17 financial year with Quarterly Management Accounts for the first two quarters then monthly thereafter. This area has been highlighted for Internal Audit during the 2016/17 financial year.

## **2 Business Continuity and Insufficient Resources leading to reductions in service delivery**

Four legacy Councils merged to form Causeway Coast and Glens Borough Council (CC&G), along with the transferred function of Planning Service. This resulted in a number of senior staff exiting the organisation through the Voluntary Severance Scheme and also a host of legacy Policies and Procedures, Terms and Conditions transferring to CC&G under TUPE.

A number of governance issues follow this process, particularly in terms of staff capacity, workload and potential increases in absenteeism levels, which could have an impact on Business Continuity. This alongside the additional duties in terms of Community Planning and Performance Improvement presents a significant risk to the organisation.

Council continue to work through populating its organisational structure and initial work has commenced in terms of auditing terms and conditions regarding TUPE.

## **3 Legal Issues**

### **3.1 Planning**

With the transfer of the Planning function to Council on 1 April 2015, Members have received training and development in this area. This is reviewed and renewed on a regular basis, along with relevant Policies, Procedures and a Scheme of Delegation. A Legal representative attends all Planning meetings on behalf of Council and is available to offer advice and support for Members. However there still remains a risk of legal challenge on any decision by members of the public.

### **3.2 Land and Property**

With the amalgamation of four legacy Councils, and the transfer of assets to CC&G, there is now a significant Land and Property portfolio to be managed and maintained.

A number of working groups were established during the 2015/16 year including Capital Assets Realisation Team (CART), Capital Working Group and Land and Property Working Group. These teams held workshops with elected members on a number of occasions during the financial year.

Policies and Procedures are currently being developed and it is anticipated that these will be agreed by Council in 2016/2017 to ensure governance arrangements are in place to protect and safeguard Council assets.

### **3.3 Legal Matters**

There are a number of cases across the Council where legal action is in progress. These cases are summarised and presented to Audit Committee on a quarterly basis, and progressed on a priority basis.

## **4 Fraud and Whistleblowing**

During the year-ending March 2016, Council received notification of three Whistleblowing Incidents. Arising from this, Council now plan to finalise a Policy on Disposal of Council Assets.

There was one incident of fraud during the year, reported to the Audit Committee in December 2015, and is currently the subject of a PSNI Investigation.

This highlighted a significant risk to Council in the area of Partnerships, and an Internal Audit has been scheduled to take place in 2016/2017.

Council accept that during a process of organisation change, particularly with four legacy councils into one, the new larger council, CC&G must ensure that policies and procedures and associated controls for preventing and detecting fraud are effective and robust.

Council will therefore continue to promote the Whistle-blowing and Anti-fraud and Corruption policy through Staff Induction, Staff Portal and Council website– all available communication channels.

## 5 Performance Improvement

Part 12 of the Local Government Act 2014, introduces new statutory continuous improvement responsibilities following Local Government Reform. To reflect the first year of operation, responsibilities were set at a high level.

In terms of meeting performance improvement duty, there is a risk that resources required in terms of consultation, staffing and mapping progress regarding implementation of the plan are insufficient.

In order to mitigate this risk, a working group will be established in Autumn 2016 to further the Performance Improvement Plan within Council. Resource implications will be reviewed as the process evolves. Implementation will be closely monitored to ensure that planned improvements, service changes and associated savings are realised.

## 6 Waste Management

The abandonment of the NWRWMG Regional Waste Infrastructure Project creates increased risk of not meeting the statutory recycling and diversion from landfill targets leading to potential infraction fines and a loss of confidence. This is mitigated by having long and short term waste service contracts in place to maximise recycling and recovery of material and minimising waste to landfill. The uncertainty following the BREXIT vote adds further complication to future targets for recycling and diversion from landfill.

Council proposes to enhance governance arrangements during the coming year, 2016/17. CC&G will continue to strive towards compliance with the International Framework – Good Governance in the Public Sector (CIPFA/IFAC 2014). This will be demonstrated and supported by Policies, Procedures and Systems that determine, control and demonstrate how Council manages its affairs. Council will use this model to assess systems, process and documentation to demonstrate compliance and where gaps are identified, plans will be put in place to address.

Signed



Town Clerk and Chief Executive  
Causeway Coast and Glens Borough Council

Date : 21 September 2016

Signed



Chair of the Audit Committee  
Causeway Coast and Glens Borough Council

Date : 21 September 2016

On behalf of the Audit Committee and by the Chief Executive

**Northern Ireland Local Government Bodies'  
Remuneration Report For The Year Ended 31 March 2016**

**Introduction**

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

**Allowance And Remuneration Arrangements**

**Councillors**

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

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

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

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Causeway Coast and Glens Borough Council had 40 councillors in 2015/16.

**Senior Employees**

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

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

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

**Allowances Paid To Councillors**

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

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

Allowance Type	Total Allowances	Councillor
	£	Nos
Basic Allowance	568,000	40
Mayor's & Deputy Mayor's Allowance	12,417	2
Special Responsibility Allowances	15,300	11
Dependents' carers allowance	3,528	1
Employer costs	131,592	40
Mileage	42,480	31
Conferences and Courses	1,313	4
<b>Total Allowances</b>	<b>774,630</b>	<b>129</b>

Details of the allowances paid to individual councillors in 2015/16 are published on the council website at [www.causewaycoastandglens.gov.uk/council/publications-policies/councillors-allowances-2015-2016](http://www.causewaycoastandglens.gov.uk/council/publications-policies/councillors-allowances-2015-2016)

**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 2015/16:

**Table 2: Remuneration of Senior Employees**

Officers	Salary Band	Bonus Payments	Benefits in Kind	Total
	£'000's	£'000's	£'000's	£'000's
Chief Executive <i>Mr D Jackson</i>	95 to 100	0	0	95 to 100
Director of Performance <i>Mrs M Quinn</i>	80 to 85	0	0	80 to 85
Director of Leisure and Development <i>Mr R Baker</i>	75 to 80	0	0	75 to 80
Director of Environmental Services <i>Mr A McPeake</i>	75 to 80	0	0	75 to 80
Chief Finance Officer <i>Mr D Wright</i>	55 to 60	0	0	55 to 60
Head of Planning <i>Mrs D Dickson</i>	50 to 55	0	0	50 to 55

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.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2015/16 was £ 95k - £ 100k. This was 4.54 times the median remuneration of the workforce, which was £22,023.

**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)**

	2015/2016	2015/2016
	£	Ratio
Median Total Remuneration	22,023	4.54

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

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

#### Salary

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

#### Bonus Payments

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

#### Benefits in Kind

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

#### Exit Packages for staff

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

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

Severance Package Cost Band	Compulsory	Other	Total Exit Packages	Total Cost of Packages
	Redundancies	departures agreed		
	No	No	No	£
£0 to £20,000	0	5	5	44,052
£40,001 to £60,000	0	2	2	95,395
£60,001 to £80,000	0	1	1	69,837
£80,001 to £100,000	0	2	2	182,788
£100,001 to £150,000	0	6	6	757,053
£150,001 to £200,000	0	8	8	1,432,493
£200,001 to £250,000	0	3	3	645,277
£250,001 and over	0	2	2	587,574
<b>Totals</b>	<b>0</b>	<b>29</b>	<b>29</b>	<b>3,814,469</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 of the Environment in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2015, were as follows:

**Table 5: Employee Contribution Rates**

Band	Salary 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	20.00%
1 April 2015 - 31 March 2016	20.00%
1 April 2016 - 31 March 2017	20.00%

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2015/16 was £98,415.

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

**Table 7: Pension Benefits of senior staff in 2015/16 (audited information)**

Officers	Accrued Pension at Pension age as at 31/03/16 £'000's	Real increase in pension and related lump sum at pension age £'000's	CETV at 31/03/16 £'000's	CETV at 31/03/15 £'000's	Real Increase in CETV £'000's
Chief Executive <i>Mr D Jackson</i>	10 to 15	2.5 to 5 0	128	96	17
Director of Performance <i>Mrs M Quinn</i>	15 to 20	5 to 7.5 5 to 7.5	237	153	54
Director of Leisure & Development <i>Mr R Baker</i>	20 to 25	0 to 2.5 0	258	221	18
Director of Environmental Services <i>Mr A McPeake</i>	20 to 25	5 to 7.5 5 to 7.5	217	147	54
Chief Finance Officer <i>Mr D Wright</i>	10 to 15	0 to 2.5 0 to 2.5	180	151	16
Head of Planning <i>Mrs D Dickson</i>	20 to 25	0 to 2.5 0	164	138	8

**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.



David Jackson

Chief Executive

Date : 21 September 2016

**Certificate of the Chief Financial Officer**

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2016 on pages 28 to 85 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 32 to 48.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2016.



**David Jackson**  
**Chief Financial Officer**



Date : 21 September 2016

**Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Council/Committee on 21 September 2016.



**Cara McShane**  
**Chairman**



Date : 21 September 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAUSEWAY COAST AND GLENS BOROUGH COUNCIL**

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

This report is made solely to the Members of Causeway Coast and Glens Borough 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 the Causeway Coast and Glens Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Causeway Coast and Glens Borough Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion:

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

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with

the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Narrative Report for the financial year ended 31 March 2016 is consistent with the financial statements.

#### **Matters on which I report by exception**

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

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

#### **Certificate**

I certify that I have completed the audit of accounts of Causeway Coast and Glens Borough 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*

## The Movement in Reserves Statement

		General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
<b>At 01 April 2015</b>		<b>6,698,492</b>	<b>2,628,884</b>	<b>783,444</b>	<b>10,110,820</b>	<b>71,903,481</b>	<b>82,014,301</b>
<b>Movement in reserves during the year</b>							
(Deficit) on the provision of services		(3,382,742)	0	0	(3,382,742)	0	(3,382,742)
Other Comprehensive Income and Expenditure		0	0	0	0	10,461,297	10,461,297
<b>Total Comprehensive Income and Expenditure</b>		<b>(3,382,742)</b>	<b>0</b>	<b>0</b>	<b>(3,382,742)</b>	<b>10,461,297</b>	<b>7,078,555</b>
Adjustments between accounting basis & funding under regulations	3	7,747,393	0	556,676	8,304,069	(8,304,069)	0
<b>Net increase before transfers to Statutory and Other Reserves</b>		<b>4,364,651</b>	<b>0</b>	<b>556,676</b>	<b>4,921,327</b>	<b>2,157,228</b>	<b>7,078,555</b>
Transfers to / from Statutory and Other Reserves	3	(1,051,274)	1,051,274		0	0	0
<b>Increase in year</b>		<b>3,313,377</b>	<b>1,051,274</b>	<b>556,676</b>	<b>4,921,327</b>	<b>2,157,228</b>	<b>7,078,555</b>
<b>At 31 March 2016</b>		<b>10,011,869</b>	<b>3,680,158</b>	<b>1,340,120</b>	<b>15,032,147</b>	<b>74,060,709</b>	<b>89,092,856</b>

## The Comprehensive Income and Expenditure Statement

	Notes	2015/2016				2014/2015	
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
<b>Service Expenditure</b>							
Leisure and Recreational Services	2a	22,286,304	7,022,343	15,263,961	0	0	0
Environmental Services	2a	22,502,937	4,847,631	17,655,306	0	0	0
Planning and Development Services	2a	6,177,317	2,916,726	3,260,591	0	0	0
Highways and Transport	2a	479,178	992,010	(512,832)	0	0	0
DRM and Corporate Management	2a	7,263,119	1,790	7,261,329	1,155,296	1,155,296	0
Other Services	2a	2,922,648	637,436	2,285,212	0	0	0
<b>Cost of Services on Continuing Operations</b>		<b>61,631,503</b>	<b>16,417,936</b>	<b>45,213,567</b>	<b>1,155,296</b>	<b>1,155,296</b>	<b>0</b>
Other Operating Expenditure	7	0	410,114	(410,114)	0	0	0
Financing and Investment Income and Expenditure	8	4,157,390	556,290	3,601,100	0	0	0
<b>Net Operating Expenditure</b>		<b>65,788,893</b>	<b>17,384,340</b>	<b>48,404,553</b>	<b>1,155,296</b>	<b>1,155,296</b>	<b>0</b>
Taxation and Non-Specific Grant Income	9	0	45,021,811	(45,021,811)	0	0	0
<b>Deficit on the Provision of Services</b>		<b>65,788,893</b>	<b>62,406,151</b>	<b>(3,382,742)</b>	<b>1,155,296</b>	<b>1,155,296</b>	<b>0</b>
Surplus/(Deficit) on revaluation of non-current assets	10d			4,413,297		0	
Remeasurements of the Net Defined Benefit Liability (Asset)	20b			6,048,000		0	
<b>Other Comprehensive Income and Expenditure</b>				<b>10,461,297</b>		<b>0</b>	<b>0</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>7,078,555</b>		<b>0</b>	<b>0</b>

Comparatives for 2014/15 relate solely to the activities of the Causeway Coast and Glens District Council operating in SHADOW FORM ( Shadow Council )



**The Balance Sheet**

	Note	2016 £	Shadow Council at 31st March 2015 £
Fixed Assets	10b	184,501,920	97,000
Long Term Debtors	11a	2,206,378	0
<b>LONG TERM ASSETS</b>		<b>186,708,298</b>	<b>97,000</b>
Inventories	13	137,689	0
Short Term Debtors	11b	8,599,919	147,859
Cash and Cash Equivalents	23b	8,990,513	0
<b>CURRENT ASSETS</b>		<b>17,728,121</b>	<b>147,859</b>
Short Term Borrowing	14a	3,926,932	0
Short Term Creditors	17a	10,255,374	244,859
Short Term Provisions	18a	316,041	0
<b>CURRENT LIABILITIES</b>		<b>14,498,347</b>	<b>244,859</b>
Long Term Provisions	18a	11,538,796	0
Long Term Borrowing	14b	65,116,592	0
Other Long Term Liabilities	20c	23,590,592	0
Capital Grants Receipts in Advance	21	599,236	0
<b>LONG TERM LIABILITIES</b>		<b>100,845,216</b>	<b>0</b>
<b>NET ASSETS</b>		<b>89,092,856</b>	<b>0</b>
Capital Receipts Reserve	24a	1,340,120	0
Renewal and Repairs Fund	24b	300,000	0
Sinking Fund	24c	2,933,328	0
Election Reserve	24d	50,000	0
Area Planning Reserve	24e	20,000	0
Reorganisation Reserve	24f	376,830	0
General Fund	24g	10,011,869	0
<b>USABLE RESERVES</b>		<b>15,032,147</b>	<b>0</b>
Capital Adjustment Account	25a	62,387,427	0
Revaluation Reserve	25b	37,294,277	0
Pensions Reserve	25c	(23,590,592)	0
Deferred Capital Receipts Account	25d	903,044	0
Accumulated Absences Account	25e	(518,424)	0
Provisions Discount Rate Reserve	25f	0	0
Landfill Regulations Reserve	25g	(2,415,023)	0
<b>UNUSABLE RESERVES</b>		<b>74,060,709</b>	<b>0</b>
<b>NET WORTH</b>		<b>89,092,856</b>	<b>0</b>

**The Cashflow Statement**

	Note	2015/2016 £
Deficit on the Provision of Services	CIES	(3,382,742)
Adjustment for non-cash movements	23a	10,402,062
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23a	(710,966)
<b>Net cash flows from operating activities</b>		<b>6,308,354</b>
Cash flows from Investing Activities	23d	(5,157,308)
Net Cash flows from Financing Activities	23e	(3,763,533)
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(2,612,487)</b>
Cash and cash equivalents transferred from Legacy Councils	27	11,603,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>23b</b>	<b>8,990,513</b>

Shadow Council was fully funded by Legacy Councils and as such did not have its own bank account. Accordingly all categories detailed in the Shadow Council's cashflow statement would have a Nil value

**1 a Accounting Policies****General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 and the Service Reporting Code of Practice 2015/2016 (SeRCOP), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 also requires disclosure in respect of the accounting policies set out below:

**Summary of Significant Accounting Policies****i) Accruals of Income and Expenditure**

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

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

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

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

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

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

**ii) Cash and Cash Equivalents**

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

**iii) Contingent Assets**

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

**iv) Contingent Liabilities**

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

**v) Employee Benefits**

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

**Termination benefits**

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

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

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

#### **Post Employment Benefits**

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

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon Hewitt GBP Select AA Curve using the duration of the Council's liabilities. The curve is derived as follows:

- The corporate curve is composed of an underlying swap curve plus a credit spread curve. The credit spread curve is fitted from all prices on iBoxx bonds.
- Aon Hewitt receive data from iBoxx and use all corporate bonds from the UK market, which have an average rating of AA from the three ratings agencies (Moody's, S&P and Fitch). The corporate yield curve is made by adding a credit spread curve to the standard Aon Hewitt swap curve.

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.

**vi) The Principal Civil Service Pension Schemes**

As part of RPA Council assumed responsibility for elements of the Planning Function and accordingly some employees of that Government Department became direct employees of Council. Such employees are covered by the provisions of the Principal Civil Service Pension Schemes.

The defined benefit schemes are unfunded and are noncontributory except in respect of dependents' 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 Principal Civil Service Pension Schemes (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.

**vii) 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.

**viii) 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.

**ix) 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.

**x) 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.



**xi) Intangible Assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

**xii) 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.

**xiii) Landfill Allowance Schemes**

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

**xiv) Leases**

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

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

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

**The Council as Lessee*****Finance Lease:***

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

Lease payments are apportioned between:

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

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

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

***Operating Leases:***

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

**The Council as Lessor*****Finance Leases***

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

Lease rentals receivable are apportioned between:

- a) 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.

***Operating Leases***

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

**xv) 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.

**xvi) 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.

xvii) **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:

- a) infrastructure, community assets and assets under construction – depreciated historical cost.
- b) 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:

- a) vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- b) infrastructure – straight-line allocation over estimated useful lives.

#### **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.

#### **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.

#### **xviii) 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.

#### **xix) 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.

**xx) 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.

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

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

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

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

**xxii) Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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.

**xxiii) Revenue Expenditure Funded from Capital under Direction (REFCUD)**

Section 19(3) of the Local Government Finance Act (Northern Ireland) 2011 allows the Department of the Environment to issue capitalisation directions to the councils. This permits specified items of expenditure normally classified as revenue to be treated as capital expenditure. The costs of transition associated with the Reform of Local Government were allowed for capitalisation. The council received approval from the Department to capitalise such costs during the year.

Costs qualifying under REFCUD are charged to the relevant service in the Comprehensive Income and Expenditure Account and their effects on the General Fund are then mitigated by transfer between the General Fund and the Capital Adjustment Account.



**xxiv) 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.

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

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the second year of its secondary phase, which ends on 31st March 2019. The UK Government announced in 2016 that the CRC energy efficiency scheme will be abolished for the 2018-19 compliance year. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is produced (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

**xxvi) 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.  |

**1 b Accounting Standards That Have Been Issued but Have Not Yet Been Adopted****Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)**

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

**Annual Improvements to IFRS 2010 - 2012 Cycle and 2012 - 2014 Cycle**

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

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

When the acquisition of an interest in a joint operation in which the joint operation constitutes a business, as defined by IFRS 3, it shall apply, all of the principles on business combinations accounting in IFRS 3 and disclose the information required. This is applicable to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The exception of the principles that conflict with guidance in IFRS 11.

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

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

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

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

**1 c Critical Judgements in Applying Accounting Policies**

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

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.

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

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

The items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**i) Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Whilst the current economic climate is uncertain the Council believes it will be able to sustain its current spending on repairs and maintenance, and hence the useful lives assigned to assets are reasonable.

**ii) Pensions Liability**

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

## 2 a Segmental Reporting Analysis

Services	2015/2016			2014/2015		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Culture and Heritage	1,950,561	159,025	1,791,536	0	0	0
Recreation and Sport	12,018,699	2,804,847	9,213,852	0	0	0
Tourism	6,551,576	3,585,824	2,965,752	0	0	0
Community Services	1,765,468	472,647	1,292,821	0	0	0
<b>Leisure and Recreational Services</b>	<b>22,286,304</b>	<b>7,022,343</b>	<b>15,263,961</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cemetery, Cremation & Mortuary	247,876	142,591	105,285	0	0	0
Environmental Health	3,657,137	780,229	2,876,908	0	0	0
Public Conveniences	795,252	5,675	789,577	0	0	0
Licensing	127,482	196,788	(69,306)	0	0	0
Other Cleaning	2,566,116	2,778	2,563,338	0	0	0
Waste Collection	9,154,186	603,778	8,550,408	0	0	0
Waste Disposal	5,063,210	3,054,947	2,008,263	0	0	0
Other Community Assets	321,156	60,470	260,686	0	0	0
Minor Works	570,522	375	570,147	0	0	0
<b>Environmental Services</b>	<b>22,502,937</b>	<b>4,847,631</b>	<b>17,655,306</b>	<b>0</b>	<b>0</b>	<b>0</b>
Community Planning	43,640	7,500	36,140	0	0	0
Economic Development	1,491,971	435,443	1,056,528	0	0	0
EU Rural Development	129,112	57,597	71,515	0	0	0
Urban Regeneration and Commur Planning Policy	1,130,261	141,457	988,804	0	0	0
Building Control	1,241,946	798,313	443,633	0	0	0
Environmental Initiatives	109,451	14,800	94,651	0	0	0
<b>Planning and Development Services</b>	<b>6,177,317</b>	<b>2,916,726</b>	<b>3,260,591</b>	<b>0</b>	<b>0</b>	<b>0</b>
Off-Street Car Parking	479,178	992,010	(512,832)	0	0	0
<b>Highways and Transport</b>	<b>479,178</b>	<b>992,010</b>	<b>(512,832)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Democratic Representation and Management	1,049,342	419	1,048,923	441,641	441,641	0
Corporate Management	6,213,777	1,371	6,212,406	713,655	713,655	0
<b>DRM and Corporate Management</b>	<b>7,263,119</b>	<b>1,790</b>	<b>7,261,329</b>	<b>1,155,296</b>	<b>1,155,296</b>	<b>0</b>
Trading Services	800,997	114,215	686,782	0	0	0
Non Distributed Costs	1,030,870	5,144	1,025,726	0	0	0
Central Services to the Public	1,090,781	518,077	572,704	0	0	0
<b>Other Services</b>	<b>2,922,648</b>	<b>637,436</b>	<b>2,285,212</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CONTINUING OPERATIONS</b>	<b>61,631,503</b>	<b>16,417,936</b>	<b>45,213,567</b>	<b>1,155,296</b>	<b>1,155,296</b>	<b>0</b>

Comparatives for 2014/15 relate solely to the activities of the Causeway Coast and Glens District Council operating in SHADOW FORM ( Shadow Council )

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

	2015/2016	2015/2016	2014/2015	2014/2015
	£	£	£	£
<b>Net Cost of Services in Service Analysis</b>		45,213,567		0
<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	0		0	
Remove amounts reported in Service Analysis but not included in Net Cost of Services in the Comprehensive Income and Expenditure Statement	0		0	
		0		0
<b>the Comprehensive Income and Expenditure Statement</b>		<b>45,213,567</b>		<b>0</b>
<b>Items included in Net Operating Expenditure excluded from Service Analysis:</b>				
Other Operating Expenditure	(410,114)		0	
Financing and Investment Income and Expenditure	3,601,100		0	
Surplus or Deficit on Discontinued Operations				
		3,190,986		0
<b>Comprehensive Income and Expenditure Statement</b>		<b>48,404,553</b>		<b>0</b>

Comparatives for 2014/15 relate solely to the activities of the Causeway Coast and Glens District Council operating in SHADOW FORM ( Shadow Council )

**2 c Acquired and Discontinued Operations**

Local Government reform was implemented on 1st April 2015, when 11 New Councils took over from the previous. As a result of reform a number of functions which were previously delivered by NI Executive departments are now carried out by local councils. These include:

**Planning**

Local Development plan functions  
Development control and enforcement

**Roads**

Off-street parking (except Park and Ride)

**Local Economic Development**

Start a Business Programme and Enterprise Shows  
Youth entrepreneurship  
Social entrepreneurship  
Investing for Women  
Neighbourhood renewal funding relating to enterprises initiatives

**Local Tourism**

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

**Heritage**

Control of alterations, extension and demolition of listed buildings  
Conservation area designation and management  
Listed building enforcement notices  
Compensation where listed building consent has been revoked or modified  
Issuing of Building Preservation Notices  
Issuing notices to require Urgent Works to preserve a building  
Community listing of buildings of special architectural or historic interest

**3 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**

Shadow Council had no items which require adjustment between the Comprehensive Income and Expenditure Statement and the General Fund. (therefore no comparator)

		2015/2016	2015/2016
	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>			
Derecognition (other than disposal) of non-current assets	10a	4,732	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	10e	1,189,916	
Depreciation charged in the year on non-current assets	10b	7,173,420	8,368,068
Net Revenue Expenditure funded from capital under direction	6a		3,814,469
Direct revenue financing of Capital Expenditure	10a		(4,732)
Profit / Loss of non current assets sold	7		(410,114)
Capital Grants and Donated Assets Receivable and Applied in year	9		(154,290)
<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	15		(4,667,160)
<b>Net transfers to / from the Capital Adjustment Account</b>			<b>6,946,241</b>
Net charges made for retirement benefits in accordance with IAS 19	20b	7,830,000	
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20b	(6,015,942)	
<b>Net transfers to / Pension Reserve</b>			<b>1,814,058</b>
Transfers to(-) / from(+) Accumulated Absences -Adjustments	25e	126,081	
Transfer to(-) / from(+) Provisions Discount Rate Reserve	25f	(224,970)	
Transfer to(-) / from(+) Landfill Regulations Reserve	25g	(914,017)	
			<b>(1,012,906)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>			<b>7,747,393</b>
<b>Net transfers to(-) / from(+) statutory and other earmarked reserves:</b>			
Transfer Repairs and Renewals Fund	24b		(300,000)
Transfer Sinking Fund	24c		(304,444)
Transfer Election Reserve	24d		(50,000)
Transfer Area Planning Reserve	24e		(20,000)
Transfer Reorganisation Reserve	24f		(376,830)
<b>Total transfers (from) / to General Fund</b>			<b>(1,051,274)</b>
Deficit on Provision of Services	CIES		(3,382,742)
<b>Movement on General Fund in the year</b>			<b>3,313,377</b>

**4 Cost of Services on Continuing Operations****4 a General power of competence**

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

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

The actual expenditure under the power of competence amounted to £0 during 2015/16.

**4 b External Audit Fees**

	2015/2016	Shadow Council 2014/15
	£	£
External Audit Fees	68,000	6,000
	68,000	6,000



**5 Council as Lessor:****5 a Finance Leases (Council as Lessor)**

The Shadow Council had no finance leases where it acted as lessor. Accordingly no 2014/15 comparator is provided.

On 19th April 2010 Moyle District council entered into a 120 year lease agreement with the National Trust regarding property at the Giants Causeway Visitor Centre. The land element of the lease has been treated as an operating lease whereas the buildings have been treated as a finance lease. The lease is reviewed every 5 years and as a result of the review on 19th April 2015 rentals have increased from £384,000 per annum to £442,752.

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

Gross receivables from finance leases	2015/2016
	£
No later than 1 year	249,416
Later than 1 year and no later than 5 years	997,664
Later than 5 years	27,435,760
<b>Total gross receivables</b>	<b>28,682,840</b>
Less-Unearned future finance income on finance leases	27,779,796
Less-Unguaranteed residual value of property	0
<b>Net investment in finance leases</b>	<b>903,044</b>

The net investment in finance leases may be analysed as follows:	2015/2016
	£
No later than 1 year	0
Later than 1 year and no later than 5 years	0
Later than 5 years	903,044
<b>Total gross receivables</b>	<b>903,044</b>

Included in the Balance Sheet as:	2015/2016
	£
Short Term Debtors	0
Long Term Debtors	903,044
<b>Total gross receivables</b>	<b>903,044</b>

The interest rate inherent in the leases is fixed at the contract date and reviewed every 5 years. The average interest rate contracted is approximately 27.62% (comparative year 23.75%)

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

The Shadow Council had no operating leases where it acted as lessor. Accordingly no 2014/15 comparator is provided.

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £241,096.

The lease contracts are all non-cancellable and do not include an extension option. The lease agreement terms are between 1 to 120 years. Future minimum lease income is set out below:

	2015/2016	
	Land and Buildings £	Vehicles, Plant and Equipment £
<b>Minimum lease rentals receivable:</b>		
No later than 1 year	220,696	0
Later than 1 year and no later than 5 years	832,415	0
Later than 5 years	21,678,674	0
	<b>22,731,785</b>	<b>0</b>

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

	2015/2016	
	Land and Buildings £	Vehicles, Plant and Equipment £
Cost	6,989,331	0
Accumulated depreciation and impairments at 1 April	(24,697)	0
Depreciation charge for the year	(24,697)	0
Impairments	0	0
Revaluations	0	0
	<b>6,939,937</b>	<b>0</b>

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

Neither the Council, the Shadow Council nor the Legacy Councils had lessee finance leases during the year under review nor the preceding year.

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

The Shadow Council had no operating leases where it acted as lessee. Accordingly no 2014/2015 comparator is provided.

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

	2015/2016	2015/2016	2015/2016
	Land and Buildings	Vehicles, Plant and Equipment	Total
	£	£	£
Minimum lease payments	20,470	86,352	106,822
	20,470	86,352	106,822

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

	2015/2016	2015/2016	2015/2016
	Land and Buildings	Vehicles, Plant and Equipment	Total
	£	£	£
<b>Minimum lease rentals payable:</b>			
No later than 1 year	16,310	59,825	76,135
Later than 1 year and no later than 5 years	64,205	239,300	303,505
Later than 5 years	401,238	442,625	843,863
	481,753	741,750	1,223,503

**6 a Staff Costs**

	2015/2016	Shadow Council 2014/15
		£
Salaries and Wages	18,342,783	307,102
Employers NIC	1,175,544	30,246
Employers Superannuation	3,380,325	62,196
Staff Severance Costs	3,814,469	0
<b>Staff costs</b>	<b>26,713,121</b>	<b>399,544</b>

Staff costs charged to the various service headings in segmental report Note 2a include a further £1,019,058 in respect of actuarial pension adjustments.

Staff Severance costs were capitalised under Section 19(3) of the Local Government Finance Act (Northern Ireland) 2011 (REFCUD).

In addition to the staff costs noted above Agency Staff costs amounted to £4,394,807.

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

**6 b Average Number of Employees**

	2015/2016	Shadow Council 2014/15
	FTE	FTE
Environmental services	338	0
Leisure services	178	0
Planning and Development Services	43	0
Other	90	8
<b>Total Number</b>	<b>649</b>	<b>8</b>

	2015/2016	Shadow Council 2014/15
	Actual Numbers	Actual Numbers
Full-time numbers employed	620	8
Part-time numbers employed	131	0
<b>Total Number</b>	<b>751</b>	<b>8</b>

**6 c Senior Employees' Remuneration**

	2015/2016	Shadow Council 2014/15
	Number	Number
<b>Salary Bands</b>		
£50,001 to £60,000	5	0
£70,001 to £80,000	3	0
£80,001 to £90,000	1	0
£90,001 to £100,000	1	1
<b>Total Number</b>	<b>10</b>	<b>1</b>

**6 d Members' Allowances**

During the year Members' allowances (paid under Part 3, Sections 31 to 36 of the Local Government Finance Act (NI) 2011), including Employer's costs, totalled £774,630 and are as follows:

Members' Allowances	2015/2016	Shadow Council 2014/15
		£
Basic allowance	568,000	327,840
Mayor's & Deputy Mayor's Allowance	12,417	0
Special Responsibility Allowances	15,300	24,000
Dependents' carers allowance	3,528	770
Employer costs	131,592	67,949
Mileage	42,480	21,082
Conferences and Courses	1,313	0
<b>Total</b>	<b>774,630</b>	<b>441,641</b>

**6 e Exit Packages**

Exit package cost band (including special payments)	2015/2016 Number of compulsory redundancies	2015/2016 Number of other departures agreed
	Number	Number
£0 to £20,000	0	5
£40,001 to £60,000	0	2
£60,001 to £80,000	0	1
£80,001 to £100,000	0	2
£100,001 to £150,000	0	6
£150,001 to £200,000	0	8
£200,001 to £250,000	0	3
£250,001 and over	0	2
<b>Total</b>	<b>0</b>	<b>29</b>

	2015/2016 Total Number of Exit Packages	2015/2016 Total Value exit packages
	Number	£
£0 to £20,000	5	44,052
£40,001 to £60,000	2	95,395
£60,001 to £80,000	1	69,837
£80,001 to £100,000	2	182,788
£100,001 to £150,000	6	757,053
£150,001 to £200,000	8	1,432,493
£200,001 to £250,000	3	645,277
£250,001 and over	2	587,574
<b>Total</b>	<b>29</b>	<b>3,814,469</b>

6 persons retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.

**6 f Northern Ireland Civil Service Pension Arrangements**

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £265,326 were payable to the NICS pension arrangements at one of four 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 31/03/2016 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.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. None of the employees transferring from Central Government to the Council exercised this option.

**7 Other Operating Expenditure**

Shadow Council had no Other Operating Expenditure.

	2015/2016
(Surplus) on Non Current Assets	(410,114)
<b>Totals</b>	<b>(410,114)</b>

**8 Financing and Investment Income and Expenditure**

Shadow Council had no Financing and Investment Income and Expenditure.

	2015/2016		
	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£
Interest Payable and Similar Charges	3,362,390	0	3,362,390
Interest and Investment Income	0	556,290	(556,290)
Pensions interest cost	795,000	0	795,000
<b>Totals</b>	<b>4,157,390</b>	<b>556,290</b>	<b>3,601,100</b>

**9 Taxation and Non Specific Grant Income**

Shadow Council had no Taxation and Non Specific Grant Income.

	2015/2016
	£
Rates	40,574,446
Finalisation - Prior Year	(709,726)
Finalisation - Current Year	747,685
	<b>40,612,405</b>
Rates Support Grant	2,542,420
De-Rating Grant	1,349,940
Transferring Functions Grant	362,756
<b>Total General Grants</b>	<b>4,255,116</b>
Capital Grant Receivable	154,290
<b>Totals</b>	<b>45,021,811</b>

## 10a Cost or Valuation

	Land		Buildings		Infrastructure Assets		Vehicles, Plant & Equipment		Community Assets		PP&E Under Construction		Surplus Assets		Total PP&E		Heritage Assets		Intangible Assets		TOTAL		
	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	
As at 01 April 2015	33,542,965	127,276,153	5,892,751	20,662,546	2,051,286	4,794,265	7,665,655	201,885,621	900,363	176,342	202,962,326												
Additions (Note 11)	2,500	543,666	126,565	1,022,453	0	5,298,197	150,000	6,993,381	0	27,630	7,021,011												
Reclassified from Short Term																							
Revaluation increases/ decreases to Revaluation Reserve	0	4,413,297	0	0	0	0	0	4,413,297	0	0	4,413,297												
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	0	193,135	0	0	0	0	0	1,340,526	0	0	(1,340,526)												
Derecognition - Disposals	(25,000)	(122,384)	0	(386,318)	0	0	0	(533,702)	0	0	(665,982)												
Derecognition - Other	0	0	0	0	0	(4,732)	0	(4,732)	0	0	(4,732)												
Reclassifications & Transfers	7,113,000	(1,627,786)	0	271,072	29,933	(437,436)	(5,371,994)	(23,211)	23,211	0	0												
As at 31 March 2016	40,633,465	130,676,081	6,019,316	21,569,753	2,081,219	9,650,294	910,000	211,540,128	923,574	71,692	212,535,394												

## 10b Depreciation and Impairment

	Land		Buildings		Infrastructure Assets		Vehicles, Plant & Equipment		Community Assets		PP&E Under Construction		Surplus Assets		Total PP&E		Heritage Assets		Intangible Assets		TOTAL		
	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	£	€	
As at 01 April 2015	0	5,059,812	1,928,003	14,381,286	7,162	0	21,376,263	0	153,821	21,530,084													
Depreciation Charge	0	5,303,045	424,815	1,438,786	(7,162)	0	7,159,484	0	13,936	7,173,420													
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	(150,610)	0	0	(150,610)													
Derecognition - Disposals	0	(5,809)	0	(381,331)	0	0	(387,140)	0	0	(519,420)													
Reclassifications & Transfers	0	(150,610)	0	0	0	0	150,610	0	0	0													
As at 31 March 2016	0	10,206,438	2,352,818	15,438,741	0	0	27,997,997	0	35,477	28,033,474													
<b>Net Book Values</b>																							
As at 31 March 2016	40,633,465	120,469,643	3,666,498	6,131,012	2,081,219	9,650,294	910,000	183,542,131	923,574	36,215	184,501,920												
As at 01 April 2015	33,542,965	122,216,341	3,964,748	6,281,260	2,044,124	4,794,265	7,665,655	180,509,358	900,363	22,521	181,432,242												



**10 c Valuations**

The last valuation of freehold and leasehold properties was carried out as at 31<sup>st</sup> March 2014 by an independent valuer from Land and Property Services (LPS). The requirement for valuations under the CIPFA Code of Practice (The Code) is at least every five years. IAS 16 states that revaluations should be made with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value.

The LPS valuations for the 31<sup>st</sup> March 2014 (as amended by subsequent indices) are fully reflected in the closing carrying values of Land, Buildings and Surplus Assets. The accounting entries required to achieve this are summarised below.

<b>10 d Revaluations</b>	<b>2016</b>
	<b>£</b>
Cost movement in Revaluation Reserve	4,413,297
Surplus / (deficit) on the revaluation of non current assets	4,413,297
<b>Movement in Revaluation Reserve</b>	<b>4,413,297</b>
Excess of depreciation on revalued amounts over historic values	(980,479)
<b>Total revaluation adjustments to the Capital Adjustment Account</b>	<b>(980,479)</b>

<b>10 e Impairments</b>	<b>2016</b>
	<b>£</b>
Impairments adjustment to costs	(1,340,526)
Impairments adjustment to depreciation	150,610
<b>Impairments charged and recognised in the deficit on the provision of services</b>	<b>(1,189,916)</b>

<b>10 f Disposal of non current assets</b>	<b>2016</b>
	<b>£</b>
Cost of assets disposed	(665,982)
Depreciation eliminated on disposal	519,420
<b>Carrying amount of non-current assets sold</b>	<b>(146,562)</b>
Proceeds from sale of fixed assets	556,676
<b>Profit on sale of fixed assets</b>	<b>410,114</b>

Note 7 refers

**10 g Heritage Assets**

The Council's Heritage Assets are reported in the Balance Sheet at insurance values (which were possible) are based on market values. These assets were last valued by the Legacy Councils on dates ranging between 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014

**10 h Fair Value Hierarchy for Surplus Assets**

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2016 and 2015 are as follows:

2015/16 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2016
	£	£	£	£
Type 1	0	-	-	-
Type 2	0	910,000	-	910,000
Type 3	0	-	-	-
<b>Total</b>		<b>910,000</b>	<b>-</b>	<b>910,000</b>

**Transfers between levels of the fair value hierarchy**

There were no transfers between Levels 1 and 2 during the year.

**Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets****Significant observable inputs – Level 2**

Based on market values provided by a suitably qualified expert.

**Significant observable inputs – Level 3**

Council holds no assets at this level of categorisation.

**Transfers between levels of the fair value hierarchy**

There were no transfers between Levels 2 and 3 during the year.

**Highest and best use of surplus assets**

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use.

**Valuation Techniques**

There has been no change in the valuation techniques used during the year for surplus assets.

**11 Debtors**

11 a Long Term Debtors	2016	Shadow Council at 31st March 2015
	£	£
NIHE Loans	1,257,628	0
Employee car loans	43,003	0
Finance lease debtors-Note 5a)	903,044	0
Other	0	0
Sundry Employee Debtor	2,703	0
<b>Total Long-Term Debtors</b>	<b>2,206,378</b>	<b>0</b>

11 b Short Term Debtors	2016	Shadow Council at 31st March 2015
	£	£
Government Departments	887,868	0
Other Councils	72,252	147,859
Bodies external to general government	313,963	0
NIHE Loans	58,712	0
Employee car loans	37,307	0
Cycle to Work Scheme	21,857	0
Revenue Grants	471,220	0
Capital Grants	90,000	0
Trade receivables	1,411,541	0
Impairment loss - Trade receivables	(410,579)	0
Value Added Tax	3,777,825	0
Prepayments	892,131	0
Other	975,822	0
<b>Total Short-Term Debtors</b>	<b>8,599,919</b>	<b>147,859</b>

<b>Total Debtors</b>	<b>10,806,297</b>	<b>147,859</b>
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11 c Trade debtors, inclusive of VAT, inclusive of impairment can be analysed by age as follows:	2016	Shadow Council at 31st March 2015
	£	£
Less than three months	980,159	0
Three to six months	8,387	0
Six months to one year	7,727	0
More than one year	4,689	0
	<b>1,000,962</b>	<b>0</b>

**12 Investments**

The Shadow Council had no Investments at 31st March 2015.

All deposits held by Council at 31 March 2016 are due to mature within three months of deposit and are treated as cash and cash equivalents within Causeway Coast and Glens Borough Council's Balance Sheet. Accordingly, Council does not hold any Short or Long Term Investments as defined by the Code.

	2016	Shadow Council at 31st March 2015
	£	£
<b>13 Inventories</b>		
Central Stores	137,689	0
<b>Total</b>	<b>137,689</b>	<b>0</b>

**14 Borrowings**

	2016	Shadow Council at 31st March 2015
	£	£
<b>14 a Short Term Borrowing</b>		
Loans re-payable within one year	3,926,932	0
<b>Total Short Term Borrowing</b>	<b>3,926,932</b>	<b>0</b>

	2016	Shadow Council at 31st March 2015
	£	£
<b>14 b Long Term Borrowing</b>		
Between 1 and 2 years	3,767,677	0
Between 2 and 5 years	12,743,145	0
Between 5 and 10 years	15,982,326	0
In more than 10 years	32,623,444	0
<b>Total Long Term Borrowing</b>	<b>65,116,592</b>	<b>0</b>
<b>Total Borrowing</b>	<b>69,043,524</b>	<b>0</b>

	2016	Shadow Council at 31st March 2015
	£	£
<b>14 c Analysed over:</b>		
Government Loans	55,962,720	0
Commercial Loans	13,080,804	0
	<b>69,043,524</b>	<b>0</b>

Interest rates on Government Loans range between 1.25% to 16.25%

Interest rates on Commercial Loans range between 2.31% to 4.98%

**15 Capital Expenditure**

Capital Expenditure		2016
		£
Opening Capital Financing Requirement		76,182,034
<b>Capital Investment</b>		
Non Current Assets	10a	7,021,011
Net Revenue Expenditure funded from capital under direction	6a	3,814,469
<b>Sources of Finance</b>		
Government Grants and Other Contributions	9	(154,290)
Transfers to Sinking Fund	3 / 24c	(304,444)
<b>Sums set aside from Revenue</b>		
Direct Revenue Contributions	10a	(4,732)
Minimum Revenue Provision	3	(4,667,160)
<b>Closing Capital Financing Requirement</b>		<b>81,886,888</b>

Explanation of Movements in Year		2016
		£
Increase in underlying need to borrow		5,704,854
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>5,704,854</b>

**16 Future Capital Commitments**

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

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	3,969,670	3,480,371	489,299
<b>Total</b>	<b>3,969,670</b>	<b>3,480,371</b>	<b>489,299</b>

**17 Creditors**

17 a	2016	Shadow Council at 31st March 2015
Short Term Creditors	£	£
Government Departments	905,632	6,000
Other Councils	55,790	232,857
Public corporations and trading funds	0	0
Bodies external to general government	74,193	0
Remuneration due to employees	0	0
Accumulated Absences	518,424	0
Loan Interest Payable	569,211	0
Receipts in advance	2,559,219	0
Trade creditors	5,444,898	0
Other	128,007	6,002
<b>Total Short Term Creditors</b>	<b>10,255,374</b>	<b>244,859</b>

17 b Council has no long term creditors in the current year nor the preceding year.

**17 c Payment of Invoices**

The Council has a target of paying supplier invoices within 30 calendar days. During the year the Council paid 22,423 invoices totalling £35,753,023.

	2016
Total Invoices paid	22,423
Paid within 30 days	18,403
% within 30 days	82%
Paid within 10 days	10,219
% within 10 days	46%
After 30 days	4,020
% after 30 days	18%

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

**18 Provisions**

The Shadow Council had no Provisions at 31st March 2015.

**18 a Current Year**

Provisions	Transferred Balances @ 1st April 2015 see note - 28	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	At 31 March 2016
	£	£	£	£	£	£
Landfill Provision	14,029,526	0	(6,514)	(1,462,997)	(1,021,219)	11,538,796
Severance Payments	581,400	316,041	(581,400)	0	0	316,041
	14,610,926	316,041	(587,914)	(1,462,997)	(1,021,219)	11,854,837
	£	£	£	£	£	£
Current Provisions	0	316,041	0	0	0	316,041
Long Term Provisions	14,610,926	0	(587,914)	(1,462,997)	(1,021,219)	11,538,796
	14,610,926	316,041	(587,914)	(1,462,997)	(1,021,219)	11,854,837

**Landfill closure & aftercare**

Landfill provisions are in place in respect of all council landfill sites at Craigahulliar (Portrush), Crosstagherty (Ballymoney) and Drumaduff (Limavady). The provisions cover the estimated future costs of closure and subsequent aftercare for at least 30 years following closure. RPS Consulting Engineers submitted formal closure reports to the Council for each site, which included the cost estimates used in the calculation of the provision. The Crosstagherty report was also submitted to Northern Ireland Environment Agency (NIEA). The provisions, which are based on current cost prices, have been discounted using DfC prescribed discount rates in accordance with IAS37. During the year changes to the discount rates resulted in reductions to the provisions of £1,021,219. In May 2016, the Council approved a revised closure plan for the Crosstagherty Site which has resulted in a reduction to the provision for closure and aftercare costs of £1,462,997. The provisions by site are set out below.

Landfill Site	Closure Costs	Aftercare Costs	At 31 March 2016
	£	£	£
Craigahulliar	1,405,149	1,894,389	3,299,538
Crosstagherty	1,390,736	574,107	1,964,843
Drumaduff	4,457,601	1,816,814	6,274,415
	7,253,486	4,285,310	11,538,796

**Severance Payments**

Costs associated with severance payments were provided for in year to the value of £316,041 (based on decisions to terminate employees services taken within the year). These costs qualified under the provisions of Revenue Expenditure funded from Capital under Capitalisation Direction (REFCUD) and consequently had no impact on the General Fund and by extension the level of District Rates.

**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 are aged in Note 11 c to these accounts

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

**Liquidity Risk**

As the Council has ready access to borrowings from the Department of Finance and Personnel's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 14 to 18. All trade and other payables are due for payment within one year.

**Market Risk****Interest rate risk**

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

**Foreign exchange risk**

The Council received minimal grant receipts denominated in euros and these were lodged at spot rates and thus has no material exposure to loss arising from movements in exchange rates.

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

The Council is in receipt of loans from the Department of Finance and Personnel (Government Loans) that differ from the prevailing market rates. The fair value of these loans together with Market Loans is analysed as follows.

	2016
	£
Government Loans	73,209,088
Market Loans	13,080,804
<b>Total</b>	<b>86,289,892</b>

The Council has not made any loans, at less than market rates (soft loans), to any voluntary or other external body.



**20 Retirement Benefits**

Shadow Council salaries and the concomitant liability concerning Retirement Benefits were accounted for in the accounts of the Legacy Councils. Accordingly no opening balance is attributable to the Shadow Council in respect of Retirement Benefits.

**20 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.

**20 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
		£
<b>Net cost of services:</b>		
Current service cost	20 c	4,224,000
Past service cost/(gain)	20 c	2,811,000
<b>Net operating expenditure:</b>		
Net Interest on net defined benefit Liability (asset)		795,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>7,830,000</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(7,830,000)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>		
Employers' contributions payable to scheme	20 c	6,015,942
<b>Net charge to the Comprehensive Income and Expenditure Statement</b>		<b>(1,814,058)</b>

The service cost figures include an allowance for administration expenses of £50,000.

<b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>		
	Note	2016
		£
Liability gains/(losses) due to change in assumptions	20 c	5,534,000
Actuarial gains/(losses) on plan assets	20 c	948,000
Other - (if applicable)	20 c	(434,000)
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>		<b>6,048,000</b>

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

Reconciliation of present value of the scheme liabilities:	Note	2016
		£
Balance as at 1 April		138,677,311
Current service cost	20 b	4,224,000
Interest cost		4,404,000
Contributions by members		1,020,739
<b>Remeasurement (gains) and losses:</b>		
Actuarial (gains)/losses arising from changes in financial assumptions		(5,534,000)
Actuarial (gains)/losses arising on liabilities from experience		(948,000)
Past service costs/(gains)	20 b	2,811,000
Estimated unfunded benefits paid		(34,827)
Estimated benefits paid		(3,179,000)
<b>Balance as at 31 March</b>		<b>141,441,223</b>

Reconciliation of present value of the scheme assets:	Note	2016
		£
Balance as at 1 April		110,852,777
Interest Income		3,609,000
Contributions by members		1,020,739
Contributions by employer		5,981,115
Contributions in respect of unfunded benefits		34,827
Remeasurement gain/(loss)		(434,000)
Unfunded benefits paid		(34,827)
Benefits paid		(3,179,000)
<b>Balance as at 31 March</b>		<b>117,850,631</b>

The actual return on scheme assets in the year was a gain of £3,175,000.

Fair Value of Plan Assets	2016
	£
Equity investments	83,621,138
Government Bonds	6,629,214
Corporate Bonds	7,443,328
Property	15,351,864
Other	581,510
Cash	4,223,577
	<b>117,850,631</b>

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

Details of estimates made by the Fund Manager when assessing the fair values of plan assets

The amounts included in the fair value of plan assets for property occupied by the Council was £NIL.

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

	2016
	£
Fair Value of Employer Assets	117,850,631
Present value of funded defined benefit obligation	(140,985,223)
<b>Pension asset/(liability) of Funded Scheme</b>	<b>(23,134,592)</b>
Present Value of unfunded defined benefit obligation	(456,000)
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(23,590,592)</b>
<b>Amount in the Balance sheet:</b>	
Liabilities	(23,590,592)
Assets	0
<b>Net Asset/(Liability)</b>	<b>(23,590,592)</b>

## 20 d Scheme history

	2016
	£
Fair Value of Assets in pension scheme	117,850,631
Present Value of Defined Benefit Obligation	(141,441,223)
<b>Surplus/(deficit) in the Scheme</b>	<b>(23,590,592)</b>

History of experience gains and losses:

Experience gains and (losses) on assets	(434,000)
Experience gains and (losses) on liabilities	6,482,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £141,441,223 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £23,590,592.

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

**Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2017**

	2017
	£
Projected current cost	4,120,000
Net Interest on the net defined benefit liability (asset)	728,000
	<b>4,848,000</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2017 is £4,848,000.

**History of experience gains and losses**

The actuarial gains identified as movements on the Pensions Reserve 2015/2016 can be analysed into the following categories, measured as a percentage of opening assets or liabilities for that year.

	2016
	%
Experience gains and (losses) on Assets	(0.37%)
Experience gains and (losses) on Liabilities	(4.58%)

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2013

**Mortality assumptions:**

Longevity at 65 current pensioners:

Men	22.3 years
Women	24.8 years

Longevity at 65 for future pensioners (aged 45 at accounting date):

Men	24.5 years
Women	27.2 years

Inflation/Pension Increase Rate	1.80%
Salary Increase Rate	3.30%
Discount Rate	3.40%

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

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

	2016
	%
Equity investments	71.90
Government Bonds	5.70
Corporate Bonds	6.40
Property	13.20
Other	0.50
Cash	2.30
	100.00

**20 g Sensitivity Analysis**

The results of the actuary's report shown above are sensitive to the assumptions used.

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2016 and the projected service cost for the year ending 31 March 2017 is set out below.

In each case, only the assumption mentioned is altered; all other assumptions remain the same and are as summarised in Note 20.e.

On the grounds of materiality no sensitivity analysis has been applied to unfunded benefits.

	Positive Movement	Negative Movement
<b>Adjustment to Discount Rate</b>	<b>0.1% p.a</b>	<b>(0.1%) p.a</b>
Present Value of total obligation	138,378,000	143,678,000
% change in present value of total obligation	(1.9%)	1.9%
Projected Service Cost	3,999,000	4,244,000
Approximate % change in projected service cost	(2.9%)	3.0%
<b>Adjustment to salary increase rate</b>	<b>0.1% p.a</b>	<b>(0.1%) p.a</b>
Present Value of total obligation	141,803,000	140,211,000
% change in present value of total obligation	0.6%	(0.6%)
Projected Service Cost	4,120,000	4,120,000
Approximate % change in projected service cost	0.0%	0.0%
<b>Adjustment to pension increase rate</b>	<b>0.1% p.a</b>	<b>(0.1%) p.a</b>
Present Value of total obligation	142,869,000	139,162,000
% change in present value of total obligation	1.3%	(1.3%)
Projected Service Cost	4,244,000	3,999,000
Approximate % change in projected service cost	3.0%	(2.9%)
<b>Adjustment to mortality age rate increase rate</b>	<b>(1 Year)</b>	<b>1 Year</b>
Present Value of total obligation	144,694,000	137,312,000
% change in present value of total obligation	2.6%	(2.6%)
Projected Service Cost	4,257,000	3,983,000
Approximate % change in projected service cost	3.3%	(3.3%)

**21 Capital Grants Received in Advance**

21 a Capital Grants Received in Advance	Note	2016
		£
Opening balance	28	248,705
Add: new capital grants received in advance (condition of use not met)		486,439
Less: amounts released to the Comprehensive Income and Expenditure Statement		(135,908)
<b>Closing Balance</b>		<b>599,236</b>

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

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

21 b Capital Grants Receipts in Advance	2016
	£
Benone Activity Centre	301,927
Burnfoot	19,159
Benone TC	3,041
Portrush Harbour	149,882
Portstewart Harbour	26,450
Harpurs Hill	5,000
Harpurs Hill DSD	71,706
Kilrea Sports Centre	14,291
Altnarichard Picnic Area	7,780
	<b>599,236</b>

**22 Contingencies**

In accordance with the Code (and IAS 37), Councils should disclose by way of note if there is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or

a present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- b) the amount of the obligation cannot be measured with sufficient reliability.

Provision has been made in the accounts for landfill closure and aftercare costs based on reports from RPS Consulting Engineers. Until the necessary engineering works begins to close the landfill sites, however, there is uncertainty surrounding the actual final closure and aftercare costs and as a consequence the current landfill closure and aftercare provisions may change.

Council have set aside reserves totalling £1,051,274 to meet future economic outflows. Given uncertainty in estimation these reserves may or may not be sufficient to meet future actual costs.

Whilst Council is involved in various legal cases no provision has been made for future economic outflows that may or may not ensue as a result of litigation. Council has adopted this approach as it considers significant detrimental outflows extremely unlikely and impossible to estimate.

**23 Notes to the cash flow statement****23 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 £
Depreciation	10b	7,173,420
Impairment & downward revaluations (& non-sale derecognitions)	10e	1,189,916
(Increase)/Decrease in Stock		(21,307)
(Increase)/Decrease in Debtors		(2,047,363)
Increase/(decrease) in impairment provision for bad debts		(321,988)
Increase/(Decrease) in Creditors		4,925,697
Increase/(Decrease) in Interest Creditors		294,424
Payments to NILGOSC	20b	1,814,058
Carrying amount of non-current assets sold	10f	146,562
AIC/WIP written off to Net Cost of Services	10a	4,732
Contributions to Other Reserves/Provisions	18	(2,756,089)
<b>Total Adjustments for Non Cash Movements</b>		<b>10,402,062</b>

Movements have been calculated by reference to the opening balance sheet at 1 April 2015 -Note 28 refers.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2016 £
Proceeds from the sale of PP&E, investment property and intangible assets		(556,676)
Capital grants included in "Taxation & non-specific grant income"		(154,290)
<b>Total Investing and Financing Adjustments</b>		<b>(710,966)</b>

**23 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
	£
Cash and Bank balances	8,420,271
Short Term Deposits (considered to be Cash Equivalents)	570,242
Bank Overdraft	0
<b>Total Cash and Cash Equivalents</b>	<b>8,990,513</b>

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

	2016
	£
<b>The cash flows from operating activities include:</b>	
Interest received	556,290
Interest paid	3,067,966

**23 d Cash flows from Investing Activities**

	2016
	£
Purchase of PP&E, investment property and intangible assets	(7,021,011)
Proceeds from the sale of PP&E, investment property and intangible assets	556,676
Capital Grants and Contributions Received	1,307,027
<b>Net Cash flows from Investing Activities</b>	<b>(5,157,308)</b>

**23 e Cash flows from Financing Activities**

	2016
	£
Repayment of Short and Long Term Borrowing	(3,763,533)
<b>Net Cash flows from Financing Activities</b>	<b>(3,763,533)</b>



**24 Usable Reserves****24 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	2016
		£
At 1 April	28	783,444
<b>Movement</b>		
Proceeds of sale		556,676
<b>Net Movement</b>		<b>556,676</b>
<b>At 31 March</b>		<b>1,340,120</b>

**24 b Repairs and Renewals Fund**

This reserve is used to build up a fund to cover future scheduled maintenance.

Repairs and Renewals Fund	Notes	2016
		£
At 1 April		0
Transfer to(+) / from(-) General Fund		300,000
<b>At 31 March</b>		<b>300,000</b>

This reserve is earmarked to cover e.g. dredging of Council owned harbours and waterways where alluvial deposits reduce mariner channels over a period of time.

**24 c Sinking Fund**

In accordance with Schedule 5 of the Local Government Act (NI) 1972, Council had established a Sinking Fund to which it charged such sums as were necessary to provide for the future repayment of maturity loans. Sums were set aside on an equal annual basis over the lifetime of such loans. The Act has since been repealed but Council continue to maintain a Sinking Fund as a means of providing for future payment of maturity loan.

Sinking Fund	Notes	2016
		£
At 1 April	28	2,628,884
Transfer to(+) / from(-) General Fund		304,444
<b>At 31 March</b>		<b>2,933,328</b>

**24 d Election Reserve**

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

Election Reserve	Notes	2016
		£
At 1 April		0
Transfer to(+) / from(-) General Fund	3	50,000
<b>At 31 March</b>		<b>50,000</b>

**24 e Area Planning Reserve**

This reserve is used to equalise (smooth) the cost of developing the area plan by building up a fund to cover its future costs by making contributions, as and when required, to the reserve.

Area Planning Reserve	Notes	2016
		£
At 1 April		0
Transfer to(+) / from(-) General Fund	3	20,000
<b>At 31 March</b>		<b>20,000</b>

**24 f Reorganisation Reserve**

This reserve is used to build up a fund to cover ongoing reorganisation costs resulting from Local Government Reform.

Reorganisation Reserve	Notes	2016
		£
At 1 April		0
Transfer to(+) / from(-) General Fund	3	376,830
<b>At 31 March</b>		<b>376,830</b>

**24 g 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	2016
		£
At 1 April	28	6,698,492
<b>Transfers to(-) / from(+) other usable reserves</b>		
Transfers to(-) / from(+) Repairs and Renewals Fund	3 / 24b	(300,000)
Transfers to(-) / from(+) Sinking Fund	3 / 24c	(304,444)
Transfers to(-) / from(+) Election Reserve	3 / 24d	(50,000)
Transfers to(-) / from(+) Area Planning Reserve	3 / 24e	(20,000)
Transfers to(-) / from(+) Reorganisation Reserve	3 / 24f	(376,830)
<b>Total Transfers to(-) / from(+) other usable reserves</b>		<b>(1,051,274)</b>
<b>Transfers to(-) / from(+) other unusable reserves</b>		
Transfer to(-) / from(+) Capital Adjustment Account	3 / 25a	6,946,241
Transfer to(-) / from(+) Pension Reserve	3 / 25c	1,814,058
Transfers to(-) / from(+) Accumulated Absences Account	3 / 25e	126,081
Transfer to(-) / from(+) Provisions Discount Rate Reserve	3 / 25f	(224,970)
Transfer to(-) / from(+) Landfill Regulations Reserve	3 / 25g	(914,017)
<b>Total Transfers to(-) / from(+) other unusable reserves</b>		<b>7,747,393</b>
Deficit on the provision of services	CIES	(3,382,742)
<b>At 31 March</b>		<b>10,011,869</b>

**25 Unusable Reserves****25 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	2016
		£
At 1 April	28	68,909,864
Transfer to(-) / from(+) General Fund	3 / 24g	(6,946,241)
Transfer to(-) / from(+) Revaluation Reserve	10d / 25b	980,480
Transfer to(-) / from(+) Capital Receipts Reserve	24a	(556,676)
<b>At 31 March</b>		<b>62,387,427</b>

**25 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	2016
		£
At 1 April	28	33,861,460
Revaluations	10d	4,413,297
Transfer to(-) / from(+) Capital Adjustment Account	10d / 25a	(980,480)
<b>At 31 March</b>		<b>37,294,277</b>

**25 c Pension Reserve**

Refer to Note 20

Pension Reserve	Notes	2016
		£
At 1 April	28	(27,824,534)
Revaluations	20b	6,048,000
Transfer to(-) / from(+) General Fund	3 / 24g	(1,814,058)
<b>At 31 March</b>		<b>(23,590,592)</b>

**25 d Deferred Capital Receipts Account**

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

Deferred Capital Receipts Account	Notes	2016
		£
At 1 April	28	903,044
At 31 March		903,044

**25 e 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	2016
		£
At 1 April	28	(392,342)
Transfer to(-) / from(+) General Fund	3 / 24g	(126,082)
At 31 March		(518,424)

**25 f Provisions Discount Rate Reserve**

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

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

As a consequence of favourable engineering cost revisions and a change in discount rates in respect of the Crosstagherty Landfill Site, for which the Reserve had been created, the Council has been able to fully unwind the Reserve in 2015-16.

Provisions Discount Rate Reserve	Notes	2016
		£
At 1 April	28	(224,970)
Transfer to(-) / from(+) General Fund	3 / 24g	224,970
At 31 March		0

**25 g Landfill Regulations Reserve**

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

The Department of the Environment's accounts direction (Circular LG 16/12 issued in May 2012) provides an option to spread costs for the affected landfill sites, creating a negative reserve within the financial statements of the particular council.

The Department of the Environment has put in place a financial arrangement to allow for mitigation of specific approved costs relating to the closure and aftercare of the councils landfill sites over a set period of time. The approved costs and period of time are those agreed between the Council and the Department's Environment Policy Division in conjunction with the Northern Ireland Environment Agency (NIEA). The agreements are set out below.

**Closure Costs - Drumaduff Landfill Site (Limavady)**

Any landfill closure costs in excess of £2,830,312 may be spread in set proportions over a period of ten years commencing in the financial year in which the engineering works to close the landfill site start. The engineering work to close the Drumaduff site has not yet commenced. During the year Council charged part of this cost to the CIES with the balance on the debit reserve reducing to £1,371,889.

**Aftercare Costs - Drumaduff Landfill Site**

Any landfill aftercare costs in excess of £773,680 (currently estimated to be £1,043,134) may be spread in set proportions over a period of ten years commencing in the financial year in which the engineering works to close the landfill site finish. This is based on an estimated aftercare provision of 30 years. The actual period of aftercare can only be agreed between NIEA and the Council after a full assessment is carried out as part of the closure works.

**Crosstagherty Landfill Site (Ballymoney)**

Landfill closure and aftercare costs of £210,030 were released to the general fund in year thus eliminating the Landfill Regulations Reserve in respect of the Crosstagherty site.

Landfill Regulations Reserve	Notes	2016
		£
At 1 April	28	(3,329,040)
Transfer to(-) / from(+) General Fund	3 / 24g	914,017
At 31 March		(2,415,023)

**25 h Total Unusable Reserves**

Total Unusable Reserves	Notes	2016
		£
At 1 April	28	71,903,481
Other Comprehensive Income and Expenditure	CIES	10,461,297
General Fund	3 / 24g	(7,747,393)
Other Usable Reserves	24a	(556,676)
At 31 March		74,060,709

**26 Significant Trading Operations**

The council considers its only significant trading operations to be the provision of car parking and camping and caravanning facilities

Significant Trading Operations	2016	2016
	£	£
	Turnover	Profit/(Loss)
Car Parking Facilities	992,010	512,832
Camping and Caravanning Facilities	2,552,557	667,012
<b>Totals</b>	<b>3,544,567</b>	<b>1,179,844</b>

Car Parking Facilities are separately disclosed on the face of the CIES and under Note 2a as Highways and Transport.

Camping and caravanning facilities form an integral part of Tourism within the Leisure and Recreation segment as disclosed under note 2a

**27 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 these are not deemed to be Related Party Transactions.

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

**27 a Community Group payments greater than £5,000.**

Council paid a total of £684,577 in grants to 151 community associations. Those groups who received in excess of £5,000 are listed below:

Name of Body	No. of Elected Members	No. of Council Officers	2016
			£
Causeway Citizens Advice Bureau	2	Nil	174,969
Stick And Ball United	Nil	Nil	17,000
Armoy Motorcycle Racing	Nil	Nil	10,785
Lower Bann Riverfest Ltd	Nil	Nil	9,890
Garvagh Development Trust	Nil	Nil	9,000
Limavady Sports Council	2	1	7,600
RADAR Project	10	Nil	7,500
Ballymoney Sports Advisory Committee	2	2	7,200
Stendhal Festival Limited	Nil	Nil	7,125
Portstewart Community Association	1	Nil	5,883
Greysteel Community Enterprise	Nil	Nil	5,500

**27 b Group or Joint Committees payments where Council is a member**

		2016
Name of Body	Lead Council	£
NI Local Government Association		51,300
National Association of Councillors		3,200
North West Regional Waste Management Group	Derry City and Strabane	111,217

**27 c Payments to Other Council**

		2016
Name of Council		£
Antrim and Newtownabbey Borough Council		45,367
Belfast City Council		13,187
Derry City & Strabane District Council (not included in 31 b)		40,746
Fermanagh & Omagh District Council		39,952
Mid & East Antrim Borough Council		20,613
Mid-Ulster District Council		27,101

**27 d Employee Car Loans**

Council makes car loans available to employees who are designated essential car users i.e. for whom it is essential to have access to a car to carry out their duties. The total amount outstanding in respect of car loans to designated employees at 31 March 2016 was £80,310 - Note11 refers

## 28 Opening Balances Transferred as at 1st April 2015

	Causeway Coast and Glens District Shadow Council	Coleraine Borough Council	Ballymore y Borough Council	Moyle District Council	Limavady Borough Council	Elimination of inter council balances	Transfers from Central Government	Balance Transferred as at 1 April 2015
	£	£	£	£	£	£	£	£
Property Plant & Equipment	97,000	86,142,535	27,739,542	33,246,677	27,390,231	0	5,893,373	180,509,358
Heritage Assets	0	529,493	0	135,850	235,020	0	0	900,363
Intangible Assets	0	0	0	530	21,991	0	0	22,521
Long Term Debtors	0	1,229,836	0	1,053,551	6,041	0	0	2,289,428
<b>LONG TERM ASSETS</b>	<b>97,000</b>	<b>87,901,864</b>	<b>27,739,542</b>	<b>34,436,608</b>	<b>27,653,284</b>	<b>0</b>	<b>5,893,373</b>	<b>183,721,671</b>
Inventories	0	21,697	39,487	34,498	20,700	0	0	116,382
Short Term Debtors	147,859	3,227,827	1,173,399	834,548	1,925,567	(708,249)	348,773	6,949,724
Assets Held for Sale	0	0	0	150,000	0	0	0	150,000
Cash and Cash Equivalents	0	2,633,869	3,405,716	1,109,967	5,868,509	0	0	13,018,060
<b>CURRENT ASSETS</b>	<b>147,859</b>	<b>5,883,393</b>	<b>4,618,601</b>	<b>2,129,013</b>	<b>7,814,776</b>	<b>(708,249)</b>	<b>348,773</b>	<b>20,234,167</b>
Bank Overdraft	0	206,109	0	0	1,208,952	0	0	1,415,060
Short Term Borrowing	0	1,866,577	895,425	495,241	506,408	0	0	3,763,651
Short Term Creditors	244,859	3,035,782	575,680	543,068	1,016,580	(708,249)	327,533	5,035,253
<b>CURRENT LIABILITIES</b>	<b>244,859</b>	<b>5,108,468</b>	<b>1,471,106</b>	<b>1,038,309</b>	<b>2,731,940</b>	<b>(708,249)</b>	<b>327,533</b>	<b>10,213,965</b>
Provisions	0	3,500,834	4,131,690	0	6,978,402	0	0	14,610,926
Long Term Borrowing	0	31,445,313	13,882,431	9,201,424	14,514,239	0	0	69,043,407
Other Long Term Liabilities	0	14,157,534	4,021,000	3,810,000	5,836,000	0	0	27,824,534
Capital Grants Receipts in Advance	0	0	0	24,905	223,800	0	0	248,705
<b>LONG TERM LIABILITIES</b>	<b>0</b>	<b>49,103,680</b>	<b>22,035,121</b>	<b>13,036,329</b>	<b>27,552,441</b>	<b>0</b>	<b>0</b>	<b>111,727,572</b>
<b>NET ASSETS</b>	<b>0</b>	<b>39,573,110</b>	<b>8,851,918</b>	<b>22,490,983</b>	<b>5,183,679</b>	<b>0</b>	<b>5,914,613</b>	<b>82,014,301</b>
<b>USABLE RESERVES</b>								
Capital Receipts Reserve	0	0	263,485	519,959	0	0	0	783,444
Sinking Fund	0	2,628,884	0	0	0	0	0	2,628,884
General Fund	0	3,945,422	1,125,981	313,685	1,292,164	0	21,240	6,698,492
<b>TOTAL USABLE RESERVES</b>	<b>0</b>	<b>6,574,306</b>	<b>1,389,465</b>	<b>833,644</b>	<b>1,292,164</b>	<b>0</b>	<b>21,240</b>	<b>10,110,820</b>
<b>UNUSABLE RESERVES</b>								
Capital Adjustment Account	0	38,072,728	7,324,281	10,990,475	7,044,508	0	5,477,871	68,909,864
Revaluation Reserve	0	9,238,063	4,663,745	13,655,751	5,888,399	0	415,501	33,861,460
Pensions Reserve	0	(14,157,534)	(4,021,000)	(3,810,000)	(5,836,000)	0	0	(27,824,534)
Capital Receipts Deferred Account	0	0	0	903,044	0	0	0	903,044
Accumulated Absences Account	0	(154,454)	(69,574)	(81,932)	(86,382)	0	0	(392,342)
Provisions Discount Rate Reserve	0	0	(224,970)	0	0	0	0	(224,970)
Landfill Regulations Reserve	0	0	(210,030)	0	(3,119,010)	0	0	(3,329,040)
<b>TOTAL UNUSABLE RESERVES</b>	<b>0</b>	<b>32,998,803</b>	<b>7,462,452</b>	<b>21,657,339</b>	<b>3,891,514</b>	<b>0</b>	<b>5,893,373</b>	<b>71,903,481</b>
<b>NET WORTH</b>	<b>0</b>	<b>39,573,109</b>	<b>8,851,918</b>	<b>22,490,983</b>	<b>5,183,679</b>	<b>0</b>	<b>5,914,613</b>	<b>82,014,301</b>



**Events after the Reporting Period**

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

**Date of authorisation for issue**

The Chief Financial Officer authorised these financial statements for issue on 21 September 2016.