



# Financial Statements

For the year ended 31 March 2008



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## Explanatory Foreword

### Introduction

The Council's financial performance for the year ended 31 March 2008 is as set out in the District Fund - Income and Expenditure Account and Balance Sheet.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) and the Department of the Environment Accounts Direction, Circular LG 05/08 dated 6 March 2008. It is the purpose of this foreword to explain the financial facts in relation to the Council.

- This Statement of Accounts explains Antrim Borough Council's finances during the financial year 2007/08 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

### Financial Report

Antrim Borough Council has reported an out-turn £717,870 less than budget for the year ended 31 March 2008. A summary of the income and expenditure reported by the Council with a comparison to the estimates for the year can be seen in the table below.

	Estimated	Actual	Variance
	£	£	£
Expenditure	17,447,226	17,524,684	(77,458)
Income from Services	(2,725,756)	(3,559,550)	(833,794)
Net Cost	<b>14,721,470</b>	<b>13,965,134</b>	<b>(756,336)</b>
<b>Financed By:</b>			
General Grant	(794,256)	(877,284)	(83,028)
District Rates	(12,912,739)	(13,125,381)	(212,642)
Financing	1,131,525	1,465,661	334,136
(Surplus) / Deficit	<b>2,146,000</b>	<b>1,428,130</b>	<b>(717,870)</b>

For year ended 31 March 2008 the Council decreased its District Fund reserve by £1,428,130 from £2,353,052 to £924,922. The Council's operating expenditure budget of £17,447,226 was supplemented by £212,624 for prior year finalisation payment of district rates. The total net operating expenditure for continuing operations reported in the District Fund - Income and Expenditure Account is £13,644,436.

## Capital Expenditure

The Council invested £3,949,360 in capital expenditure during the year. The major items of land and buildings expenditure were as follows:

	£'000
Operational Services Depot	2,617
Multi-Use Games Area Neilsbrook	174
Peace Park Refurbishment	54
Civic Centre Finalisation	288
Forum	176

Assets in the course of construction at the year end were valued at £472,277 included:

	£'000
Castle Gardens Restoration	311
Courthouse Development	67
Marina	71

The Council can finance capital expenditure using :

Loan finance  
Grant aid  
Capital receipts - proceeds from sale of capital assets  
Repairs and renewals / capital funds  
Transfer of funds from revenue resources.

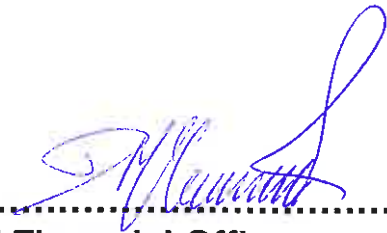
Details of the financing of capital expenditure for the year are shown in the fixed assets note to the Balance Sheet.

The total amount outstanding on long term loans at 31 March 2008 was £23,097,402. Advances taken during the year amounted to £2,050,000 with no further financing through leasing arrangements.

## Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2008 on pages 19 to 43 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 23 to 28.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.



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

17 June 2008

.....  
**Date**

## Council Approval of Statement of Accounts

These accounts were approved by resolution of the Public Services Committee on Thursday 26 June 2008.



.....  
**Chairman**

26 June 2008

.....  
**Date**

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

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

Under Section 54 of the Local Government Act (Northern Ireland) 1972 the Council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it, and those arrangements shall be carried out under the supervision of such officer of the Council as the Council designates as its Chief Financial Officer.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Council, or a Committee, is required by resolution, to approve the accounts. These accounts were approved by the Public Services Committee on Thursday 26 June 2008.

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

Under Regulations 4 (1) and (2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department of the Environment.

The accounts must present fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

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

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) as amended and augmented from time to time.
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- make judgments and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

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

## **ANNUAL GOVERNANCE STATEMENT 2007-2008**

### **1. Introduction**

With effect from 29<sup>th</sup> February 2008, the Department of the Environment introduced a new requirement on Council's to publish a Governance Statement with its 2007/08 statement of account. This statement is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government,' and outlines how the Council is complying with the Framework for the year commencing 1 April 2007. This statement also meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

The system of internal control is a significant part of the governance 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 Antrim Borough 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.

### **2. The Governance Environment**

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

The Council has also a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there exists a robust framework of governance designed to instil a sound system of internal control and support the Council in the achievements of its objectives.

The Council's governance framework is underpinned by compliance with governing legislative and regulatory requirements, commitment from the Senior Management Team, the corporate plan, financial procedures, oversight functions including an Audit Committee, regular and timely management information, administrative procedures, whistle blowing procedures, management supervision, delegation and accountability and a commitment to staff development and performance management.

### **3. Establishing and Monitoring the Achievement of the Council Objectives**

The vision for Antrim is “an attractive, outward looking place, where people enjoy an enriched quality of life and increasingly want to live, work, visit and invest.” This vision is underpinned by the values that govern how the Council acts and delivers services. The vision and values are supported by Council’s Corporate Themes of “Community,” “Environment,” “Economy.” and “Excellence,” which expand upon what the vision means for Antrim and sets out what the Council wants to achieve.

Consultation with Members, staff and partner organisations helped the Council to develop the 6 core values and 6 core outcomes that form the Corporate Plan 2006-2010.

The Corporate Plan has been developed within the scope of broader public policy concerning the environment, health, education, housing, economic growth, sustainable development and a shared future. The plan, against which performance standards are set and measured, is a public statement of the Council’s commitment to improve the quality of life for residents and ratepayers.

### **4. Performance Evaluation**

Supporting delivery of the Corporate Plan are Directorate and Department plans which link the four main themes to corporate and operational objectives which cascade down to individual level. These plans are reviewed annually and monitored during the year by the Senior Management Team, Directors within their Directorates, Assistant Directors and Managers within Departments and service areas. Individual appraisals ensure personal performance targets support the delivery of operational and corporate objectives. These targets are reviewed at least annually.

### **5. Roles and Responsibilities**

The Council operates under the authority of the Local Government (Northern Ireland) Order 2005 and the Royal Charter. It is comprised of 19 elected representatives and is headed by the Mayor and Deputy Mayor who are elected annually at the AGM in June.

#### **5.1 Council Committees**

The Council manages the delivery of objectives through a number of Committees which are tasked with focusing on specific business areas.

- **Environment and Borough Services Committee** – This committee oversees the areas of building control, environmental management, operational services, regulatory services and property management
- **Resources Committee** – This committee oversees the areas of legislative compliance, data and records management, internal audit, human resources, finance and ICT.
- **Development & Leisure Committee** – This committee is responsible for driving the Council's leisure, urban and rural regeneration, arts, culture and tourism programmes and initiatives.
- **Public Services Committee** – This committee focuses on the areas of planning, health, roads, water, housing, education and general public service delivery issues.
- **Community Planning Committee** – This committee focuses on community planning within the Borough, working with key stakeholders to ensure a good fit between Council policy and its strategic performance and the quality of its public service delivery.

#### 5.2 **Council Sub Committees**

The Council has established a number of sub committees including an Audit Committee to support the body corporate by providing oversight of specific aspects of the Council's business.

#### 5.3 **Audit Committee**

The Audit Committee has been in operation since 2006. It comprises of elected Members and supports the Chief Executive Officer by offering objective advice on issues concerning the risk, control and governance of the organisation and the associated assurances.

#### 5.4 **Chief Executive**

Operational responsibility for the activities of the Council is under the supervision of the Chief Executive who will implement policy, advise and report on the carrying out of statutory functions, provide information to the organisation to assist it to develop policies and programs, report to stakeholders and maintain the assets and resources of the Council.

#### 5.5 **Senior Management**

An established Corporate Management Team exists, consisting of the Chief Executive and three Directors. The role of the team is to ensure the vision of the Council is translated into clear objectives to be delivered through the Assistant Directors in the context of robust governance arrangements.

**Ultimate responsibility and accountability for the conduct of the Council, in all of its aspects, rests with the Members as the body corporate.**

## **6. Compliance with Established Policies, Procedures, Laws and Regulations**

The Council has developed within the local government legislative framework policies and procedures to ensure that, as far as possible, its officers and Members understand the local government environment, their responsibilities and expected standards of conduct. This is complemented by an ongoing programme of training which seeks to maintain and develop Members and staff knowledge and skills. New employees and Members receive induction awareness training on key policies and procedures.

### **6.1 Internal Audit**

The Council maintains an Internal Audit function which operates in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

In accordance with the Accounts and Audit Regulations 2006, an internal review of the effectiveness of the system of internal audit has been reported to the Audit Committee.

The internal audit function plans and prioritises its work using a risk based approach. The annual audit plan is discussed with the Chief Executive and formally approved by the Audit Committee.

Internal Audit makes recommendations for improving internal control and part of its work includes monitoring agreed action plans. This includes ensuring compliance with established policies and procedures, particularly financial and contract procedures.

Reports, including an assessment of the adequacy of control and action plans to address weaknesses are submitted to the Audit Committee, the Chief Executive and management.

### **6.2 Risk Management**

Fundamental to the system of internal control is the requirement to maintain effective risk management arrangements. The Council's current risk management process has been in place since 2006 and is underpinned by an approved risk management procedural framework.

The Council maintains both Corporate and Directorate risk registers. These are supported with agreed management response plans and Director assurance statements. Risk registers are subject to formal review every 6 months and procedures provide for the escalation of any emerging risks which are identified outside of the formal review period.

## **7. Economic, Effective and Efficient Use of Resources**

The Council is committed to ensuring the economic, effective and efficient use of resources. This is subject to independent review by both the Internal and External Auditor.

Procurement is an essential component for ensuring cost effective and efficient services. The Council appointed a Procurement Manager in 2007 to take the lead on implementing a comprehensive procurement strategy, which is crucial to ensuring that good value services are provided throughout the Council whilst maintaining a philosophy of continuous improvement.

### **7.1 Financial Management**

A balanced budget will be approved before the start of each year. Budget frameworks also incorporate capital project forecasting and reserve requirements.

The budget explicitly relates to the allocation of financial resources towards the achievement of Councils objectives and priorities. During the year, financial management information is reported to Members, the Senior Management Team, Assistant Director Team and all budget holders on a monthly basis.

The Director of Corporate Services is responsible for the preparation of the Council's Statement of Accounts which in terms of the Code of Practice on Local Authority Accounting in the United Kingdom (SORP), is required to present fairly the financial position of the Council at the accounting date and its income and spending for the year.

## **8. Corporate Social Responsibility:**

Antrim Borough Council contributes to shaping the overall future of the area and its citizens and securing their economic, social and environmental well-being. Corporate Social Responsibility (CSR) therefore lies at the very heart of everything we do.

CSR embraces four key aspects of our business, namely governance, the environment, health and safety and the community. A brief overview of our performance across these areas is provided below.

### **8.1 Corporate Governance:**

As is outlined in section 2, this Council is committed to being a responsible leader and ensuring that the highest standards of governance is maintained by virtue of the management arrangements put in place as detailed above.

### **8.2 Environment**

The Council actively seeks to promote environmental responsibility through, compliance with all governing and best practice environmental regulations, promotion of environmentally driven initiatives, sustainable procurement, efficiency of use in our energy and resource consumption and embedding a culture of environmental responsibility among employees and those with whom we do business.

The Council is engaged in a number of environmental initiatives including a Local Biodiversity Action Plan which involves raising awareness of biodiversity among local schools and community groups and a planned programme working with small-medium enterprises to assist them in attaining the BS8555 environmental standard.

This has been supported by an ongoing campaign to increase recycling, which has contributed to a year on year increase within the Borough. The average recycling rate for the Antrim area for 2007/08 was 48.73%.

### 8.3 **Addressing Climate Change**

Antrim Borough Council recognises that climate change is a major challenge facing humanity and is committed to leading the Borough in tackling this issue through the provision of advice and the development of practical solutions and programmes. The Council is committed to fulfilling its obligations under the Northern Ireland Landfill Allowance Scheme, regularly monitoring Sulphur Dioxide (SO<sub>2</sub>) and Nitrogen Dioxide (NO<sub>2</sub>) levels throughout the Borough. This is complimented by an educational programme aimed at encouraging households and businesses to reduce their carbon footprint.

### 8.4 **Health and Safety**

Health and safety is a daily priority for the Council and our goal is zero accidents. We aim to achieve this through compliance with all governing and best practice health and safety regulations and guidance, the provision of a work environment free from health and safety risks and the embedding of a health and safety aware culture among employees and those with whom we do business.

The Council has recently introduced its Health and Wellbeing Programme which aims to promote the physical and mental wellbeing of staff through the provision of health orientated activities and work life balance initiatives.

We actively monitor our health and safety provisions and where accidents occur, these are investigated and corrective action taken to avoid reoccurrence. Through ongoing focus on safety across the Council, we have reduced the number of workplace accidents year on year since 2004.

### 8.5 **Social Community**

Our objectives as a Council are deeply embedded in the desire to meet the needs of the Borough and the communities, which comprise it.

In addition to key functions such as licensing, noise control, town and emergency planning, the Council has proactively implemented and driven a number of other initiatives, which have been tailored to meet the changing social demands facing communities within the Borough, examples of schemes include the Community Lifeskills Programme, Mental Health Awareness, Fit Families Scheme, Fuel Poverty Scheme and the Healthy Eating initiative.

In addition, a new Council project 'Workplace Health Initiative (WHI)' has been introduced to help reduce absenteeism within 50 local SMEs across the Borough. The project aims to highlight the causes of common illnesses and assist employers to address these through the promotion of healthy living schemes.

## **9. Review of Effectiveness**

The Council has a 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 auditor's annual report, and also by comments made by the external auditors.

### **9.1 The Council**

The Council is composed of 19 Members who meet together as the "Council". All Members have an opportunity to review this Statement, confirm that it accurately describes the Council's control environment and highlight any areas of significant weakness.

### **9.2 Audit Committee**

In line with good practice, the Council established an Audit Committee in 2006 to provide effective assurance about the adequacy of the Council's control environment. The Audit Committee currently comprises of representatives from each of the main political parties.

The Audit Committee oversees the production of the Governance Statement and recommends its adoption.

### **9.3 Management**

Directors and managers provide assurance that:

- . Laws and Regulations are complied with;
- . Financial statements and other published information are materially accurate and reliable;
- . The Corporate Risk Management approach has been complied with and significant risks are effectively managed;
- . Regular monitoring reports of significant operational risks are produced for Directorate Management Teams;
- . Performance Plans have been produced and identify key deliverables and supporting performance indicators;
- . Performance appraisals are completed and individual targets link with section and department performance plans;
- . Operational policies and procedures including decision making, approval processes, authorisations, budgeting, verifications, reconciliations, financial monitoring, segregation of duties and security of assets are documented, subject to review and communicated to staff.
- . There are no material breaches of the Council's policies and processes.

Each Director has provided reasonable assurance as to the effectiveness of the above arrangements in their areas of management responsibility.

#### 9.4 Internal Audit

The Council takes assurance about the effectiveness of the control environment from the work of the Internal Auditor, who provides independent and objective assurance across the whole range of the Council's activities.

Internal Audit uses an assurance scoring framework to reflect the effectiveness of the Council's internal control environment. The table below details the level of assurance available.

Assurance Level	Description
Good	There is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.
Satisfactory	There is some risk that objectives may not be fully achieved. Slight improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance.
Weak	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance and to place reliance on the system for corporate governance assurance.
Unacceptable	The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Immediate action is required to improve the adequacy and effectiveness of risk management, control and governance.

## 9.5 External Audit

External Audit is an essential element in the process of accountability for public money and makes an important contribution to the corporate governance of the Council. The Local Government Auditor employed at the Northern Ireland Audit Office is currently the Council's external auditor by virtue of the Local Government (NI) Order 2005.

The external auditor will take into account the Council's internal control environment when forming his opinion on the financial statements. The external auditor in his annual audit letter on the 2006/07 audit stated that governance and VFM arrangements reviewed provided no evidence that the Council does not have proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## 10. Conclusion and Evaluation

As Mayor and Chief Executive, we have been advised on the implications of the results of the overall review of the effectiveness of the Council's system of internal control.

We have evaluated the effectiveness of the system of internal control by reference to the sources of assurance described in this Statement.

Our overall assessment is that the Statement is a balanced reflection of the control environment and that an adequate framework exists within Antrim Borough Council to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.


Council is fully committed to continuous improvement and will continue to enhance the corporate governance framework.

## 11. Significant Internal Control Issues

On the basis of the Council's established risk management approach, the audits identified control weaknesses which have been addressed or are in the process of being addressed. In addition to the measures outlined above, the Corporate Governance framework is constantly evolving and recent additions include: a comprehensive set of financial regulations, a procurement strategy and the resultant appointment of a full-time procurement officer, financial procedures and a programme of training for elected members and senior officers on corporate governance, fraud and the operation of the financial regulations.

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

**Signed**   
**Chief Executive**  
17 June 2008

  
**Signed**  
**Mayor**  
26 June 2008

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTRIM BOROUGH COUNCIL**

I have audited the statement of accounts of Antrim Borough Council for the year ended 31 March 2008 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Income and Expenditure Account, Statement of Movement on District Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement. The statement of accounts has been prepared under the accounting policies set out within them.

This report is made solely to the Members of Antrim Borough Council in accordance with Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

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

The Chief Financial Officer's responsibilities for preparing the statement of accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the statement of accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the statement of accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the local government body and its income and expenditure for the year.

I review whether the Annual Governance Statement reflects compliance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007. I report if it does not comply with proper practices specified by the Department of the Environment or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Annual Governance Statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the statement of accounts and consider whether it is consistent with the audited statement of accounts. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Local Government (Northern Ireland) Order 2005, the Local Government Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also includes an assessment of



the significant estimates and judgments made by the local government body in the preparation of the statement of accounts, and of whether the accounting policies are appropriate to the local government body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts.

### **Opinion**

In my opinion the statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of Antrim Borough Council as at 31 March 2008 and its income and expenditure for the year then ended.

### **Certificate**

I certify that I have completed the audit of the accounts of Antrim Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

The audit of the Council's accounts for 2000-01 and 2001-02 remains open due to the auditor's investigation of expenditure incurred in connection with the Council's refusal of an application for a special waste transfer license in December 2000.

A writ of summons was also served on the Council in July 2003 for damages sustained in connection with the Council's refusal to grant the special waste transfer license. A statement of claim was received by Council on 25 January 2006. The resolution of this case remains outstanding.

There has been no impact on the 2007-08 Statement of Accounts arising from the writ.



Stephen Knox  
Local Government Auditor  
106 University Street  
Belfast  
BT7 1EU

29<sup>th</sup> October 2008



**District Fund - Income and Expenditure Account for the year ended 31 March 2008**

	Notes	2007/08 Gross Expenditure	2007/08 Gross Income	Net Expenditure/ (Income)	2006/07 Net Expenditure/ (Income)
		£	£	£	£'000
<b>Services Expenditure</b>					
Leisure and Recreational Services		6,676,923	(1,699,176)	4,977,747	4,512,345
Environmental Services		7,672,196	(1,212,578)	6,459,618	5,437,223
DRM and Corporate Services		1,513,995	(110,987)	1,403,008	1,382,279
Other Services		1,300,808	(496,745)	804,063	668,911
Continuing operations		17,163,922	(3,519,486)	13,644,436	12,000,758
Acquired operations		-	-	-	-
Discontinued operations	4e)	360,762	(40,064)	320,698	93,371
Exceptional items not included in cost of specific services		-	-	-	-
<b>Net cost of services</b>		17,524,684	(3,559,550)	13,965,134	12,094,129
Gain or loss on disposal of fixed assets	21	-	-	-	-
(Surplus)/Deficit of trading or other operations		-	-	-	-
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)	1,278,387	-	1,278,387	1,261,119
Interest and Investment Income	6b)	-	(230,633)	(230,633)	(207,758)
Pensions interest cost and expected return on pensions assets		-	-	-	-
Extraordinary Items		-	-	-	-
<b>Net Operating Expenditure</b>		18,803,071	(3,790,183)	15,012,888	13,147,490
<b>Income from General Grant and District Rates</b>					
General Grant		-	(877,284)	(877,284)	(847,245)
District Rates	8	-	(13,125,381)	(13,125,381)	(13,768,679)
<b>(Surplus)/Deficit for the year</b>		18,803,071	(17,792,848)	1,010,223	(1,468,434)

### Statement of Movement on the District Fund Balance for the year ended 31 March 2008

		2007/08	2006/07
	Notes	£'000	£'000
Surplus/(Deficit) for the year on the District Fund - Income and Expenditure Account	3	(1,010,223)	1,468,434
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year	3	(417,907)	(164,089)
<b>Movement on the District Fund Balance for the year</b>	<b>3/22</b>	<b>(1,428,130)</b>	<b>1,304,345</b>
District Fund Balance Brought Forward	22	2,353,052	1,048,707
<b>District Fund Balance Carried Forward</b>	<b>22</b>	<b>924,922</b>	<b>2,353,052</b>

### Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	Notes	2007/08 £	2007/08 £	2006/07 £	2006/07 £
Surplus/(Deficit) on the District Fund - Income and Expenditure Account for the year	3	(1,010,223)		1,468,434	
Surplus/(Deficit) arising on revaluation of fixed assets					
Revaluation of pension reserve/provision	18/22	(38,310)		(108,072)	
<b>Any other gains and losses required to be included in the Statement of Total Recognised Gains and Losses</b>					
Other		16,653		10,847	
<b>Total recognised gains and losses for the year (Change in Net Worth)</b>			<b>(1,031,880)</b>		<b>1,371,209</b>
Prior period adjustments made during the year			-		-
<b>Total gains and losses recognised since last annual report (Change in Net Worth)</b>			<b>(1,031,880)</b>		<b>1,371,209</b>

## Balance Sheet as at 31 March 2008

	Notes	2007/08 £	2006/07 (Restated)* £
<b>FIXED ASSETS</b>			
<b>Intangible Assets</b>	9	0	0
<b>Tangible Fixed Assets</b>			
<i>Operational Assets:</i>			
Land & Buildings	9	37,705,438	37,391,363
Infrastructure Assets	9	0	0
Community Assets	9	0	0
Vehicles, Plant, Furniture and Equipment	9	2,271,133	2,681,455
<i>Non-Operational Assets:</i>			
Investment Properties		0	0
Assets under Construction	9	472,277	301,376
Surplus Assets held for Disposal		3,807,694	2,158,850
<b>TOTAL FIXED ASSETS</b>	9	<b>44,256,542</b>	<b>42,533,044</b>
Long Term Investments	11	634	634
Long Term Debtors	13a	1,097,321	1,450,333
<b>TOTAL LONG TERM ASSETS</b>		<b>45,354,497</b>	<b>43,984,011</b>
<b>CURRENT ASSETS</b>			
Stocks	1e/12	235,863	243,502
Debtors	13	2,824,339	1,953,967
Short Term Investments	14a/21a	1,344,540	2,936,535
Cash and Bank	21b	1,425	1,535
		4,406,167	5,135,539
<b>TOTAL ASSETS</b>		<b>49,760,664</b>	<b>49,119,550</b>
<b>CURRENT LIABILITIES</b>			
Borrowing repayable on demand or within 12 months	15	1,971,355	1,971,879
Creditors	15	1,788,534	1,511,871
Bank Overdraft	14b	74,193	252,846
		3,834,082	3,736,596
<b>NET CURRENT ASSETS</b>		<b>572,085</b>	<b>1,398,943</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>45,926,582</b>	<b>45,382,954</b>
<b>LONG TERM LIABILITIES</b>			
Borrowing repayable after 12 months	16	21,126,047	19,769,167
Deferred Liabilities	17	680,950	949,205
Capital Grants – deferred	19	2,600,327	1,613,189
Provisions	18	551,949	1,052,204
		24,959,273	23,383,765
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>20,967,309</b>	<b>21,999,189</b>
<b>RESERVES:</b>			
Revaluation Reserve	22	0	0
Capital Adjustment Account	22	19,004,123	18,627,627
Useable Capital Receipts Reserve	22	312,407	307,461
Pensions Reserve	22	(353,349)	(340,368)
Capital Fund	22	0	155,350
Renewal and Repairs Fund	22	105,790	100,000
Sinking Fund	22	972,782	795,433
Other Balances and Reserves	22	634	634
District Fund	22	924,922	2,353,052
<b>Net Worth</b>		<b>20,967,309</b>	<b>21,999,189</b>

\* On 31 March 2007 the Fixed Asset Restatement Account and the Capital Financing Account were replaced by the Revaluation Reserve and the Capital Adjustment Account respectively. The balance on the Revaluation Reserve as at 31 March 2007 was set to zero. The balances on the Fixed Asset Restatement Account and the Capital Financing Account were transferred to the new Capital Adjustment Account as at 31 March 2007.

## Cash Flow Statement as at 31 March 2008

	Notes	2007/08 £	2006/07 £
<b>REVENUE ACTIVITIES</b>			
Net Cash Inflow from Operating Activities	20	1,401,872	4,292,425
<b>Returns on Investments and Servicing of Finance</b>			
<b>Cash Outflows</b>			
Interest paid	(1,278,387)	(1,206,815)	(1,206,815)
Interest element of finance lease payments	(45,076)	(54,304)	(54,304)
<b>Cash Inflows</b>			
Interest received	254,959	225,123	225,123
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		<b>(1,068,503)</b>	<b>(1,035,996)</b>
<b>CAPITAL ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of long term investments	-	-	-
Purchase of fixed assets	9 (3,949,360)	(1,936,857)	(1,936,857)
Other capital cash payments	-	-	-
<b>Cash Inflows</b>			
Sale of fixed assets	22 4,946	1,277	1,277
Other grants	19 1,101,731	441,118	441,118
Other capital cash receipts	-	218,618	218,618
<b>Net Cash Outflow from Capital Expenditure before Financing</b>		<b>(2,842,683)</b>	<b>(1,275,844)</b>
<b>Management of Liquid Resources</b>			
Net (increase) / decrease in short term deposits	14/21b 1,591,995	(2,044,598)	(2,044,598)
Net (increase) / decrease in other liquid resources	-	-	-
		<b>1,591,995</b>	<b>(2,044,598)</b>
<b>FINANCING</b>			
<b>Cash Outflows</b>			
Repayment of amounts borrowed	21c (697,396)	(634,710)	(634,710)
Capital element of finance lease rental payments	21c (256,742)	(237,513)	(237,513)
<b>Cash Inflows</b>			
New loans raised	21c 2,050,000	500,000	500,000
New short term loans	-	-	-
		<b>1,095,862</b>	<b>(372,223)</b>
<b>(Decrease) / Increase in Cash and Cash Equivalent</b>	<b>21a</b>	<b>178,543</b>	<b>(436,236)</b>

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1a) General Principles

The financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The general principles adopted in compiling and presenting the financial statements are those specified within the 2007 SORP. The 2007 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2007. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board insofar as these are applicable to local government.

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

The District Fund - Income and Expenditure Account on page 22 has been prepared using the requirements of the Best Value Accounting Code of Practice.

#### 1b) Accounting Concepts

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

##### *Relevance*

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

##### *Reliability*

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

### *Comparability*

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

### *Understandability*

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

### *Materiality*

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

### *Accruals*

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

## **1c) Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). Capital expenditure is capitalised only where it provides an enhancement to the economic benefits of the asset in excess of those previously assessed. Fixed assets are classified into the groupings required by the SORP and valued as follows:

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

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

Impairment losses arising from asset use (e.g. physical damage or deterioration) are charged to the service account and are an appropriation to the Capital Financing Account. The Capital Financing Account contains the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. The Capital Financing Account is a statutory account that cannot be used to support spending. This ensures that the overall revenue effect is neutral and that no cost falls to the ratepayer. Impairment losses may be reversed if circumstances change.

- vii) in accordance with FRS 15, depreciation has been provided on all fixed assets with the exception of freehold land, assets in the course of construction and non-operational assets. Depreciation is charged on an appropriate basis on each main class of tangible asset as follows:
  - buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the Valuation and Lands Agency. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 10 to 50 years
  - plant and equipment (excluding IT equipment) are depreciated on historic cost using a standard life of 10 and 5 years respectively. IT equipment is depreciated using a standard life of four years

- intangible assets are amortised over the estimated lives of the assets
  - vehicles are depreciated on historic cost on a reducing balance basis at a rate of 25%.
  - a full year's depreciation is charged in the year of disposal and none in the year of acquisition.
- viii) income from the disposal of fixed assets is credited to the useable capital receipts reserve and the net book value is written off against the fixed asset restatement account, in the Balance Sheet. Whilst this is contrary to the requirements of Financial Reporting Standard 3 Reporting Financial Performance (FRS 3) it is consistent with the SORP.
- ix) assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the District Fund - Income and Expenditure Account in the year in which they arise.
- x) in previous years capital charges were made to the District Fund - Income and Expenditure Account. These capital charges were equal to the sum of depreciation plus a notional interest charge, where the interest rate was prescribed by CIPFA and applied to all operational assets employed by the Council. From 1 April 2006, this notional interest charge is no longer required to be made to the District Fund - Income and Expenditure Account. Instead, actual interest is charged to the District Fund - Income and Expenditure Account.
- xi) any grant contribution towards the purchase of a fixed asset is taken to the deferred grants reserve in the Balance Sheet. The balance is then written-off to the District Fund - Income and Expenditure Account over the useful life of the asset.

#### **1d) Debtors and Creditors**

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

A general provision for doubtful debts is included in the financial statements at 5% of commercial outstanding debts. This is in addition to the specific provision for those debts that are identifiable as potentially not fully collectable. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectable debts are only written-off to the District Fund - Income and Expenditure Account after all recovery avenues open to the Council have been exhausted and in line with the financial regulations of Council.

**1e) Stocks**

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

**1f) Value Added Tax**

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

**1g) Provisions**

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

**1h) Overheads**

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

**1i) Pensions**

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

Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Council's current contribution is 13%. (2006/07 11%) .

At the last actuarial valuation, dated 31/03/07, the Funds assets as a whole were sufficient to meet 89% (2004 85%) of the liabilities accrued up to that date.

**1j) Post Balance Sheet Events**

The Council complies with the requirements of Financial Reporting Standard 21 Events After the Balance Sheet Date (FRS21). Changes are made to the financial statements where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing at the balance sheet date or indicates that the application of the going concern concept to a material part of the Council is not appropriate.

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

**1k) Foreign Currency Translation**

Non-sterling cash flows have been translated into sterling at the average exchange rates for the year. Non-sterling bank balances have been translated at the rates of exchange ruling at the balance sheets date. All translation gains or losses are dealt with through the consolidated revenue account and are not considered material.

**1l) Long Term Investments**

This represents principal and accumulated interest held in the Council's Moore Trust Fund.

**1m) Sinking Fund**

In accordance with Schedule 5 of the Local Government Act (NI) 1972, Council has established a Sinking Fund to which is charged such sums as to provide for the future repayment of maturity loans. Sums are set aside on an equal annual basis over the lifetime of such loans.

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

The movement on the District Fund balance adjusts the surplus or deficit generated by the Council in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund council services.

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

	Notes	2007/08 £	2007/08 £	2006/07 £	2006/07 £
<b>Surplus for the year on the District Fund - Income and Expenditure Account</b>			(1,010,223)		1,468,434
<i>Net additional amount required by statute and non- statutory proper practices to be debited or credited to the District Fund Balance for the year:</i>					
<b>Transfer to Capital Financing Account:</b>					
Direct revenue financing of Capital Expenditure	10/22	(1,647,129)		(774,418)	
Deferred grants amortised in the year	22	(114,593)		(94,982)	
Revaluation review of discontinued operations		307,599			
NIHE principal repayment		292,982		248,245	
Depreciation charged in the year	9	1,881,524		1,696,938	
Loans fund principal repayments during the year		(954,138)		(872,223)	
			(233,765)		203,560
<b>Transfers to/from earmarked reserves:</b>					
Renewal and Repairs Fund	22	(5,790)		-	
Pension Reserve	22	(25,329)		(23,189)	
Sinking Fund	22	(153,023)		(344,460)	
<b>Gain/loss on disposal of fixed assets</b>					
Other		-		-	
			(184,142)		(367,649)
<b>Net adjustments to Income &amp; Expenditure Account</b>			(417,907)		(164,089)
<b>Movement on the District Fund Balance for the year</b>	22		(1,428,130)		1,304,345
District Fund Balance Brought Forward	22		2,353,052		1,048,707
<b>District Fund Balance Carried Forward</b>	22		<b>924,922</b>		<b>2,353,052</b>

#### 4. Operating Expenses

- 4a) **Section 115** of the Local Government Act (Northern Ireland) 1972 enables District Councils to spend up to the aggregate of the product of 0.0596p in the pound on the rateable value of non-domestic hereditaments; and the product of a rate of 0.5p in the pound on the rateable value of domestic hereditaments equivalent to £36,173 in 2007/08 (2006/07 £36,921) for the benefit of all the inhabitants in their district, or part of their district on activities not specifically authorised by other powers.

Expenditure amounted to £Nil in 2007/08 (2006/07 £Nil).

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

	2007/08	2006/07
	£	£
Development & Leisure	87,610	50,132
Environmental	55,439	58,235
Corporate	21,044	23,796
	<b>164,093</b>	<b>132,163</b>

- 4c) **External Audit Fees**

	2007/08	2006/07
	£	£
Northern Ireland Audit Office	20,205	17,178

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2006/07 £NIL). External audit work includes the audit of grant claims.

- 4d) **Leases**

Expenditure during the year on finance lease rentals was £545,181 (2006/07 £528,562) and outstanding finance lease rentals at 31 March 2008 are as follows:

	2007/08	2006/07
	£	£
2008/09	545,181	545,181
2009/10	545,181	545,181
2010/11	471,813	545,181

In addition, the Council has a rental operating lease of £8,250 on one of its premises

**4e) Discontinued Operations**

This relates to Nutts Corner race circuit which was sold on 12 June 2008.

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

**5a) Staff Costs**

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Salaries and wages	6,970,355	5,368,241
Employers National Insurance	532,763	364,754
Employers pension costs	742,091	499,572
	<b>8,245,209</b>	<b>6,232,567</b>

In addition, agency costs during the year amounted to £330,102 (£307,414 06/07). Figures exclude travel and subsistence payments but include salary costs of £77,138 which have capitalised to fixed asset additions.

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

	<b>2007/08</b>	<b>2006/07</b>
	<b>FTE</b>	<b>FTE</b>
Environmental Services	138	121
Development & Leisure Services	99	97
Corporate Services	36	36
	<b>273</b>	<b>254</b>
Full-time numbers employed	272	232
Part-time numbers employed	40	37

**5c) Senior Employees' Remuneration**

	<b>2007/08</b>	<b>2006/07</b>
	<b>Number</b>	<b>Number</b>
£50,001 to £60,000	3	3
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1

## 5d) Members' Allowances

During the year, Members' allowances (section 36) totalled £275,888 (2006/07 £189,597) and are as follows:

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Basic Allowance	180,500	93,670
Attendance Allowance	3,432	32,758
Special Responsibility Allowances	30,346	17,279
Miscellaneous	61,610	45,890
	<b>275,888</b>	<b>189,597</b>

## 6a) Interest Payable and Similar Charges

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Loan & Bank Interest	1,278,387	1,261,119

Finance lease interest included within service expenditure was £45,076 (2006/07 £54,304).

## 6b) Interest and Investment Income

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Current account interest	19,953	5,683
Short-term deposit interest	113,768	88,092
NI Housing Executive Loans	96,067	113,171
Car Loans	845	812
	<b>230,633</b>	<b>207,758</b>

## 7. Related Party Transactions

Financial Reporting Standard 8 Related Party Disclosures (FRS 8) requires the Council to disclose all material related party transactions arising during the year. Related parties are bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. Disclosing these types of transactions in financial statements permits readers to assess the extent to which the Council might have constrained its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. Transactions with related parties not disclosed elsewhere in these financial statements are set out below:

**Antrim Towns Development Company** – Payments of £3,375 were made to the Company in respect of either direct contribution or payment for services rendered.

**Rural Economic Action Partnership** – Payments of £78,716 were received from REAP under the terms of a formal service level agreement and the reimbursement of expenditure.

**Arc21** - this regional waste management body received payments from Council of £35,352 by way of direct contribution and £1,118,832 for services in relation to waste management. Profit share from agreements arranged by Arc21 for the sale of recyclables totalled £59,895 for the year.

**Ballymena Borough Council** – During 2007/08 Council had expenditure of £142,808 under Group Environmental Health and Building Control arrangements. £8,849 remained due at the year end.

## 8. District Rates

	2007/08	2006/07
	£	£
Current Year	12,912,757	12,163,980
Prior year finalisation	212,624	1,604,699
	<b>13,125,381</b>	<b>13,768,679</b>

A finalization amount of £441,923 is due to Council in November 2008, negated by an estimated refund of rates due to the Ministry of Defense of £457,552 which will fall due in November 2009. Neither the rate debtor nor creditor have been reflected in these financial statements.

## 9. Fixed Assets

	Lands & Buildings	Non-Operational Assets	Assets Under Construction	Vehicles & Equipment	TOTAL
	£	£	£	£	£
<b>Cost or Valuation</b>					
At 1 April 2007	39,084,117	2,158,850	301,376	5,132,395	46,676,738
Revaluation	(52)	(307,589)	(24,078)	-	(331,719)
Additions (Note 10)			3,665,645	283,715	3,949,360
Transfer	1,514,233	1,956,433	(3,470,666)	-	-
Disposals (Note 22)				(64,433)	(64,433)
At 31 March 2008	40,598,298	3,807,694	472,277	5,351,677	50,229,946
<b>Depreciation</b>					
At 1 April 2007	1,692,754	-	-	2,450,940	4,143,694
Revaluation	-	-	-	-	-
Disposals (Note 22)	-	-	-	(51,814)	(51,814)
Provided for year (Note 22)	1,200,106	-	-	681,418	1,881,524
At 31 March 2008	2,892,860	-	-	3,080,544	5,973,404
<b>Net Book Value</b>					
At 31 March 2007	37,391,363	2,158,850	301,376	2,681,455	42,533,044
At 31 March 2008	37,705,438	3,807,694	472,277	2,271,133	44,256,542

The Council is not aware of any material changes in value of freehold and leasehold properties and therefore the valuations have not been updated.

The last valuation of freehold and leasehold properties was carried out as at 31 March 2005 by an independent valuer from the Valuation and Lands Agency (VLA).

### LEASED ASSETS (included within vehicles and equipment)

	Vehicles
	£
<b>Cost or Valuation</b>	
At 1 April 2007	1,594,500
Additions	-
Disposals	-
At 31 March 2008	1,594,500
<b>Depreciation</b>	
At 1 April 2007	508,955
Disposals	-
Provided for year	297,018
At 31 March 2008	805,973
<b>Net Book Value</b>	
At 31 March 2007	1,085,545
At 31 March 2008	788,527

## 10. Capital Expenditure

	Note	2007/08 £	2006/07 £
<b>Expenditure</b>			
Land and buildings		3,665,645	1,615,565
Vehicles, plant and other equipment		283,715	633,299
	<b>9</b>	<b>3,949,360</b>	<b>2,248,864</b>
<b>Financed By</b>			
Borrowings:			
Loans	<b>21[c]</b>	2,050,000	500,000
Finance leases	<b>21[c]</b>	-	312,000
Grants receivable	<b>19</b>	1,101,731	441,118
Capital Fund Release		155,350	-
Revenue contributions to capital	<b>22</b>	1,647,129	774,418
		<b>4,954,210</b>	<b>2,027,536</b>
Surplus / (Deficit)		1,004,850	(221,328)
Opening balance		(528,894)	(307,566)
Closing Balance		<b>475,956</b>	<b>(528,894)</b>

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

## 11. Future Capital Commitments

The Council has future capital commitments as described below:

Expenditure approved and contracted for £NIL. Expenditure approved but not contracted for £10,650,500.

## 12. Stock

	2007/08 £	2006/07 £
Central Stores	119,769	107,071
Goods for Resale	67,345	105,747
Fuel Stocks	48,749	30,684
<b>Total</b>	<b>235,863</b>	<b>243,502</b>

### 13. Debtors

	2007/08	2006/07
	£	£
<b>a) Long Term Debtors: amounts falling due in more than one year</b>		
N.I.H.E.	1,090,466	1,436,423
Employee car loans	6,855	13,910
	<b>1,097,321</b>	<b>1,450,333</b>
<b>b) Debtors: amounts falling due in less than one year</b>		
Government Departments	362,314	502,286
Other Councils / NIHE (note 6)	548,149	292,982
Value Added Tax	289,089	271,759
Payments in advance	-	23,861
Other	1,774,470	950,729
less: provision for doubtful debts	(149,683)	(87,650)
	<b>2,824,339</b>	<b>1,953,967</b>
<b>Total Debtors</b>	<b>3,921,660</b>	<b>3,404,300</b>

### 14. Short-term Investments

	2007/08	2006/07
	£	£
Bank Deposits	260,000	1,060,000
Deposits with terms in excess of seven days	1,084,540	1,876,535
	<b>1,344,540</b>	<b>2,936,535</b>

Short-term investments would include monies specifically earmarked for the Councils Capital Fund, Renewal and Repairs Fund and Usable Capital Receipts Reserve.

## 15. Creditors

	2007/08	2006/07 (Restated) *
	£	£
<b>Amounts falling due in less than one year</b>		
Government Departments	171,067	271,574
Other Councils	9,644	17,089
Receipts in advance	98,606	16,468
Other	1,240,962	949,998
Finance Lease	268,255	256,742
	<b>1,788,534</b>	<b>1,511,871</b>
<b>Borrowing re-payable within one year</b>	1,971,355	1,971,879
<b>Total creditors</b>	<b>3,759,889</b>	<b>3,483,750</b>

\* The 2007 SORP requires accrued interest associated with a loan to be shown as part of the carrying value of the loan. 2006/07 figures have been restated accordingly.

Borrowing re-payable within one year includes a temporary loan of £1million repayable on 16/04/08 and accrued interest on borrowings of £281,749 (2006/07 £277,999).

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

	2007/08	2006/07
	£	£
Maturing between 1 and 2 years	661,820	658,744
Maturing between 2 and 5 years	1,928,000	1,931,316
Maturing between 5 and 10 years	3,023,347	2,708,281
Maturing in more than 10 years	15,512,880	14,470,826
	<b>21,126,047</b>	<b>19,769,167</b>

Interest rates on Government Loans range between 3.9% and 11.125%.

Borrowings maturing in more than 10 years include LOBO borrowings of £5million (06/07 £5million). These borrowings represent funds at rates that the lender has the option to vary; if the variation is not accepted by the borrower the loan becomes repayable immediately.

On LOBO's totalling £3,000,000 the effective rate of interest varies according to the date of redemption, ranging from 6.95% for redemption after 2 years to 8.95% for redemption at any time between years 11 and 40. On LOBO's totalling £2,000,000 the interest rate is 4.32%.

A Sinking Fund has been established to repay the above borrowings on the basis that the loans will run to maturity. At 31 March 2008 the accumulated balance on the Sinking Fund was £972,782 ( 06/07 £795,433).

## 17. Deferred Liabilities

	2007/08	2006/07
	£	£
Between 1 and 5 years	680,950	807,652
In more than 5 years	-	141,553
	<b>680,950</b>	<b>949,205</b>

This represents the principal outstanding for assets acquired under finance leases.

## 18. Provisions

Pension provision is an estimated liability in respect of discretionary payments awarded to employees granted early retirement. This pension provision is matched in the balance sheet by a reserve of the same amount.

Legal provision has been made in respect of ongoing cases.

Single status provision relates to the likely cost of appeals following the implementation of a single package of terms and conditions for all employees.

A provision has been made for an ongoing review of the ground rent on some Council properties.

Movements on these provisions are as follows:

	Pension	Legal	Single Status	Ground Rent	Total
	£	£	£	£	£
Opening balance	340,368	24,000	687,836	-	1,052,204
District Fund Charge	(25,329)	-	(593,236)	80,000	(538,565)
Movement due to Revaluation	38,310	-	-	-	38,310
	<b>353,349</b>	<b>24,000</b>	<b>94,600</b>	<b>80,000</b>	<b>551,949</b>

## 19. Deferred Grants

	2007/08	2006/07
	£	£
Opening balance	1,613,189	1,267,053
Add: new grants received	1,101,731	441,118
Less: amounts released to the District Fund - Income and Expenditure Account (note 3)	(114,593)	(94,982)
	<b>2,600,327</b>	<b>1,613,189</b>

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

## 20. Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	Note	£	2007/08 £	2006/07 £
Surplus/Deficit for year	3	(1,010,223)	1,468,434	
<u>Non-cash transactions</u>				
Depreciation	3,9	1,881,524	1,696,938	
Deferred Grants amortised in year	3,19	<u>(114,593)</u>	<u>(94,982)</u>	
			756,708	3,070,390
<u>Adjustment for items reported separately on Cashflow</u>				
Interest and Investment Income		(230,633)	(207,758)	
Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings	6a)	1,323,463	1,261,119	
Pension reserve payments		(25,329)	(23,189)	
Write-off of capital work-in-progress / revaluation	9	<u>331,719</u>	-	
			1,399,200	1,030,172
<u>Items on an accruals basis</u>				
Decrease in stock		7,639	(55,144)	
Increase in debtors		(517,359)	350,653	
Decrease in creditors		<u>(244,336)</u>	<u>(103,646)</u>	
			(754,056)	191,863
<b>Net Cash Inflow from Operating Activities</b>			<b><u>1,401,872</u></b>	<b><u>4,292,425</u></b>

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

	Notes	2007/08	2006/07	Change in the year	2006/07
		£	£	£	£
Temporary Investments	<b>14</b>	1,344,540	2,936,535	(1,591,995)	2,044,598
Cash		(72,768)	(251,311)	178,543	(436,236)
<b>Total</b>		<b>1,271,772</b>	<b>2,685,224</b>	<b>(1,413,452)</b>	<b>1,608,362</b>

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

## 21b) Analysis of Net Debt

	Cash	Temporary Investments	Cash at Bank and in hand	Loans due within one year	Loans due after more than one year	Finance Leases	Net Debt
	£	£	£	£	£	£	£
Balance at 1 April 2007	(1,535)	(2,936,535)	252,846	1,693,880	19,769,168	1,205,947	<b>19,983,771</b>
Change in Year	110	1,591,995	(178,653)	(4,274)	1,356,878	(256,742)	<b>2,509,314</b>
Other non cash changes - new finance leases							
<b>Balance at 31 March 2008</b>	<b>(1,425)</b>	<b>(1,344,540)</b>	<b>74,193</b>	<b>1,689,606</b>	<b>21,126,046</b>	<b>949,205</b>	<b>22,493,085</b>

Loans due within one year excludes interest due at the year end of £281,749 (2006/07 £277,999).

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

	2007/08	2006/07
	£	£
Increase / (decrease) in cash in year	(1,413,452)	1,608,362
Cash inflow from new loans raised	(2,050,000)	(500,000)
Cash outflow from:		
Loans repaid	697,396	634,710
Finance lease repayments	256,742	237,512
<b>Change in net debt resulting from cash flows</b>	<b>(2,509,314)</b>	<b>1,980,584</b>
<b>New finance leases</b>	<b>-</b>	<b>(312,000)</b>
<b>Net debt b/fwd</b>	<b>(19,983,771)</b>	<b>(21,652,355)</b>
<b>Net debt c/fwd</b>	<b>(22,493,085)</b>	<b>(19,983,771)</b>

## 22 Movement on Reserves

	Revaluation Reserve	Capital Adjustment Account	Useable Capital Receipts Reserve	Pension Reserve	Capital Fund	Renewal & Repairs Fund	Sinking Fund	District Fund	Other Funds	TOTAL
Note	£ 22a)	£ 22b)	£ 22c)	£ 18	£ 22d)	£ 22e)	£	£	£	£
<b>At 1 April 2007</b>	0	18,627,627	307,461	(340,368)	155,350	100,000	795,433	2,353,052	634	21,999,189
<b>Movements on reserves during the year:</b>										
Surplus for the year								(1,010,223)		(1,010,223)
Capital Grants Released		114,593						(114,593)		
Capital Fund Applied		155,350			(155,350)					
Direct Revenue Financing	3,10		1,647,129				153,023	(1,800,152)		
Loans fund principal/depreciation adjustment	3		(1,220,368)					1,220,368		
Interest Received							24,326			24,326
Receipts Applied						5,790		(5,790)		
Payments to NILGOSC	18			25,329				(25,329)		
Disposal of Fixed Assets/Capital Sales	9		(12,619)							(7,673)
Capital Receipts used to finance capital expenditure			4,946							
Revaluation	9,18		(307,589)							(38,310)
<b>Total movements on reserves during the year:</b>		376,496	4,946	(12,981)	(155,350)	5,790	177,349	(1,428,130)		(1,031,880)
<b>(Change in Net Worth)</b>										
<b>At 31 March 2008</b>	0	19,004,123	312,407	(353,349)	0	105,790	972,782	924,922	634	20,967,309

## **22a) Revaluation Reserve**

The Revaluation Reserve is debited or credited with the deficits or surpluses that arise on the revaluation of fixed assets. Where there is no such balance, or the decrease exceeds the balance, the difference must be charged to the Income and Expenditure account and credited through the Statement of Movement on the General Fund Balance against the Capital Adjustment Account. Revaluation decreases are only permitted to be written off to the Revaluation Reserve where there is a balance on the reserve, in relation to the specific asset, against which the decrease can be applied.

## **22b) Capital Adjustment Account**

The Capital Adjustment Account contains the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the District Fund - Income and Expenditure Account for principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements, and revaluation decrease in excess of a specific revaluation reserve.

## **22c) Usable Capital Receipts Reserve**

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

## **22d) Capital Fund**

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £3.5m.

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

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £5m.

## **23. Contingent Liability**

- (i) Following a Writ of Summons served on Council in July 2003 a statement of Claim has been received following refusal of an application for a waste transfer licence. There is uncertainty as to:
- a. insurance cover in the event of an adverse outcome;
  - b. the outcome of the case.

The Plaintiff's claim is for approximately £200,000.

(ii) Council continues to incur aftercare costs of leachate removal and water sampling associated with its former landfill site at Craigmore. Given that the site was capped in 2005 these costs are expected to gradually decrease over the coming years. Costs for 2007/08 were £11,333 (2006/07 £16,841).

No provision has been made for these costs as Council cannot determine with any certainty the level of costs in the future.

## 24. Financial Instruments

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.

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

### **Liquidity Risk**

As the Council has ready access to borrowings from the Department of Finance and Personnel Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 15 to 17. All trade and other payables are due for payment within one year.

### **Market Risk**

#### *Interest Rate Risk*

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

#### *Foreign Exchange Risk*

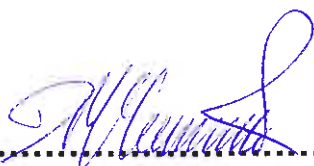
The Council has no significant financial assets or liabilities denominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates. An account denominated in Euro is maintained for the purchase of supplies from EU countries.

## Accounts Authorised for Issue

In accordance with Financial Reporting Standard 21 (Events after the Balance Sheet Date) (FRS 21) this Statement of Accounts which contains one material amendment and a number of minor amendments from the Accounts approved on 26 June 2008 and are at today's date hereby authorised for issue.

FRS 21 sets out

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



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

29 October 2008

.....  
**Date**

## Material Amendment

In accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 a material amendment from the Accounts approved on 26th June 2008 is explained below:

- £155350 was originally wrongly credited to the District Fund reserve instead of the Capital Adjustment Account