

STATEMENT OF ACCOUNTS

Armagh City Banbridge & Craigavon Borough Council

For the year ended 31 March 2019

Armagh City Banbridge & Craigavon Borough Council

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2019 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2019 (the Code) and the Department for Communities Accounts Directions, Circulars LG 12/2019 and LG 16/2019. 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 Armagh City Banbridge & Craigavon Borough Council's finances during the financial year 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The purpose of the Narrative Report is to provide information on the Council, its main objectives and strategies and the principal risks it faces.

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. Armagh City, Banbridge & Craigavon Borough Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 37, 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 Movement in Reserves Statement

This Statement, as set out on page 38, 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 'unusable reserves'. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, further details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). 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 Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Balance Sheet

The Balance Sheet, as set out on page 39, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council 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 under regulations'.

The Cash Flow Statement

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

Performance Report

Non-Financial Performance:

Performance Improvement Planning is an on-going process, which forms part of the Council's Corporate Management System. Part 12 of the Local Government Act (NI) 2014 sets out a general duty of improvement for Councils "in that" a local Council must make arrangements to secure continuous improvement in the exercise of its functions.

Council's annual Performance Improvement Plan sits within the Strategic Planning Framework, which guides the strategic planning process and service delivery arrangements. Whilst the Performance Improvement Plan focuses specifically on key Performance Improvement Objectives, Council seeks to bring about improvement in other areas of service delivery. Planned improvements in our day-to-day business are set out in Departmental Business Plans and in other strategic actions plans.

"Improvement" in the context of the Local Government Act means more than just quantifiable gains in service output or efficiency, or the internal effectiveness of the Council. The Council recognises 'improvement' to mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.

Improvement Areas

The aim of our Performance Improvement Plan is to set out what we will do in the year ahead to deliver on our statutory duty to secure continuous improvement in service delivery and bring about improvement against at least one of the following seven improvement areas as stipulated in the Local Government Act (NI) 2014:



In June 2018, Council published its Performance Improvement Plan 2018/19, outlining four Performance Improvement Objectives, aligned to identified priorities and commitments contained within our Community Plan 'Connected' 2017-2030, and also our Corporate Plan 2018-2023.

Our four **Performance Improvement Objectives** for 2018/19 were:

1. Provide and promote more opportunities for people to improve their physical, mental and social wellbeing through partnership working and increased participation.
2. Improve economic growth across the Borough.
3. Develop and promote the built, natural and cultural heritage, creating vibrant and attractive urban and rural areas.
4. Increase customer satisfaction and accessibility to Council services.

Access to the Council's 2018/19 Performance Improvement Plan can be obtained through the following link:

<https://www.armaghbanbridgecraigavon.gov.uk/download/44/performance-plan-2015-16/21894/performance-improvement-plan-for-2018-2019.pdf>

Achieving Continuous Improvement

Central to Armagh City Banbridge and Craigavon Borough Council's annual Performance Improvement Plan is achieving our Vision to be..... **'a healthy, happy and connected community, a vibrant and sustainable economy and appealing places for living, working and learning'**. The Council is characterised by our core values which defines and underpin the delivery of our Corporate Plan and guides everything we do..... we are a forward thinking, ambitious organisation, aiming for gold star status, with a positive culture that provides the ABC experience Serve Passionately, Engage Positively, Deliver Consistently... because we Care.

The Council has put in place a performance improvement process which, through the Performance Improvement Plan, will drive and provide assurance that we are delivering on our vision to the benefit of all.

Performance Improvement Objectives

The **Performance Improvement Objectives** for 2018/19 were developed and informed by:

- the Programme for Government 2016-2021,
- the Borough Community Plan 'Connected' 2017-2030,
- the Council Draft Corporate Plan 2018-2023,
- other regional strategies,
- actions contained within departmental business plans,
- information on how Council services are performing,
- feedback from the Northern Ireland Audit Office,
- the Self- Assessment Report for 2016/17 as published September 2017.

The performance improvement objectives include the statutory performance indicators and standards for Economic Development, Planning and Waste Management.

A Performance Self-Assessment Report providing information on Council's performance for 2018/19, including how the Performance Improvement Objectives and statutory performance indicators and standards have been met or progressed, will be published on Council's website at: <https://www.armaghbanbridgecraigavon.gov.uk/council/performance-improvement/#selfassessmentreport> by 30th September 2019.

Financial Performance:

For the year ended 31 March 2019, there was an overall reduction in the Council's total Usable Reserves from £28.5m to £28.1m. The Council's approved net budget of £69.6m was supplemented by £1.5m for prior year finalisation payment of district rates. The total Net Operating Expenditure reported in the CIES is £85.6m (this includes amounts for depreciation, impairments and other non-budget accountancy adjustments).

Expenditure on capital projects during the year amounted to £12.9m. This included expenditure on a number of projects and initiatives including the ongoing construction of the new South Lake Leisure centre (£8.7m), expenditure on Play Parks across the Borough (£1.4m), Vehicles & Equipment (£0.8m), Environmental Works on Riversides and Country Parks (£0.7m) and Council Buildings (£1.1m).

The Council's financial accounts for the year ended 31st March 2019 are set out on pages 37 to 103 and consist of:

- The Comprehensive Income and Expenditure Statement – the Council's main revenue account covering income and expenditure on all services.
- The Movement in Reserves Statement – this shows the movement in and the accumulated balances of reserves held by the Council at the year end. These are categorised as either 'Usable' (i.e. consideration can be given regarding utilising these amounts) or 'Unusable' (i.e. resources for which a decision has already been made by Council regarding how these are to be used e.g. the creation of specific reserves or funding towards one-off projects).
- The Balance Sheet – which sets out the Council's assets and liabilities at the year end.
- The Cash Flow Statement – this includes information regarding inflows and outflows of cash arising from transactions for both revenue and capital.
- Notes to the Accounts.

During 2018/19 the gross expenditure incurred by Council on Continuing Operations amounts to approximately £101.2m (2017/18 £100.2m). This was supplemented by income from various sources including service users and grants of £19.0m (2017/18 £19.9m) resulting in Net Expenditure of £82.2m (2017/18 £80.2m). Service expenditure and income is summarised in the following table:

Service Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
Place Directorate	13,178	(2,867)	10,311
People Directorate	64,654	(12,279)	52,375
Position Directorate	12,026	(3,569)	8,457
Performance Directorate	11,356	(258)	11,098
Continuing Operations	101,214	(18,973)	82,241

Material assets purchased during the year included expenditure of approximately £0.8m on vehicles and equipment.

The Council utilised Capital Receipts of £0.9m to help fund short term assets. The Council has increased its earmarked reserves by creating a Transformation Fund and by providing additional funding of £1m for the Development Fund. Total Usable Reserves decreased by £0.5m over the course of the year.

Notes 2a and 2b include a breakdown of expenditure by Directorate across the Council as part of the new requirements introduced in 2017/18 regarding Telling the Story and comparative figures are included in an effort to provide as much information as possible to readers of the accounts.

The Council is required to ensure that assets are revalued on a regular basis. This process is undertaken annually for land and buildings. Following the 2018/19 revaluation exercise and in year expenditure on capital additions, there was an upward movement of £12.3m, increasing from £197.3m to £209.6m, on the overall Net Book Value of all assets. The main areas of note were an increase in the Net Book Value of Property Plant & Equipment Under Construction (i.e. Work-in-progress) of £7.8m and an increase of approximately £1.8m in respect of Heritage Assets. Information on Long Term Assets is included in Note 11.

The Council's net pension liability increased by £7.5m from £55.7m to £63.2m and this is largely due to changes in financial assumptions. Whilst the Council is obligated to include this liability within its accounts there is no requirement for the Council to meet this liability immediately or to make a one-off payment or to fund this from Reserves. There is therefore no perceived risk to the financial standing of the Council resulting from this liability. Information regarding pensions are included in Note 21.

There was no material change in the Council's statutory functions during the year and there were no significant changes in accounting policies during the year.

The Council was able to continue to meet its financial liabilities through the use of reserves and internal borrowing. The Council also continued to service existing debt and at the end of 2018/19 the total borrowing stood at £40.7m which was a reduction of £2.2m on the 2017/18 position.

There are no material post balance sheet events to be reported upon after the year end.

Expenditure and Funding Analysis

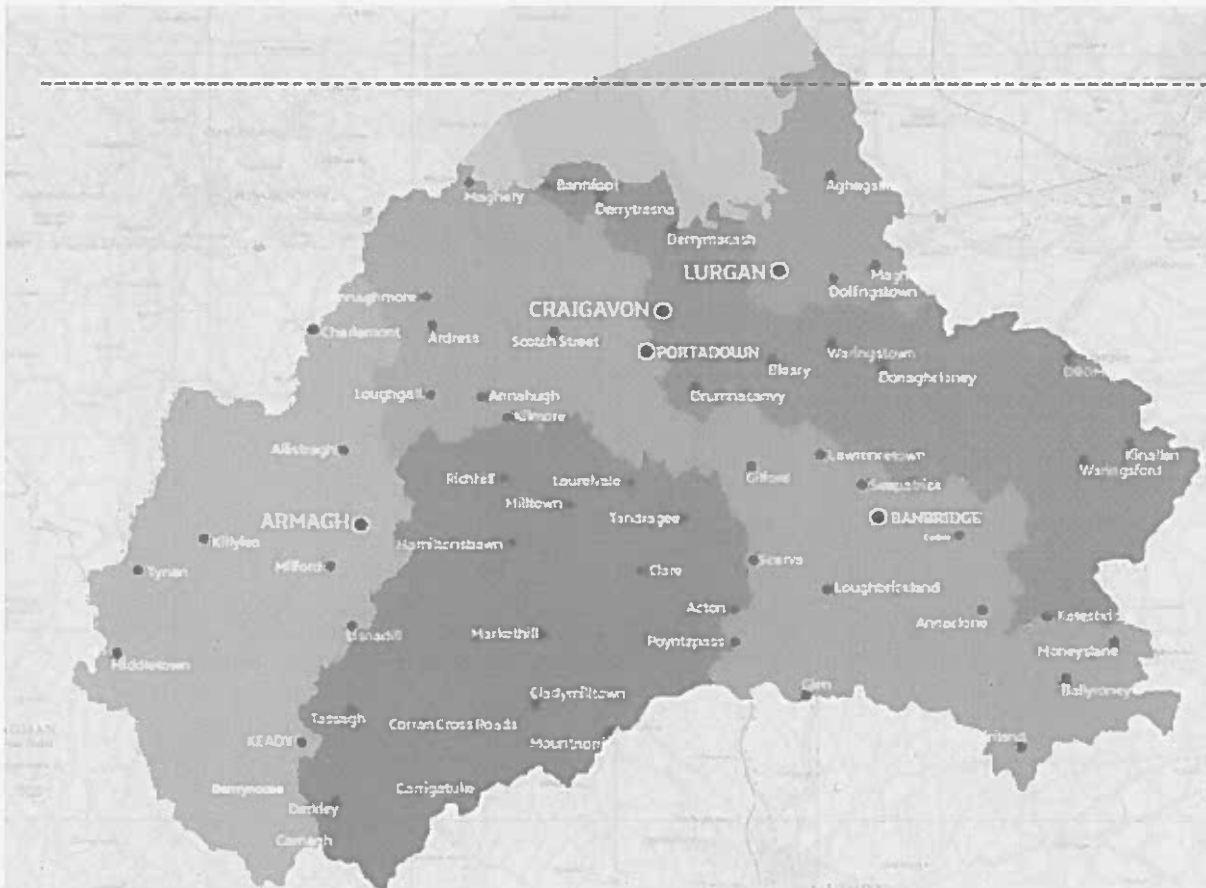
The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Organisational overview and external environment

The Council's Corporate Plan 2018-2023 sets out the ambitious aims for the Borough over the next five years. It outlines the ongoing commitments to provide high quality, efficient and effective public services, facilities, projects and programmes. The intention is to create "a healthy, happy and connected community, a vibrant and sustainable economy and appealing places for living, working and learning."

The Corporate Plan is the roadmap for delivering the Community Plan, the overarching strategy for the Borough, which was developed by all the relevant statutory partners in consultation with local people and communities. It also sets out the strategic direction on a broader scale, outlining plans to promote the Borough on a local, regional, national and global stage to attract investment to the area.

Armagh City Banbridge and Craigavon Borough Council has 41 democratically elected members, representing 7 District Electoral Areas, as indicated in the map.



Our elected members represent the interests of their constituents and ensure the views of their electoral areas and the entire population of the Borough are reflected in the decisions taken by Council.

The 7 principles of public life (also known as the "Nolan Principles") guide everything that our elected members and staff do. These are;



The Council is a decision making body that meets once a month to discuss, oversee and ratify decisions taken by Committees. It has 6 Committees that meet monthly and a Performance and Audit Committee that meets quarterly. An Annual General Meeting is held each year when a Lord Mayor and Deputy Lord Mayor are elected. Chairs and Vice-Chairs of Committees are also elected at the Annual General Meeting.

Councils now have more responsibility than has been seen in a generation. The increased powers granted in 2015 allow for decisions that affect not only the Borough, but the region as a whole. Councils are tasked with making strategically important decisions that will affect future generations, and it is in this context that it encourages everyone to engage with their elected members to help co-create a Borough in which everyone is proud to live, work, visit, learn and invest.

Through careful management the Council is implementing a significant investment programme across a variety of targeted projects. Key developments include a brand new purpose-built leisure centre in Craigavon (£37m), upgrading play parks (£4.75m) and extending Kernan Cemetery (£1.2m), among others.

It is also delivering support for rural areas (£8m) and carrying out a number of environmental improvement schemes in towns and villages throughout the Borough. This is in addition to securing UK government funding for improved digital connectivity to enable greater business growth (£2.4m), EU funding to support peace and reconciliation and promote social and economic stability (£5.1m), and Armagh City and Lurgan's Townscape Heritage Lottery Funded Projects enhancing and regenerating both areas (£13m).

The Council provides approximately £1m grant funding every year in financial assistance to various community groups. It is also engaging with private industry in key sectors to help them grow, expand and address current and future challenges and actively promote the Council area as open for business. Significant attention is being given to town centres in particular, with the establishment of new town centre taskforces across the Borough with a focus on addressing the issues that are impacting on the future development of town centres. Ongoing engagement is taking place with government departments, public and private sectors, business organisations, and chamber groups to ensure there is a co-ordinated approach to our town centre agenda.

The Council is acutely aware of the external environment – in particular, uncertainty over the potential impact of Brexit and the current status of the Northern Ireland Executive – so Members and officers have been working even harder to deliver improved services and projects for local communities. In June 2018, SOLACE established a Brexit Task and Finish Working Group to consider the Day One Readiness of Councils; with a view to ensuring that all Councils are taking a consistent approach in preparing for Brexit specifically and only in relation to the potential impact on Council

Services. Council Officers are taking a proactive role with colleagues in each of the other 10 Councils to ensure that areas of risk are identified and appropriate mitigation and control measures are in place to manage the risks where possible.

Having successfully tackled major changes over the last few years with the creation of the new Council in April 2015, the Council is ready to tackle the next period of important change locally, regionally and nationally. The Council's Corporate Plan reflects the organisation's commitment to the long term outcomes identified in the Community Planning process, as well as the work that will be undertaken to ensure the continued efforts to provide high quality services for local ratepayers. The Community Planning process has shaped the new Corporate Plan and its vision has been adopted by the Council as its corporate vision..." a happy, healthy and connected community, a vibrant and sustainable economy and appealing places for living, working and learning."

The Council's Corporate Plan 2018-2023 identifies 30 commitments to contribute to this vision. These are detailed within the Corporate Plan, a copy of which can be found at the following link:

https://www.armaghbanbridgecraigavon.gov.uk/wp-admin/admin-ajax.php?juwpfisadmin=false&action=wpfd&task=file.download&wpfd_category_id=45&wpfd_file_id=21802&token=17f90ce32e03704f17c5278e0a18078a&preview=1

Governance

The Council prepares a separate Annual Governance Statement and this accompanies the financial statements. Whilst the Annual Governance Statement can be reviewed in detail it is important to reiterate that the effectiveness of the Council's internal controls is examined in detail through the work of Internal Audit. An annual Internal Audit Plan is approved by Council based on a needs and risk assessment process that focuses resources on higher risk areas and meets the professional standards required by the Public Sector Internal Audit Standards. Based on evidence from planned audits and any special investigations, Internal Audit reports to the Performance & Audit Committee on any major weaknesses that have been identified in the internal controls examined and highlights where important improvements are considered necessary.

During the year, 29 audits were completed resulting in a completion rate of 81%. Of these 29, the vast majority received a satisfactory opinion, 4 were given limited assurance and 1 unacceptable. Details are included in the Annual Governance Statement.

Operational mode

During the annual Estimates Process each year the Council has to ensure that it has adequate resources to deliver the services expected by the local community, both business and non-business alike. To this end in 2018/19 the Council projected a requirement of net funding in the amount of £69.6m of which £61.6m was to be raised by way of Rates Income along with total projected Central Government grant funding of approximately £8m (i.e. Rates Support Grant, Transferred Functions Grants and De-Rating Grant).

The structure adopted by Council to deliver services to local ratepayers is based on four separate Directorates, namely: Place; People; Position; Performance.

In February 2018 the Council approved budgets for the four Directorates as follows:

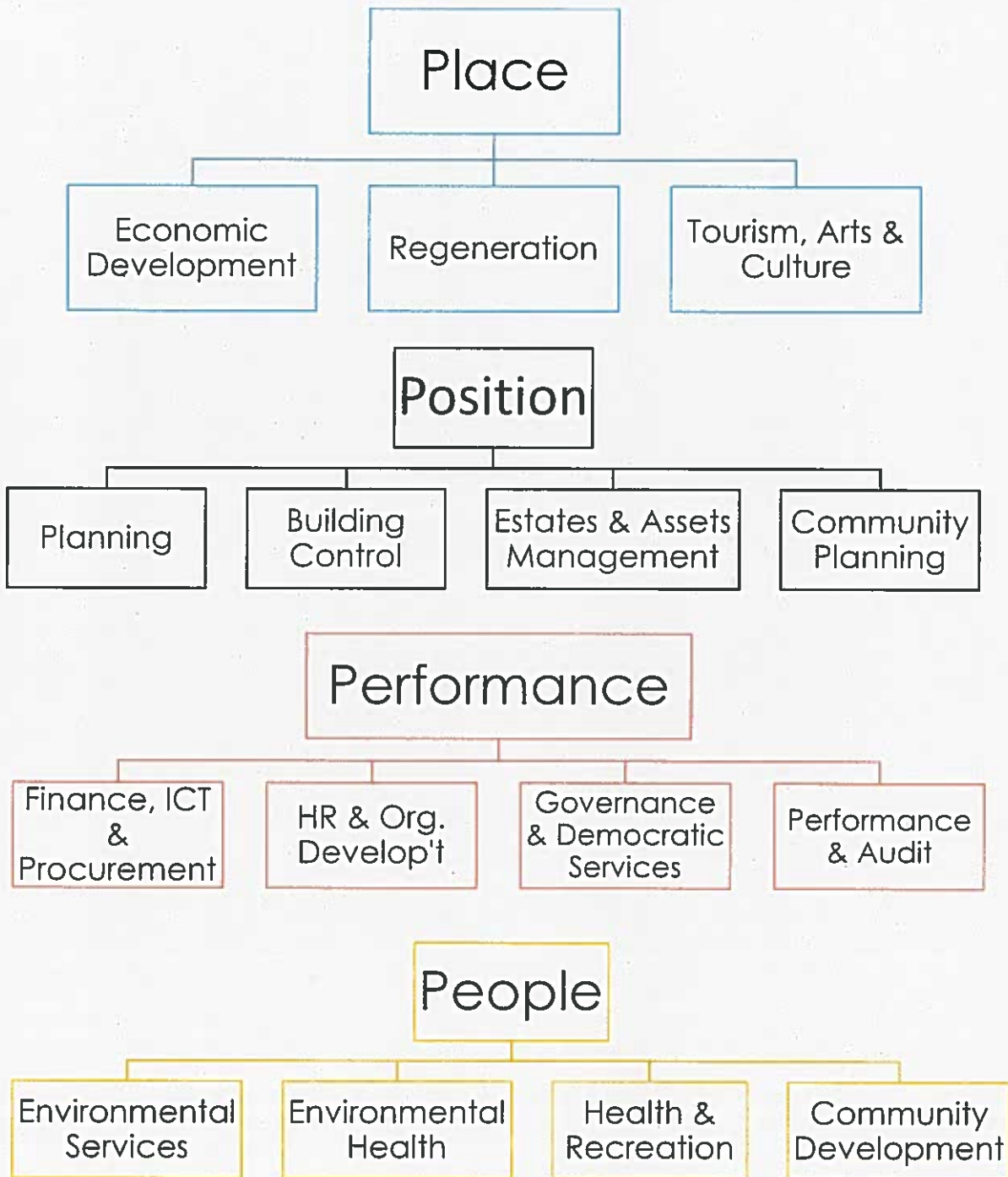
People Directorate: - £36.1m
Performance Directorate: - £7.9m
Place Directorate: - £6.6m
Position Directorate: - £6.8m

The Council also budgeted for various capital projects across Council and set aside approximately £12.2m for this.

The authority's key operational activities report within each Directorate as follows;

- The People Directorate includes Environmental Services, Environmental Health, Health & Recreation, and Community Development;
- The Performance Directorate includes Finance, ICT& Procurement, Human Resources & Organisational Development, Governance & Democratic Services and Performance & Audit;
- The Place Directorate includes Economic Development, Regeneration, Tourism, Arts & Culture;
- The Position Directorate includes Planning, Building Control, Estates & Assets Management and Community Planning;

The authority's key operational activities reported within each Directorate are as follows;



Our corporate plan is one of a suite of strategic documents which the Council uses to manage its business effectively.

These plans are linked by a 'golden thread' which helps to identify how services, departments, teams and individual members of staff will work to deliver our shared outcomes for the benefit of customers, residents and communities.

To Make It Happen, council will deliver services and activities across 4 main themes.

The first theme focuses on the council itself: **Committed Council**.

Within this part of our corporate plan we outline the importance on ensuring our council is 'fit for purpose', ensuring we deliver quality services and become more efficient and effective in everything we do.

The remaining three themes complement the Community Plan: **Economy, Community and Place**, and are aligned to its 9 long term outcomes.

Within these themes we provide a bespoke narrative, highlighting our uniqueness and why this topic is important to the Borough. We explain what we as a council are doing to contribute to these outcomes - Our Commitments - as well as outlining key activities for us as an organisation.



Risks and opportunities

The Council's Corporate Plan looks to the future and reflects how we as an organisation commit to the long term outcomes identified in the Community Planning process, as well as the work required to ensure we continue to provide high quality services.

It is the vision of the Council that it will create "a healthy, happy and connected community, a vibrant and sustainable economy and appealing places for living, working and learning."

As a Council key delivery programmes include:

- Investment & Growth Agenda including Town Centre Development,
- Clean Neighbourhoods,
- Improve everyone's Health & Well-being and
- Customer Care.
- as well as the sources and level of income.

The Council's Community Planning Strategic Partnership's "Connected – A Community Plan, 2017-2030", identifies nine key long term outcome indicators which are interwoven within the strategic goals and objectives of the Corporate Plan and internal business plans. These long term outcomes can be summarised as follows:

COMMITTED COUNCIL	COMMITMENT	COMMITMENT	COMMITMENT
	<ul style="list-style-type: none"> Take a one council approach with clear, robust and accountable processes. 	<ul style="list-style-type: none"> Staff and elected members are ambassadors promoting the values and ambition of the organisation. 	<ul style="list-style-type: none"> Increased customer satisfaction with council services.
ECONOMY	ENTERPRISING	SKILLED	TOURISM
	<ul style="list-style-type: none"> Business Start-up and growth. Efficient connections. Provide information, services and programmes. 	<ul style="list-style-type: none"> Employability skills and training. Apprenticeships, work experience, volunteering. Up to date skills and learning. 	<ul style="list-style-type: none"> Understanding visitors. Create and develop a unique visitor proposition and brand. Quality visitor experiences through places, accommodation & attractions.
COMMUNITY	CONFIDENT	HEALTHY	WELCOMING
	<ul style="list-style-type: none"> Empower communities to contribute to decisions. Community activities and events. Safe, accessible and welcoming facilities. 	<ul style="list-style-type: none"> Work with partners to reduce inequalities in health. Provide a range of quality opportunities for everyone to be active and healthy. Health protection and safety. 	<ul style="list-style-type: none"> Empower communities to respect each other, build relationships, grow together. Shape and design places that value diversity. Include everyone in community life.
PLACE	ENHANCED	CREATIVE	REVITALISED
	<ul style="list-style-type: none"> Increased understanding and respect of environment. Develop and enhance our assets in sustainable way. Promote civic pride and access to our local places. 	<ul style="list-style-type: none"> Seek investment to preserve uniqueness of our heritage. Increase participation in arts and culture. Improve accessibility to creative experiences. 	<ul style="list-style-type: none"> Tackle physical and social deprivation. Secure investment in infrastructure and connectivity. Attractive, healthier, safer, cleaner neighbourhoods.

The Community Plan looks to the future and symbolises the opportunities that Partners, Members and officers believe exist for the delivery of both long term and short term goals. The Community Plan can be accessed by following the link below:

<https://www.armaghbanbridgecraigavon.gov.uk/download/121/community-planning/17059/connected-community-plan-2.pdf>

The Council is also looking to the future through developing a new Local Development Plan. This new plan will set out the Council's vision for future growth and development of the Borough up until 2030.

Local residents and all key stakeholders were invited to have their say during a consultation exercise which ended on 30th May 2018. Within the consultation there was a Preferred Options Paper which highlighted the approach that the Council proposes to take on a range of planning issues, from housing in urban and rural locations, land use, economic development, creating greater investment, jobs and improved quality of life for everyone to protection of the environment.

The Council has an agreed Risk Management Policy with corporate, departmental and project Risk Registers developed and reported to the Performance and Audit committee quarterly in line with the agreed policy. This has been supported during 2018/19 with the introduction of risk management software. The management of risk within the organisation and any significant issues arising during the year and/or areas of concern are referenced in the Annual Governance Statement.

Strategy and resource allocation

The Council has now produced its second corporate plan since its formation in 2015 and there has been significant progress since then. In the last three years the Council has developed and implemented a number of key strategies including Regeneration and Development Strategy (2015-2020), 'Connected' Community Plan (2017-2030), and 'Transform' Tourism Strategy (2017-2022) to

improve the lives of everyone in the area. Strategies also form a part of our day-to-day business and are set out in our Departmental Business Plans.

The Council has launched its Preferred Options Paper for the new Local Development Plan (LDP). Once finalised, the LDP will allow the Borough's economy to develop further and meet the demands of a growing population.

The council has also agreed an extensive capital programme, with capital funds directed at a programme of work across the Borough designed to improve quality of life and deliver on corporate plan outcomes. This is underpinned by sound capital finance planning within the context of the rate setting process.

The infographic below shows the allocation of resources in the organisation as well as the sources of council funding for the year 2019/20. The second infographic shows the range of services which the regional and district rates provide.

Infographic 1 – 2019/20 figures





Outlook

As part of the 2019-20 Rates setting process the Council agreed a very ambitious and significant capital investment plan in the amount of £101.6m. The approved capital plan confirms Council's commitment to the local community and to local businesses through planned investment in play, leisure, community and town centres. The most significant project within the capital plan is the provision of the South Lake Leisure Centre (SLLC) already well under development as referred to above with a planned completion date of Summer 2020.

The Capital Programme shows a total investment in the Borough of £100m over the next three years. Key Features of the funding of the capital programme are:

1. Funding of the programme from capital borrowing, capital receipts, grants and other contributions;
2. Earmarked funding from the government towards specific projects to be maximised as far as possible and wherever it is consistent with Council priorities.

This Capital Investment Strategy is a fundamental component of Council's approach since it reflects agreed strategic priorities across the Borough and endeavours to maximise the contribution of the Council's limited capital resources to achieving its vision.

There continues to be a number of economic factors that can impact on local councils, including inflation, interest rates, pay settlements and continued uncertainty globally within financial markets. Within this challenging environment and in recognition of the targets and goals within the Corporate Plan, the Council has also developed a Medium Term Financial Plan setting a robust financial framework for proposed spending and investment over the next three financial years to support the delivery of agreed corporate objectives.

The Medium Term Financial Plan is currently forecasting district rate increases above the current levels of inflation. Therefore, in order to ensure that the ambitious programme is affordable, the proposed investment and enhanced service delivery will be funded from a number of measures including efficiencies, transformation and service review, securing value for money through procurement and effective treasury management and financial management.

Council is undertaking a strategic review of its estate and is moving to a focus on the transformation of its services.

Council's current approved plans and strategies for the future are deemed affordable and no shortfalls have been identified.

Basis of preparation

The Council's annual accounts are prepared on an accruals basis and are intended to present to readers a true and fair view of financial activity during the 2018/19 financial year. 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 Statement of Accounts has been prepared on a 'going concern' basis.

The concept of materiality recognises that absolute accuracy in financial statements is rarely possible. Therefore, the external audit is designed to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the financial statements.

There are also materiality thresholds to be adhered to and officers are obliged to make judgements and estimates that are reasonable and prudent and have endeavoured to ensure that as much information as possible has been presented to make the accounts as user friendly as possible within these limitations.

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 Performance & Audit Committee and by the Chief Finance Officer on 19th September 2019.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

Annual Governance Statement 2018/19

Scope of Responsibility

Armagh City, Banbridge and Craigavon 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, efficiently and effectively. The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its function, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

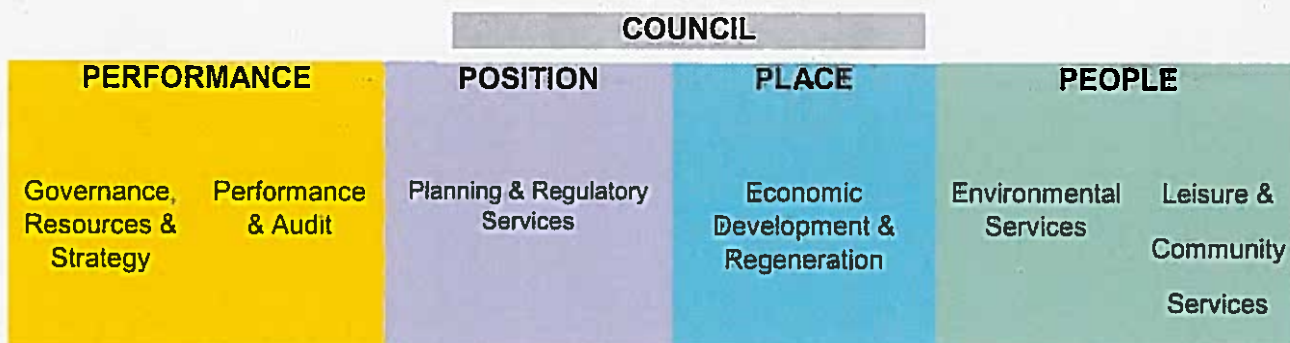
The Purpose of the Governance Framework

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

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

The governance framework has been in place at Armagh City, Banbridge and Craigavon Borough Council for the year ended 31 March 2019 and up to the date of approval of the financial statements.

The Governance Framework The structure detailed below is designed to reflect the Council's Vision and Strategic Priorities as set out in the Corporate Plan. A key element of the structure is to ensure a 'One Council' approach by enabling cross Directorate working.



Through the work of the Committees, Members oversee the work of the Council with all Committee decisions ratified by Full Council except where Committees have been granted delegated authority to make decisions. In addition to Committees, there are a number of Working Groups in respect of Estimates and Financial Assistance and there is also a Members' Advisory Group that oversees the Council's Investment agenda. There is a Member Advisory Group, South Lake Leisure Centre and Armagh Leisure Village Project Boards and other working groups as required.

The Council has an Assurance Framework in place that provides sufficient, continuous and reliable assurance on organisational stewardship and the management of the major risk to organisational success and the delivery of improved, cost effective services. The framework is structured and provides reliable evidence to underpin the assessment of the risk and control environment for the Annual Governance Statement.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework 2016 Edition. How we meet these seven core principles is reviewed and updated annually and a summary of the key elements of our governance framework are detailed below:

Behaving with Integrity

- Shared values communicated via the Community Plan, Corporate Plan, Performance Improvement Plans and key strategies
- Council Constitution, Standing Orders and Scheme of Delegation
- Mandatory Code of Conduct for Councillors and Staff Code of Conduct
- Financial governance processes in place that take account of appropriate ethical standards
- Gifts & Hospitality policy
- Registers of Conflicts of Interest and Members' pecuniary interests maintained
- Fraud and Whistleblowing policies
- Ethical requirements of Professional bodies and expert professional advice
- Partnership Arrangements

Ensuring Openness

- Ongoing consultation and engagement with staff and trade unions
- Community Planning Strategic Partnership
- Community Engagement Strategy
- Local Development Plan – Preferred Options Paper
- Statement of Community Involvement for the production of the Local Development Plan
- Integration Strategy 2017 - 2020
- Good Relations Action Plan
- Media and members of the public in attendance at Council/Committee meetings
- Council minutes and Annual Financial Report published on web site
- Corporate Communications
- Equality Scheme and Action Plan
- Rural Development Programme

Defining Outcomes

- Community Planning processes
- 2018-2023 Corporate Plan
- Development of a Performance Management Framework
- Local Development Plan – Preferred Options Paper
- Strategic Financial Management Framework
- Leisure Transformation Programme
- Annual Performance Improvement Plan
- Strategic Masterplanning
- Integration Strategy

- Development of an Organisational Development Strategy
- Council's Investment Framework and development of a forward Capital Plan

Optimising the achievement of outcomes

- Corporate, Departmental and Performance Improvement plans aligned to delivery of the Community Plan
- Local Development Plan – Preferred Options Paper
- Community Planning Strategic Partnership
- Place Shaping Framework
- Consultation and engagement processes
- Performance Management Framework
- Reporting on the progress of departmental business plans and the Performance Improvement Plan to relevant Committees
- Strategic Financial Management Framework
- Project Boards established for specific projects
- Treasury Management Strategy
- In-house Statistician
- Capital Investment Programme

Developing Capacity & Capability

- Organisational Development Strategy
- Corporate Priority Project Boards
- Framework for External Consultancy
- Training for Members
- Induction training
- Health and Wellbeing Initiatives
- Recruitment and selection procedures
- Benchmarking activity
- Information Management Transformation Programme (IMTP)
- Elected Member Development Plan
- Fraud Awareness Training
- Development of E-Learning modules
- Corporate Learning & Development Strategy
- Development of an Employee Appraisal System
- Appointment of in house Senior Solicitor

Finance, Performance and Risk Management

- Risk Management Policy and Corporate Risk Management system in place
- Corporate Risk Register updated and reported quarterly to the Performance & Audit Committee
- Internal Audit Service and Audit Management Software system which tracks all outstanding recommendations
- Performance Improvement Plan
- Performance and Audit Committee with externally appointed Lay Representatives (2)
- Data Protection Policy and Procedures
- Information Management Transformation Programme (IMTP)
- Financial Regulations
- Development of a Performance Management Framework
- Fraud and Whistleblowing Policies
- Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy and Prudential Indicators
- Medium Term Financial Plan (MTFP)
- Budgetary Control

Transparency, Reporting & Effective Accountability

- Council website
- Publication of key reports including Annual Accounts, Annual Governance Statement and Performance Improvement Report
- Committee support framework and standard committee report template
- Documents made available in alternative formats
- Internal Audit effectiveness annually reviewed against the Public Sector Internal Audit Standards
- Internal Audit annual assurance contained within the Annual Governance Statement
- Internal Audit Reports presented to the Performance & Audit Committee
- Monitoring of all Internal and External Audit recommendations and six monthly updates to the Performance & Audit Committee.
- Council Code of Governance

The Local Government Act (NI) 2014 legislated the Council's General Power of Competence enabling a Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. The Council has been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in the borough. Any issues that may require the Council to ensure the general power of competence will be processed through the Council committee structure. The nominated Committee is the Governance, Resources & Strategy Committee. There was no expenditure under the General Power of Competence during 2018/19.

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

The Performance & Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It also provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

1. The Authority

The Council's Standing Orders and Financial Regulations provide the framework for its decision making processes and sets out the detailed procedures and codes of conduct by which Members and officers operate to achieve Council objectives. Members meet regularly on a formal basis to set the strategic direction and monitor the service delivery of the Council. The following Committee Structure is in place:

- Governance, Resources & Strategy Committee
- Performance & Audit Committee
- Planning & Regulatory Services Committee
- Strategic & Community Planning Committee
- Economic Development & Regeneration Committee
- Environmental Services Committee
- Leisure & Community Services Committee

The Group Party Leaders Forum seeks to provide an informal sounding board on major strategic issues in advance of submission to Committee/Council, thereby facilitating and streamlining the conduct of Council business.

2. The Executive

Strategic Directors and Heads of Department completed 6 monthly Assurance Statements and in signing, opinions were informed by the following:

- Assurance from relevant Heads of Department
- Corporate and Departmental Risk Registers
- Operational policies and procedures
- Internal Audit reports
- Administrative procedures (including segregation of duties)
- Management Supervision
- System of delegation and accountability

3. Performance & Audit Committee

The Council has a Performance & Audit Committee which reports to full Council and oversees the work of Internal Audit which operates to the Public Sector Internal Audit Standards. The terms of reference (Audit Committee Charter) which sets out the purpose and roles and responsibilities was updated in June 2019.

There are 7 Members on the Committee and during 2018/19 meetings were held in June, September, December 2018 and March 2019. The Northern Ireland Audit Office was in attendance at all the meetings during the year. At the end of the first 4 year term of Council the existing externally appointed Lay Representatives contracts of employment expired and with effect from June 2019 one new Lay Representative has been appointed until 2022 with the intention to appoint a second Lay Representative in 2019.

The Performance & Audit Committee Annual Report 2018/19 was presented at the June 2019 meeting. The annual report included the annual Performance & Audit Committee Self-Assessment and this was completed in time to support the completion of the Annual Governance Statement. The Self-Assessment exercise was chaired by one of the Lay Representatives resulting in the completion of an action sheet.

4. Internal Audit

The aim of Internal Audit is to provide an independent assurance and advisory service which will help the Council achieve its objectives and improve the effectiveness of its risk management, control and governance processes. In preparing the overall audit opinion Internal Audit reviewed all audit and risk activity carried out during the year and the following extract is taken from the 2018/19 Internal Audit Annual Report:

'The overall opinion is that there is a **SATISFACTORY** level of internal control within the Council's systems and procedures. This opinion is based upon the work of Internal Audit during the 2018/19 financial year. Internal Audit is not able to give an opinion on areas that have not been covered by the service'.

In all areas, Internal Audit recommendations were agreed with senior management, with improvement plans drawn up and priority actions required to be implemented within defined timescales.

The effectiveness of the Council's internal controls is examined in detail through the work of Internal Audit. The audit plan is based on a needs and risk assessment process that focuses resources on higher risk areas and meets the professional standards required by the Public Sector Internal Audit Standards. Based on evidence from planned audits and any special investigations, Internal Audit

reports to the Performance & Audit Committee on any major weaknesses that have been identified in the internal controls examined and highlights where important improvements are considered necessary.

Internal Audit continue to facilitate the development of risk management throughout the Council.

A self-assessment against the Public Sector Internal Audit Standards was completed in May 2019 with the conclusion being that Internal Audit was substantially compliant and therefore operating effectively.

During the year 29 audits were completed resulting in a completion rate of 81%. Of these 29, the vast majority received a satisfactory assurance, 4 were given limited assurance and 1 unacceptable.

An audit of Carn Depot was carried out during August/September 2018. The final report was issued in November 2018 in which Limited assurance was given. A Post Audit Review was completed in July 2019 and this demonstrated that sufficient progress had been made in the implementation of audit recommendations to warrant the assurance to be raised to Satisfactory.

Details of the other Limited and Unacceptable assurance audits are as follows:

IT Governance and Data Security (KPMG) - Limited

This review identified a lack of operational and strategic IT governance documents. Within the findings it was noted that there was no documented IT Disaster Recovery Plan and no formal Business Continuity Plan for the IT Department. The weaknesses identified referenced the absence of appropriate documentation which could potentially impact on the Council's ability to operate business as usual in the event of a significant incident. It was acknowledged that the IT Team do have practices and procedures in place but it is important that these are documented. A number of control weaknesses were also identified in the area of Network Management and Network Security. A number of recommendations have been implemented and management are working on implementing the remaining recommendations. A further follow up audit is scheduled for the 2019/20 year.

Fleet Management - Post Audit Review (PAR) - Limited

Monitoring systems in place at the time of audit did not provide adequate assurance that Council drivers were adhering to EU driving and WTD regulations. There was an inconsistent approach to the use of driver's cards and digital tachographs across the Council fleet and as a result detailed reports from the Fleet Transport Association (FTA) website were only available for some drivers and vehicles. Also, Vehicle Defect Books were not used consistently across Council. As a result of these issues Council could not assess or monitor compliance to all O-Licence regulations. There were no formal processes in place for the reporting of fleet maintenance costs and discrepancies were found between the various sets of records of the Council's fleet. While the PAR highlighted improvement in relation to the use of driver's cards, digital tachographs and driver monitoring reports, insufficient progress was made in the remaining areas to allow the assurance to be raised.

Neighbourhood Renewal - Limited

The review identified a lack of segregation of duties in respect of the Growing Communities Programme (GCP) and there is a need for different officers to deal with the consultation process, the award and payment of funding. There was a lack of evidence held of the consultation process with groups and it was noted that the same groups receive funding each year. The audit identified inadequate vouching to both bank statements and invoices for some of the Growing Communities spend reviewed. There was a lack of recording of conflicts of interests and it was considered that all

relevant partners would benefit from conflicts of interest training. The lack of reporting to Council on the performance of neighbourhood renewal programmes was also identified. Improvements were also required around the evaluation of the GCP with the completion of post evaluation reports for each individual project delivered by outside community groups. A PAR is scheduled for the 2019/20 year.

Keady Recreation Centre – Unacceptable

A review of systems identified significant failings in relation to the sale of confectionery and drinks with a potential shortfall of £5,729. An investigation into the discrepancies has been completed. It was concluded that the shortfall in income was mainly due to poor record keeping including the fact that allocations of stock had been provided free of charge or at cost prices for various school activities and Council health programmes. In addition it was also alleged that two small stock thefts had occurred and that some out of date stock was disposed of without keeping sufficient records. Since the audit, the sale of confectionary and drinks at the centre has ceased. The audit also identified an absence of key controls specifically in relation to the lack of documented procedures, inadequate segregation of duties and an inadequate booking system. Issues were also noted regarding the timeliness of setting up new fitness suite members and the deactivation of cancelled members. From the sample of fitness suite concession members reviewed there was no evidence to confirm eligibility for the concession rate provided. A number of recommendations have been implemented and management are working on implementing the remaining recommendations. A PAR is scheduled to be completed by December 2019.

In all cases recommendations have been agreed with Senior Management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales.

5. Other explicit review/assurance mechanisms

The continued work of the Member Lead Working Group in relation to governance systems and frameworks is a key part of the strategic development of Council and is linked to the roll out of the Community, Corporate and Departmental plans. During the year work continued in relation to Elected Member Development, Committee management, arrangements and structures and reviews of Standing Orders, Scheme of Delegation, the Constitution and Financial Regulations.

During the year an audit of the Council's organisation and management systems for the delivery of Food Safety Official Controls was completed by the Food Standard Agency (FSA). The primary focus of the FSA audits is to provide assurance that local delivery of official controls is compliant with EU and UK legal requirements and official guidance. As Council are certified to ISO 9001 quality management system this helped the food service through the transition and facilitated continuity processes. The Council received a very positive set of outcomes.

The Northern Ireland Audit Office provides a level of assurance through the provision of their annual audit and issuing of a management letter which includes an action plan to address issues identified.

External funding received throughout the year is subject to independent audits from the relevant funders i.e. Europe, Government Departments, SEUPB etc.

Role of Chief Financial Officer

The Chief Executive is the Council's designated Chief Financial Officer (CFO) under the Local Government Finance Act (NI) 2011. He has authority over all other officers for the efficient management and execution of the Council's functions.

In fulfilling this role, the Chief Executive is supported by a number of fully qualified and experienced staff within the Performance Directorate who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

The Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: A Framework.

Update on Significant Governance Issues that were declared at the year ended 31 March 2018

Six issues were declared last year with two of these continuing to be declared as issues in this year's statement, although there has been developments on one of the legacy issues, namely Interreg and IIIA Programme. The four issues addressed during 2018-19 are detailed below.

1. GENERAL DATA PROTECTION (GDPR)

As a public body Council has a statutory duty to safeguard the information it holds from whatever source, which is not in the public domain. The Council has updated its Data Protection Policy to take account of the Data Protection Act 2018 and has revised the Access to Information Policy to ensure compliance with the four main legislative frameworks under which request for information are processed i.e.

- The Freedom of Information Act 2000
- The Environmental Information Regulations 2004
- The Data Protection Act 2018
- Open Data NI (Data published on the openDataNI portal)

A project team was established to deliver GDPR compliance and in addition to revising the two policies there has been established clear governance arrangements to support Council in meeting required standards with the design and implementation of an ongoing compliance programme incorporating features such as Privacy Impact Assessments, regular audits, policy reviews and training and awareness programmes. Mandatory training was held for all staff during 2018/19.

During 2018/19 there were no data related incidents that required reporting to the Information Commissioner's Office.

2. LOCAL DEVELOPMENT PLAN (LDP)

The LDP will provide a 15 year plan framework to support economic and social needs in the borough in line with regional strategies and policies, while providing the delivery of sustainable development. It will also facilitate growth by coordinating public and private investment to encourage development where it can be of most benefit to the community, allocate sufficient land to meet the needs of the borough and provide an opportunity for all stakeholders to have a say about where and how development within the local area should take place. The Preferred Options Paper (POP) is the first of three public constitution documents that the Council will issue during the LDP process. The main purpose of the POP is to promote focused debate on key issues of strategic significance which are likely to influence the direction of future development within the Borough up to 2030. The POP was issued on 28 March 2018 with a period of public consultation until 30 May 2018. The outcome of the public consultation will inform the preparation of the Draft Plan Strategy, the next stage in the process.

3. LOCAL GOVERNMENT REFORM – MANAGEMENT OF CHANGE AND TRANSFORMATION

Council needs to ensure it has the right people, with the right skills, working in the right way, within effective roles, programmes and flexible structures. This brings a series of core behaviours and key competencies that are needed to address both capacity and capability issues within Council to successfully drive through performance. The matching process of filling the fourth tier posts, those reporting to Heads of Department has commenced. As soon as each Department has filled the posts in the fourth tier, consultation will commence on the next level of posts.

4. ARMAGH CITY AND DISTRICT COUNCIL – LEGAL CASE

This was a very complex and lengthy matter lasting over 8 years relating to a portion of ground that the Council owned in Keady and had been attempting to make available for health related purposes. There was a longstanding case against the NI Ombudsman which has now concluded. The Council has fully complied with the recommendations set out the Ombudsman's Final Report. The only outstanding matter relates to court costs and a provision has been included in the Council's accounts.

Significant Governance Issues for the year ended 31 March 2019

1. INTERREG IIIA PROGRAMME IRELAND/NORTHERN IRELAND 2000-2006 PROJECT REF.026413 WOOD DERIVED BIOMASS HEATING

In May 2011 the Department of Enterprise, Trade and Investment (DETI) wrote to the legacy Craigavon Borough Council requesting a claw back of £198,747 in relation to the European Funded Biomass Boiler Scheme. In November 2011 DETI served a Writ of Summons against Craigavon Borough Council. Both insurance and legal advice has been sought over the last 5 years and a meeting has recently been held with the Department for the Economy (formally DETI) to discuss a resolution with Council keen to avoid incurring any further legal costs. At that meeting formal mediation was considered as a way of resolving this issue. The Department for the Economy has recently responded and have advised they are now in a position to assign Senior Counsel to take forward a joint consultation process. A provision for the clawback has been included in the Council's accounts.

2. CYBER SECURITY

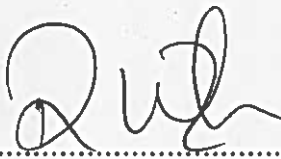
Like almost all businesses and public sector bodies a substantial risk that the Council faces is cyber fraud. Technological advancements have over the last 10 years provided fraudsters with a powerful series of tools with which to exploit the vulnerabilities of individuals, businesses and councils alike. Cyber fraud and cyber-attacks represent the biggest and fastest growing threat to the Council. External attacks can result in files being encrypted and becoming inaccessible. Whilst the network could be restored the resulting loss of data and down time represents a big risk to Council. Given that the external review of IT identified a lack of operational and strategic IT governance documents and that there was no documented IT Disaster Recovery Plan and no formal Business Continuity Plan for the IT Department the view was that, although the IT Team have practices and procedures in place, the absence of appropriate documentation could have an adverse impact on the Council's ability to operate business as usual in the event of a significant incident. The review also identified a number of control weaknesses in the area of Network Management and Network Security. Seven recommendations were made of which one was priority one, five were priority two and one was priority three. A number of recommendations have been implemented and management are

working on implementing the remaining recommendations. A further audit is scheduled for the 2019/20 year.

3. EXTERNAL FRAUD

The Council was contacted via email in relation to changing bank mandates for a supplier. As per agreed procedures, attempts were made to contact the supplier by phone to confirm the changes, without success. An email was sent to the supplier's email address as per the original records for the company to contact Council but unbeknownst to Council this account had been hacked. An unknown 3rd party made contact confirming the change. The payment was for £19,020 and Council has recovered £8,793.13.

Officers have been working with the Council's bank, the Building Society where the funds were transferred and the PSNI in relation to this matter – there is still a live investigation into the matter by CID and Action Fraud. Funds have been recovered from the Building Society and passed over to the contractor and efforts are continuing to recover the balance. It should be noted that the Council is in no financial detriment. Following this incident, Officers have reviewed internal procedures relating to bank account changes and these are now being signed off by finance management to mitigate the risk of a similar situation occurring in the future.

Signed  Date 19/9/2019
Chief Financial Officer

Signed  Date 19/9/2019
Chairman

On behalf of the Committee of the Council or the Members of the body meeting as a whole and by the Chief Financial Officer.

Remuneration Report for the year ended 31 March 2019

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.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2018 were issued by the Department for Communities on 31 July 2018 (Circular LG 12/2018). Details of the allowances paid to individual councillors are published on the council's website at www.ArmaghBanbridgeCraigavon.gov.uk.

Following local elections on 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Armagh City, Banbridge & Craigavon Borough Council had 41 councillors in 2018/19.

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.

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 that are open-ended.

Allowances paid to Councillors

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

Table 1: Total Allowances paid to Councillors (audited information)

Allowance	2018/19		2017/18	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	605,113	43	593,763	41
Special Responsibility Allowance	102,745	31	103,497	29
Mayor's Allowance	18,729	2	18,362	2
Deputy Mayor's Allowance	8,324	2	8,161	2
Mileage Allowance	42,896	34	51,033	34
Public Transport and Other Travel	768	13	2,084	11
Subsistence	1,210	17	828	9
Courses/ Conferences visits (registration & joining fees)	0	0	1,702	3
Dependants' Carers Allowance	2,030	4	3,392	4
TOTAL ALLOWANCES	781,815		782,822	

Details of the allowances paid to individual councillors in 2018/19 are published on the council website at www.ArmaghBanbridgeCraigavon.gov.uk/council/councillor-information.

Remuneration of Senior Employees

The remuneration of senior employees covers the Executive Management Team. The interim Director of People left employment of the Council in July 2018. The position of Director of People is currently filled by M Parkinson through a contract for services with a Recruitment Business Organisation to the value of one hundred and forty seven thousand pounds, inclusive of all associated costs including contract fees, expenses and services in 2018/19. The rest of the Executive Management Team were in post for the full year and the following table provides details of the remuneration paid to those officers.

Table 2: Remuneration (including salary) (audited information)

Officers	2018/19				2017/18			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000
Chief Executive R Wilson	115 - 120	0	0	115 - 120	115 - 120	0	0	115 - 120
Director of Place O Murtagh	90 - 95	0	0	90 - 95	85 - 90	0	0	85 - 90
Director of Position S O'Gorman	90 - 95	0	0	90 - 95	85 - 90	0	0	85 - 90
Director of People M Reardon*	30 - 35 (85 - 90)	0	0	30 - 35 (85 - 90)	100 - 105	0	0	100 - 105
Director of Performance S McNicholl	85 - 90	0	0	85 - 90	5 - 10 (80 - 85)	0	0	5 - 10 (80 - 85)

* Director of People left employment of the Council in July 2018

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

The banded remuneration of the highest paid member of the Executive Management Team in the financial year 2018/19 was £115k - £120k. This was 5.1 times the median remuneration of the workforce, which was £22.9k. (2017/2018 5.4 times)

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)

	2018/19 £'000	2017/18 £'000
Salary Band of Highest Paid member of the Executive Management Team	£115 - £120	£115 - £120
Median Total Remuneration	£22.9	£21.8
Ratio	5.1	5.4

In 2018/19, no employees received remuneration in excess of the highest paid member of the Executive Management Team.

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

Salary

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

Bonus Payments

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

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, 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 2018/19 (audited information)

Severance Package Cost Band	2018/19				2017/18			
	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	1	1	18	0	0	0	0
£20,001-£40,000	0	3	3	105	0	3	3	87
£40,001-£60,000	0	13	13	619	0	5	5	239
£60,001-£80,000	0	3	3	207	0	4	4	275
£80,001-£100,000	0	4	4	355	0	3	3	270
£100,001-£150,000	0	9	9	1,062	0	4	4	437
£150,001-£200,000	0	4	4	713	0	2	2	349
£200,001-£250,000	0	1	1	291	0	0	0	0
Total	0	38	38	3,370	0	21	21	1,657

Costs of exit packages in 2018/2019 relate to staff for whom decisions to grant voluntary redundancies were approved by Council prior to 31 March 2019. This includes staff who left before 31 March 2019 as well as those still in Council employment in 2019/2020.

Pension Benefits

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

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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2018, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 - £22,100	5.8%
3	£22,101 - £36,900	6.5%
4	£36,901 - £44,700	6.8%
5	£44,701 - £88,300	8.5%
6	More than £88,300	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2016 was carried out in 2016/17 and set the employer contribution rates for the 3 years commencing 1 April 2017 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate	Deficit Funding
1 April 2017 – 31 March 2018	18%	£498,300
1 April 2018 – 31 March 2019	19%	£498,300
1 April 2019 – 31 March 2020	20%	£498,300

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 2018/19 was £134k (2017/18 £144k).

The value of pension benefits for the Executive Management Team of the Council accrued during the year was as follows:

Table 7: Pension Benefits of Senior Staff in 2018/19 (audited information)

Executive Management Team Officers	Accrued Pension at pension age as at 31/3/19 and related lump sum £'000	Real increase (decrease) in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000
Chief Executive R Wilson	40 - 45	0 - 2.5	705	653	23
	65 - 70 (Lump Sum)	(0 - 2.5) (Lump Sum)			
Director of Place O Murlagh	35 - 40	0 - 2.5	628	571	32
	55 - 60 (Lump Sum)	0 - 2.5 (Lump Sum)			
Director of Position S O'Gorman	30 - 35	0 - 2.5	439	396	24
	40 - 45 (Lump Sum)	0 - 2.5 (Lump Sum)			
Director of People M Reardon	nil	nil	nil	nil	nil
	nil (Lump Sum)	nil (Lump Sum)			
Director of People M Parkinson	nil	nil	nil	nil	nil
	nil (Lump Sum)	nil (Lump Sum)			
Director of Performance S McNicholl	30 - 35	30 - 35	538	2	529
	55 - 60 (Lump Sum)	55 - 60 (Lump Sum)			

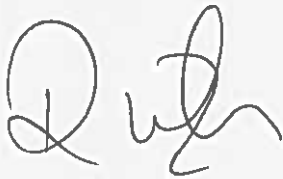
*The Director of Performance elected to combine with previous deferred pension benefits explaining the significant increases in 2019. The Directors of People are not members of the NI Local Government Pension Scheme and Council did not contribute to any other pension schemes on their behalf.

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

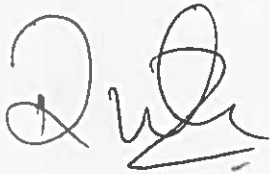


Chief Executive
19 September 2019

Certificate of the Chief Financial Officer

I certify that:

- a. The Statement of Accounts for the year ended 31 March 2019 on pages 37 to 103 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 41 to 61.
- 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 ended 31 March 2019.



Chief Financial Officer

Date 19/9/2019

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Performance & Audit Committee on 19th September 2019.



Chairman

Date 19/9/2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARMAGH CITY, BANBRIDGE AND CRAIGAVON BOROUGH COUNCIL

Opinion on financial statements

I have audited the financial statements of Armagh City, Banbridge and Craigavon Borough Council for the year ended 31 March 2019 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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 2018-19, of the financial position of Armagh City, Banbridge and Craigavon Borough Council as at 31 March 2019 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Armagh City, Banbridge and Craigavon Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in that report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 Statement of Accounts for the financial year ended 31 March 2019 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

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.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

This report is made solely to the Members of Armagh City, Banbridge and Craigavon Borough Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

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 2018-19;
 - 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 Armagh City, Banbridge and Craigavon Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



Pamela McCreedy
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 September 2019

Armagh City Banbridge & Cragavon Borough Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	Notes	2018/19			2017/18		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure							
Place Directorate	2	13,177,615	(2,867,112)	10,310,503	15,869,056	(4,540,450)	11,328,606
People Directorate	2	64,654,171	(12,279,116)	52,375,055	60,550,857	(11,759,750)	48,791,107
Position Directorate	2	12,026,021	(3,569,121)	8,456,900	13,569,672	(3,343,041)	10,226,631
Performance Directorate	2	11,355,627	(257,387)	11,098,240	10,182,713	(287,305)	9,895,408
Cost of Services on Continuing Operations		101,213,434	(18,972,736)	82,240,698	100,172,298	(19,930,546)	80,241,752
Other Operating Expenditure/ Income	8	33,168		33,168	861,498		861,498
Financing and Investment Income and Expenditure	9	3,766,209	(484,919)	3,281,290	4,966,988	(450,850)	4,516,140
Net Operating Expenditure		105,012,811	(19,457,655)	85,555,156	106,000,784	(20,381,396)	85,619,390
Taxation and Non-Specific Grant Income	10		(71,534,210)	(71,534,210)		(68,876,531)	(68,876,531)
(Surplus)/Deficit on the Provision of Services		105,012,811	(90,991,865)	14,020,946	106,000,784	(89,257,927)	16,742,857
(Surplus)/Deficit on revaluation of non-current assets	11			(7,261,110)			(18,021,526)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(3,749,000)			905,000
Other Comprehensive Income and Expenditure				(11,010,110)			(17,116,526)
Total Comprehensive Income and Expenditure				3,010,836			(373,669)

Armagh City Banbridge & Craigavon Borough Council
Movement in Reserves Statement for the year ended 31 March 2019

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease in year line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2017	17,096,102	9,597,893	538,434	27,232,429	75,925,770	103,158,199
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(16,742,857)	-	-	(16,742,857)	-	(16,742,857)
Other Comprehensive Income and Expenditure	-	-	-	-	17,116,526	17,116,526
Total Comprehensive Income and Expenditure	(16,742,857)	-	-	(16,742,857)	17,116,526	373,669
Adjustments between accounting basis & funding under regulations	17,708,727	-	335,965	18,044,692	(18,044,694)	-
Net increase before transfers to Statutory and Other Reserves	965,869	-	335,965	1,301,834	(928,168)	373,666
Transfers to / from Statutory and Other Reserves	2,320,585	(2,320,585)	-	-	-	-
Increase/ Decrease in year	3,286,453	(2,320,585)	335,965	1,301,834	(928,168)	373,666
Balance as at 31 March 2018	20,382,555	7,277,308	874,399	28,534,263	74,997,602	103,531,865
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(14,020,946)	-	-	(14,020,946)	-	(14,020,946)
Other Comprehensive Income and Expenditure	-	-	-	-	11,010,110	11,010,110
Total Comprehensive Income and Expenditure	(14,020,946)	-	-	(14,020,946)	11,010,110	(3,010,836)
Adjustments between accounting basis & funding under regulations	14,912,356	(467,984)	(874,399)	13,569,973	(13,569,973)	0
Net increase before transfers to Statutory and Other Reserves	891,409	(467,984)	(874,399)	(450,973)	(2,559,863)	(3,010,836)
Transfers to / from Statutory and Other Reserves	(1,476,000)	1,476,000	-	(0)	-	(0)
Increase/(Decrease) in year	(584,591)	1,008,016	(874,399)	(450,973)	(2,559,863)	(3,010,836)
Balance as at 31 March 2019	19,797,964	8,285,325	-	28,083,289	72,437,738	100,521,027

Armagh City Banbridge & Craigavon Borough Council
Balance Sheet as at 31 March 2019

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. 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. The second category of reserves is those that the Council 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'.

	Note	31 March 2019	31 March 2018
		£	£
Fixed Assets	11	212,511,291	200,192,937
Long Term Debtors	15	1,418,507	1,543,529
LONG TERM ASSETS		213,929,798	201,736,466
Inventories	14	346,443	345,000
Short Term Debtors	15	7,605,960	8,097,152
Cash and Cash Equivalents	25	789,948	6,838,302
CURRENT ASSETS		8,742,351	15,280,454
Short Term Borrowing	17	1,998,607	2,129,296
Short Term Creditors	18	13,763,777	10,426,306
Provisions	19	399,232	386,185
CURRENT LIABILITIES		16,161,616	12,941,787
Long Term Creditors	18	29,889	30,489
Provisions	19	4,104,188	4,050,576
Long Term Borrowing	17	38,670,666	40,712,568
Other Long Term Liabilities	21, 6	63,184,763	55,749,636
LONG TERM LIABILITIES		105,989,506	100,543,269
NET ASSETS		100,521,027	103,531,864
USABLE RESERVES			
Capital Receipts Reserve	26	-	874,399
Capital Fund	26	3,848,079	4,316,063
Renewal and Repairs Fund	26	515,517	515,517
Other Balances and Reserves	26	3,921,728	2,445,728
General Fund	26	19,797,964	20,382,555
		28,083,289	28,534,262
UNUSABLE RESERVES			
Capital Adjustment Account	27	51,297,712	50,799,271
Revaluation Reserve	27	85,876,934	81,455,564
Pensions Reserve	27	(63,178,000)	(55,703,000)
Accumulated Absences Account	27	(952,742)	(983,152)
Provisions Discount Rate Reserve	27	(606,166)	(571,081)
		72,437,738	74,997,602
NET WORTH		100,521,027	103,531,864

Armagh City Banbridge & Craigavon Borough Council
Cash Flow Statement at 31 March 2019

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

	Note	2018/19	2017/18
		£	£
Net Deficit on the provision of services		(14,020,946)	(16,742,857)
Adjustment for non-cash movements	25	23,070,756	21,506,449
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(163,949)	(1,027,972)
Net cash flows from operating activities	25	8,885,861	3,735,619
Cash flows from Investing Activities	25	(12,721,749)	(4,303,876)
Net Cash flows from Financing Activities	25	(2,212,465)	(2,234,217)
Net increase or decrease in cash and cash equivalents		(6,048,353)	(2,802,473)
Cash and cash equivalents at the beginning of the reporting period		6,838,302	9,640,775
Cash and cash equivalents at the end of the reporting period		789,949	6,838,302

**Armagh City Banbridge & Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, 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 2018/19 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial

instrument rather than the cash flows fixed or determined by the contract.

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

ii. Acquisitions and Discontinued Operations

Council has neither acquired nor discontinued operations (or transferred operations under machinery of government arrangements) during the financial year.

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

Council has made a provision for the costs of outstanding job evaluations arising from the Council's Single Status review.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

v. Contingent Assets

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

vi. Contingent Liabilities

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

vii. Employee Benefits

Short-term employee benefits are those due to be settled wholly 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 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of:

- a) when the Council can no longer withdraw the offer, or
- b) when the related restructuring costs are incurred.

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

Post-Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the Aon Hewitt GBP Select AA Curve, using the constituents of the iBoxx index of AA rated corporate bonds and the duration of the Employer's liabilities).

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 the following components:

- Within the Cost of Services

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

(b) Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statements.

- Within Financing and Investment Income and Expenditure

(c) 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)

(d) The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. 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.

(e) Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserves as Other Comprehensive Income and Expenditure."

- Within the Movement in Reserves Statement Appropriations

(f) 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).

(g) 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, this means that there are transfers 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."

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The schemes provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

viii. Events After the Balance Sheet Date

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

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

The Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the Statement of Accounts and is usually the date the Local Government Auditor issues the 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.

ix. 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.

x. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

xi. Financial Instruments

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

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

Financial Assets Measured at Amortised Cost

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

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

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

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

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

xii. 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 if material.

xiii. Government Grants and Contributions

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

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

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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.

xiv. 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 and they are therefore carried at revalued cost. 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 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 General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) the Capital Receipts Reserve.

xv. 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 weighted average costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xvi. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measureable date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii. Landfill Allowance Scheme

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

xviii. 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, plant or equipment 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, plant or equipment – 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 (where ownership of the asset does not transfer to the Council at the end of the lease period).

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 contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease 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 is 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 capital receipt for the disposal of the asset is used to write down the lease 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 District rates, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessor - Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating

Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xix. 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 in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets 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 decommissioned i.e. to be 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 non-current 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.

xx. 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 over £5k 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. Assets are grouped under Land, Buildings, Infrastructure, Vehicle Plant & Equipment, Community, Surplus and shown within Note 11a and b. Further groupings are Intangible and Investment properties that are shown in note 11d and e respectively.

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 does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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 on a 5 year rolling basis with 20% of assets being subject to a physical valuation each year and the remaining 80% having a desktop revaluation carried out. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains are credited to the CIES 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 or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

Depreciation

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

Depreciation is calculated on the following basis:

- buildings & infrastructure are depreciated on a straight line basis up to 50 years; based on their carrying value over the estimated remaining useful life of the asset as advised by a suitably qualified person.

- plant and equipment, vehicles and ICT are depreciated on a straight line basis on their historic cost using a percentage of the value of each class of asset in the Balance Sheet.

The estimated useful life of high value vehicles is reviewed each year and, where material, adjustments are made to extend the useful life.

- infrastructure - straight line allocation up to 25 years.

Componentisation

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

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

Revaluations

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

xxi. Heritage Assets

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

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

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on fixed assets. The Council's collections of heritage assets are as follows:

- modern art sculptures in towns and parks.
- mayoral regalia.
- works of art and antique furnishings held by council.

- range of art and antiquities held in council museums.

A range of categories of Heritage assets held at various council locations including FE McWilliam Gallery and Studio, the Civic Buildings and some Town Halls were valued as at 31 March 2019.

xxii. Provisions

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

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

xxiii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, retirement benefits, accumulated absences and provisions discount rate and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv. Charges to Revenue for Non-Current Assets

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

- 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.

xxv. Revenue Expenditure Funded from Capital under Statute

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

xxvi. Value Added Tax

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

xxvii. The Carbon Reduction Commitment Scheme (CRC)

Due to its low levels of energy consumption, there is no requirement for the Council to participate in the Carbon Reduction Commitment Energy Efficiency Scheme.

xxviii. 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:

- in the principal market for the asset or liability, or
- 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 Council 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 Council 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 Council's financial statements are categorised within the fair value hierarchy, as follows:

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires an authority to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

For 2018/19 the accounting policy changes that need to be reported will be confirmed in the year-end CIPFA Bulletin issued under the guidance of LAAP. Appendix C of the 2019/20 Code will provide details of the disclosures required.

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

c) Critical Judgements in Applying Accounting Policies

In applying accounting policies set out from Note 1a the Council has not had to make any critical judgements about complex transactions or those involving uncertainty about future events.

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 2019 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.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

ii. Fair Value Measurement

The Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

iii. Provisions

The Council has not made a provision for bad debt arising from non-collection of rate income by Land & Property Services in future years as it is not certain how much uncollected rates will be written off by LPS in future years. Also, Council has not made a provision for the settlement of claims for back pay arising from Equal Pay settlements due to the uncertainty of the amounts involved.

iv. Pension Liability

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

v. Arrears

A collective assessment of the outstanding debt balances was completed based on the Council's credit control procedures and an allowance for impairment loss for trade receivables has been included.

2

a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

	2018/19			2017/18		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Place Directorate	7,972,609	2,337,894	10,310,503	8,746,939	2,581,667	11,328,606
People Directorate	38,735,023	13,640,032	52,375,055	38,803,818	9,987,289	48,791,107
Position Directorate	6,771,681	1,685,219	8,456,900	5,648,574	4,578,057	10,226,631
Performance Directorate	9,772,020	1,326,220	11,098,240	9,384,359	511,049	9,895,408
Net Cost of Services	63,251,333	18,989,365	82,240,698	62,583,690	17,658,062	80,241,752
Other Income and Expenditure	(62,666,743)	(5,553,009)	(68,219,752)	(65,870,143)	2,371,250	(63,498,893)
(Surplus) or Deficit	584,590	13,436,356	14,020,946	(3,286,453)	20,029,312	16,742,859
Opening General Fund			20,382,555			17,096,102
Surplus/ (Deficit) on General Fund Balance in Year			(584,591)			3,286,453
Closing General Fund			19,797,964			20,382,555

A review of the presentation of local authority financial statements resulted in changes to the Code of Accounting Practice. Councils are required to report on the basis of how they are structured and how they operate, monitor and manage financial performance. The purpose of the Expenditure and Funding Analysis (EFA) is to bring together the funding framework and the accounting framework by service. The EFA takes net expenditure chargeable to taxation, reconciling this to the CIES surplus or deficit on the Provision of Services. There is no impact on the balance sheet as a result of this change in accounting policy and as such a third balance sheet is not required.

2

Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement

**Adjustments between Funding and Accounting Basis
2018/19**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Place Directorate	1,419,266	919,311	(683)	-	2,337,894
People Directorate	7,474,824	6,193,020	(27,812)	-	13,640,032
Position Directorate	233,420	1,451,435	364	-	1,685,219
Performance Directorate	29,266	1,299,234	(2,280)	-	1,326,220
Net Cost of Services	9,156,776	9,863,000	(30,411)	-	18,989,365
Other Income and Expenditure from the Expenditure and Funding Analysis	(5,354,941)	1,361,000	(83,068)	(1,476,000)	(5,553,009)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,801,835	11,224,000	(113,479)	(1,476,000)	13,436,356

**Adjustments between Funding and Accounting Basis
2017/18**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Place Directorate	2,225,203	332,268	24,196	-	2,581,667
People Directorate	7,489,298	2,318,273	179,718	-	9,987,289
Position Directorate	4,009,583	519,736	48,738	-	4,578,057
Performance Directorate	-	478,723	32,326	-	511,049
Net Cost of Services	13,724,084	3,649,000	284,978	-	17,658,062
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,837,348)	-	2,888,013	2,320,585	2,371,250
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	10,886,736	3,649,000	3,172,991	2,320,585	20,029,312

Adjustments for Capital Purposes

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- i) Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- ii) Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- iii) Taxation and Non Specific Grant Income and Expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For Services: this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure: the net interest on the defined benefit liability is charged to the CIES.

Other statutory differences

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure the other statutory adjustments column recognises adjustments to General Fund for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for district rates and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

Other non-statutory adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in the fair values of investment properties.

For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognised adjustments to service segments.

Transfer to and from reserves.

Armagh City Banbridge & Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019

3 a Expenditure and Income Analysed by Nature

Expenditure		2018/19	2017/18
	Notes	£	£
Staff Costs	7	48,012,959	43,674,675
Other Services Expenditure		45,348,871	41,959,792
Depreciation, Revaluation, Impairment	11	7,851,604	15,772,483
Interest Costs	9	3,706,346	3,667,602
Loss on the Disposal of Assets	8b	33,168	861,498
Other Expenditure	9d	59,863	64,734
Total Expenditure		105,012,811	106,000,784

Income		2018/19	2017/18
	Notes	£	£
Fees, Charges and other service Income		(18,972,736)	(19,930,546)
Interest and Investment Income	9	(154,641)	(139,469)
District rate income	10	(63,067,398)	(60,035,580)
Government grants and Contributions	10	(8,466,812)	(8,840,951)
Other Income		(330,278)	(311,381)
Total Income		(90,991,865)	(89,257,927)
(Surplus) or Deficit on the Provision of Services		14,020,946	16,742,857

b Revenue from contracts with service recipients

The Council does not receive material revenue from Contracts with Service recipients.

4 Adjustments between an Accounting Basis and Funding Basis under Regulations
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2018/19		2017/18	
		£	£	£	£
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:					
Impairments (losses & reversals) of non-current assets		-		380,978	
Derecognition (other than disposal) of non-current assets	11	-		813,746	
Investment Property Revaluation Movement to CIES	11	(15,000)		1,234,653	
Revaluation (increases)/decreases taken to Surplus/Deficit on the Provision of Services	11	(236,944)		4,791,294	
Depreciation charged in the year on non-current assets	11	8,088,548	7,836,604	8,551,812	15,772,483
Net Revenue expenditure funded from capital under statute	12		1,305,172		2,482,013
Carrying amount of non current assets sold	8	45,796		383,717	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(12,628)	33,168	(335,965)	47,752
Net charges made for retirement benefits in accordance with IAS 19	21		17,960,000		10,981,000
Direct revenue financing of Capital Expenditure	12		-		(739,826)
Capital Grants and Donated Assets Receivable and Applied in year	10		(151,321)		(692,007)
Adjustments in relation to Short-term compensated absences	27g		(30,411)		284,978
Provisions Discount Rate Reserve Adjustment	27h		35,085		571,081
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	12		(5,339,941)		(4,885,747)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(6,736,000)		(6,113,000)
			14,912,356		17,708,727

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

	Notes	2018/19		2017/18	
		£	£	£	£
Capital Fund					
From Capital		-		(241,966)	
Other	26	-	-	-	(241,966)
Other	26	-	-	(515,517)	(515,517)
Other Funds and earmarked reserves					
Other	26	(1,476,000)	(1,476,000)	3,078,068	3,078,068
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(1,476,000)		2,320,585

5 Cost of Services on Continuing Operations

a General power of competence

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

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

There was no expenditure under the power of competence during 2018/19 (nil in 2017/18).

b External Audit Fees

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

	2018/19	2017/18
	£	£
External Audit Fees	65,000	65,000
Other Fees	23,200	19,100
	88,200	84,100

The other fees of £23,200 (2017/18 £19,100) were incurred in respect of performance audit services and National Fraud Initiative work provided by the appointed auditor.

6 Operating and Finance Leases

Council as Lessor

a Finance Leases (Council as lessor)

The Council has leased out property to Banbridge Enterprise Limited on a finance lease with a remaining term of 89 years.

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

	31 March 2019	31 March 2018
	£	£
Current	931	924
Non-current	117,278	118,209
Gross Investment in the lease	118,209	119,133

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£	£	£	£
Not later than one year	931	924	931	924
Later than one year and not later than five years	3,794	3,766	3,794	3,766
Later than five years	113,484	114,443	113,484	114,443
	118,209	119,133	118,209	119,133

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated at £nil (Previous year £nil)

The accumulated allowance for uncollectable minimum lease payments receivable is £nil (comparative year £nil)

No contingent rents were recognised as receivable by the Council.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average interest rate contracted is approximately 0.73% (comparative year 0.73%)

b Operating Leases (Council as lessor)

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

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

Rental income recognised in the CIES in the current year amounts to £408,507 (2017/18 £410,184).

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 and 19 years. Future minimum lease income is set out below:

	31 March 2019	31 March 2018
	£	£
Not later than 1 year	351,267	291,784
Later than 1 year and no later than 5 years	987,050	1,045,474
Later than 5 years	342,595	568,861
	1,680,912	1,906,119

Council as Lessee

c Finance Leases (Council as lessee)

A number of Council's vehicles are held under finance leases. The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see note 11h-leased assets).

The vehicles and equipment acquired under these leases are carried in the Balance Sheet at the following net amounts:

	31 March 2019	31 March 2018
	£	£
Vehicles and Equipment	46,636	-
	46,636	-

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2019	31 March 2018
	£	£
Finance leases liabilities (net present value of minimum lease payments):		
Current	39,874	39,874
Non- Current	6,763	46,636
Minimum Lease Payments	46,637	86,510

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£	£	£	£
Not later than one year	39,874	39,874	39,874	39,874
Later than one year and not later than five years	6,763	46,636	6,763	46,636
	46,637	86,510	46,637	86,510

d Operating Leases (Council as lessee)

The Council has acquired photocopiers and land under operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2019	31 March 2018
	£	£
Not later than 1 year	104,210	52,674
Later than 1 year and no later than 5 years	250,236	69,896
Later than 5 years	334,461	337,781
Total	688,907	460,352

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

	2018/19	2017/18
	£	£
Minimum lease payments	104,804	76,402
Total	104,804	76,402

7 Employee Costs and Member Allowances

Staff Costs	2018/19	2017/18
	£	£
Salaries and Wages	37,092,946	33,710,415
Employers NIC	2,936,576	2,840,451
Employers Superannuation	6,632,585	6,023,037
Total staff costs	46,662,107	42,573,903

In addition, agency costs during the year amounted to £412,644 (2017/18 £172,928).

The Council's current contribution rate to NILGOSC scheme is 19% plus a Deficit Recovery Contribution of £498,300.

At last actuarial valuation dated 31st March 2016 the funds assets meet 96% of liabilities at that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees	2018/19	2017/18
	FTE	FTE
Place Directorate	102	89
People Directorate	849	856
Position Directorate	163	152
Performance Directorate	116	108
Total Number	1,230	1,206

	2018/19	2017/18
	Actual Numbers	Actual Numbers
Full-time numbers employed	1,000	975
Part-time numbers employed	386	390
Total Number	1,386	1,365

Senior Employees' Remuneration	2018/19	2017/18
	£	£
£50,001 to £60,000	12	16
£60,001 to £70,000	9	4
£80,001 to £90,000	1	2
£90,001 to £100,000	2	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	1
Total Number	25	24

d Members' Allowances

	2018/19	2017/18
	£	£
Basic allowance	605,113	593,763
Mayor's & Deputy Mayor's Allowance	27,053	26,523
Special Responsibility Allowances	102,745	103,497
Dependents' carers allowance	2,030	3,392
Employer costs	201,267	200,669
Mileage	42,896	51,033
Conferences and Courses	8,503	1,702
Travel & Subsistence Costs	854	2,912
Miscellaneous Costs	1,124	-
Total	991,585	983,491

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016 (previously March 2012). This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018-19, employers' contributions of £300,612 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 March 2016 was completed by the Actuary during 2018-19. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2019. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Current employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No Council employees currently avail of this scheme and no new employees are able to join as it is a closed scheme.

During the year 6 officers retired early on ill-health grounds at nil cost to Council (2017/2018: 7 officers at nil cost).

8 Other Operating Income & Expenditure**a (Surplus)/Deficit on Non-Current Assets (excl Investment Properties)**

	2018/19	2017/18
	£	£
Proceeds from sale	(12,628)	(335,965)
Carrying amount of non-current assets sold (excl Investment Properties)	45,796	383,717
	33,168	47,752

b Other Operating Income/ Expenditure

	2018/19	2017/18
	£	£
Expenditure	-	813,746
	-	813,746

Other Operating Expenditure	2018/19	2017/18
	£	£
(Surplus) / Deficit on Non Current Assets	33,168	47,752
Other Operating (Income) / Expenditure	-	813,746
	33,168	861,498

9 Financing and Investment Income and Expenditure**a Interest Payable and Similar Charges**

	2018/19	2017/18
	£	£
Lease/hire purchase interest	4,094	4,094
Bank interest	15,642	12,267
Government Loan Interest	2,325,610	2,432,241
	2,345,346	2,448,602

b Interest and Investment Income

	2018/19	2017/18
	£	£
Bank interest	37,602	15,333
Employee car loan interest	156	544
NIHE Loan interest receivable	115,400	122,933
Investment income on Fund Balances		
Other Investment income	1,483	659
	154,641	139,469

c Pensions interest costs and expected return on pensions assets

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability (asset)	1,361,000	1,219,000
	1,361,000	1,219,000

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

	2018/19	2017/18
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(315,278)	(311,381)
Expenditure	59,863	64,734
Net income from investment properties	(255,415)	(246,647)
Changes in Fair Value of Investment Properties	(15,000)	1,234,653
	(270,415)	988,006

	2018/19			2017/18		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,345,346	-	2,345,346	2,448,602	-	2,448,602
Interest and Investment Income	-	(154,641)	(154,641)	-	(139,469)	(139,469)
Pensions interest cost	1,361,000	-	1,361,000	1,219,000	-	1,219,000
Other investment income	59,863	(315,278)	(255,415)	64,734	(311,381)	(246,647)
Changes in Fair Value of Investment Properties	-	(15,000)	(15,000)	1,234,653	-	1,234,653
	3,766,209	(484,919)	3,281,290	4,966,989	(450,850)	4,516,139

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2018/19	2017/18
	£	£
General	(7,364,781)	(8,148,944)
Other	(950,710)	-
	(8,315,491)	(8,148,944)

b Capital Grants and Donated Assets - Applied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	(151,321)	(692,007)
	(151,321)	(692,007)

c District Rates

	2018/19	2017/18
	£	£
Current year	(63,067,398)	(60,035,580)
	(63,067,398)	(60,035,580)

Taxation and Non Specific Grant Income	2018/19	2017/18
	£	£
District Rate Income	(63,067,398)	(60,035,580)
Revenue Grants	(8,315,491)	(8,148,944)
Capital Grants and Contributions	(151,321)	(692,007)
	(71,534,210)	(68,876,531)

Armagh City Banbridge & Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019

11 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
Balance as at 1 April 2018	44,182,723	125,520,111	8,898,397	-	15,574,819	498,276	4,197,977	3,538,320	202,410,623	6,021,426	-	208,432,049
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	44,182,723	125,520,111	8,898,397	-	15,574,819	498,276	4,197,977	3,538,320	202,410,623	6,021,426	-	208,432,049
Additions	3,000	1,907,224	-	-	838,459	-	10,194,962	6,087	12,949,732	-	-	12,949,732
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) to Revaluation Reserve	1,056,889	(2,370,621)	(198,133)	-	-	-	-	190,216	(1,321,649)	1,794,125	-	472,476
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(20,123)	278,234	-	-	-	-	-	(21,167)	236,944	-	-	236,944
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(626,610)	-	-	-	(626,610)	-	-	(626,610)
Derecognition - Other	-	-	-	-	(26,320)	-	-	-	(26,320)	-	-	(26,320)
Derecognition - Intangibles	-	-	-	-	-	-	(10,089)	-	(10,089)	-	-	(10,089)
Reclassifications & Transfers	11,613	1,212,066	-	-	(78,772)	1,044,849	(2,397,882)	69,056	(139,070)	139,070	-	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	45,234,102	126,547,014	8,700,264	-	15,681,576	1,543,125	11,984,968	3,782,512	213,473,561	7,954,621	-	221,428,182

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	-	-	-	10,607,246	496,866	-	-	11,104,112	-	-	11,104,112
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	-	-	-	10,607,246	496,866	-	-	11,104,112	-	-	11,104,112
Depreciation Charge	-	6,411,622	297,041	-	1,332,012	-	-	-	8,040,675	47,873	-	8,088,548
Depreciation written out on Revaluation Reserve	-	(6,491,593)	(297,041)	-	-	-	-	-	(6,788,634)	-	-	(6,788,634)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	(580,814)	-	-	-	(580,814)	-	-	(580,814)
Derecognition - Other	-	-	-	-	(26,320)	-	-	-	(26,320)	-	-	(26,320)
Reclassifications & Transfers	-	79,972	-	-	(78,772)	(91,461)	-	-	(90,261)	90,261	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	-	-	11,253,352	405,405	-	-	11,658,758	138,134	-	11,796,892
Balance as at 31 March 2019	45,234,102	126,547,014	8,700,264	-	4,428,224	1,137,720	11,984,868	3,782,512	201,814,803	7,816,467	-	209,631,290

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	44,650,699	156,482,931	5,745,018	-	27,869,639	2,025,857	2,874,952	1,102,250	240,751,346	7,404,587	-	248,155,933
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2017	44,650,699	156,482,931	5,745,018	-	27,869,639	2,025,857	2,874,952	1,102,250	240,751,346	7,404,587	-	248,155,933
Additions	337,822	460,240	111,203	-	1,045,298	-	3,427,326	478,470	5,860,359	-	-	5,860,359
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	48,769	(30,355,275)	3,331,034	-	540,882	-	-	855,695	(25,578,895)	(1,383,161)	-	(26,962,056)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(568,844)	(3,904,255)	(317,160)	-	-	-	-	(1,035)	(4,791,294)	-	-	(4,791,294)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	(874,416)	-	-	-	(874,416)	-	-	(874,416)
Derecognition - Disposals	-	-	-	-	(917,461)	-	-	(260,000)	(1,177,461)	-	-	(1,177,461)
Derecognition - Other	(53,800)	(37,779)	-	-	(9,507,594)	(1,008,566)	(577,835)	-	(11,185,574)	-	-	(11,185,574)
Reclassifications & Transfers	(231,923)	2,874,249	28,302	-	(2,581,529)	(519,015)	(1,526,466)	1,362,940	(593,442)	-	-	(593,442)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	44,182,723	125,520,111	8,898,397	-	15,574,819	498,276	4,197,977	3,538,320	202,410,623	6,021,426	-	208,432,049

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	36,540,499	325,907	-	20,898,207	843,622	-	8,823	58,617,058	-	-	58,617,058
Cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2017	-	36,540,499	325,907	-	20,898,207	843,622	-	8,823	58,617,058	-	-	58,617,058
Depreciation Charge	-	7,020,079	221,829	-	1,309,436	468	-	-	8,551,812	-	-	8,551,812
Depreciation written out on Revaluation Reserve	-	(44,369,261)	(547,736)	-	-	-	-	(66,585)	(44,983,582)	-	-	(44,983,582)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
To Surplus or Deficit on the Provision of Services	-	-	-	-	(493,438)	-	-	-	(493,438)	-	-	(493,438)
Derecognition - Disposals	-	-	-	-	(784,921)	-	-	(8,823)	(793,744)	-	-	(793,744)
Derecognition - Other	-	(19,465)	-	-	(9,506,317)	(268,212)	-	-	(9,793,994)	-	-	(9,793,994)
Reclassifications & Transfers	-	828,148	-	-	(815,721)	(79,012)	-	66,585	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	-	-	-	10,607,246	496,866	-	-	11,104,112	-	-	11,104,112
Net Book Values												
Balance as at 31 March 2018	44,182,723	125,520,111	8,898,397	-	4,967,573	1,410	4,197,977	3,538,320	191,306,511	6,021,426	-	197,327,937
Balance as at 31 March 2019	45,234,102	126,547,014	8,700,264	-	4,428,224	1,137,720	11,984,968	3,782,512	201,814,804	7,816,487	-	209,631,290

11 c Property, plant and equipment

Impairment

Council has recognised an impairment reversal in relation to a number of assets of £236,944 in the financial year.

Revaluations

The last valuation of freehold and leasehold properties was carried out as at 31 March 2019 by an independent valuer from Land and Property Services (LPS). Please refer to Note 1a(xx) for further information on revaluation and depreciation policies. Assets included in the Balance Sheet at fair value are revalued on a 5 year rolling basis with 20% of assets being subject to a physical valuation each year and the remaining 80% having a desktop revaluation carried out. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Intangible Assets, which relate solely to market rights, were also valued by LPS as at 31 March 2019.

A range of categories of heritage assets held at various council locations including FE McWilliam Gallery and Studio, the Civic Buildings and some Town Halls were valued as at 31 March 2019.

Non-operational Property, Plant and Equipment (Surplus Assets)

The Council holds a number of non operational properties included under Surplus Assets in note 11.

d Intangible Assets

The Council also owns Intangible Assets which relate solely to market rights. The assets are not amortised.

Intangible Assets	2018/19	2017/18
	£	£
Balance at start of year:		
Gross carrying amounts	10,000	10,000
Accumulated amortisation	-	-
Net carrying amount at start of year	10,000	10,000
Other Changes	-	-
Net carrying amount at end of year	10,000	10,000

Comprising:		
Gross carrying amounts	10,000	10,000
Accumulated amortisation	-	-
Net carrying amount at end of year	10,000	10,000

Intangible Assets	31/03/2019	31/03/2018
	£	£
Market Trading Rights	10,000	10,000
	10,000	10,000

e Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

Investment Properties	31/03/2019	31/03/2018
	£	£
Rental and Other Income	315,278	311,381
Direct Operating expenses arising from investment properties	(59,863)	(64,734)
Net gain/(loss)	255,415	246,647

The Council investment properties consist of shop units and offices.

The following table summaries the movement in the fair value of investment properties over the year:

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	2,855,000	3,496,211
Additions	-	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	15,000	(1,234,653)
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	-	593,442
Other changes	-	-
Balance at end of the year	2,870,000	2,855,000

Valuation process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by an independent valuer from Land and Property Services (LPS), in accordance with the methodologies and bases for estimate set out in the professional standards of the Royal Institution of Chartered Surveyors.

f Heritage Assets

Heritage assets held at various council locations including FE McWilliam Gallery & Studio, the Civic Buildings and some Town Halls were valued as at 31 March 2019.

Other heritage asset disclosures are included at note 1a(xxi).

g Assets Held for Sale

The Council had no long-term assets that it intended to dispose of as at year end.

h Long-Term Assets - Leased Assets

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2018	468,053	92,565	560,618
Revaluation	1,533		1,533
Additions	-	-	-
Disposals	(105,000)	(6,100)	(111,100)
At 31 March 2019	364,586	86,465	451,051
Depreciation			
At 1 April 2018	318,285	25,507	343,792
Disposals	(61,250)	(6,100)	(67,350)
Provided for year	25,795	10,060	35,855
At 31 March 2019	282,830	29,467	312,297
Net Book Value	81,756	56,998	138,754

	Vehicles £	Equipment £	TOTAL £
Cost or Valuation			
At 1 April 2017	424,604	375,858	800,462
Adjustments to opening Balance	(30,000)	(283,293)	(313,293)
Revaluation	73,449		73,449
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	468,053	92,565	560,618
Depreciation			
At 1 April 2017	318,331	231,753	550,084
Adjustments to opening Balances	(30,000)	(216,306)	(246,306)
Revaluation			-
Disposals	-	-	-
Provided for year	29,954	10,060	40,014
At 31 March 2018	318,285	25,507	343,792
Net Book Value	149,768	67,058	216,826

I Fair Value Hierarchy for Surplus Assets

Valuation Process for Surplus Assets

The fair value of the Council's Surplus Assets is measured annually by external valuers. All valuations were carried out externally by Land & Property Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2018/19 £	2017/18 £
Opening Capital Financing Requirement		67,938,102	66,491,145
Capital Investment			
Property, Plant and Equipment	11	12,949,732	5,860,359
Investment Properties		-	-
Intangible Assets		-	-
Revenue Expenditure Funded from Capital under Statute		1,305,172	2,482,013
Derecognise Other/REFCUS Investments	11	(10,089)	(577,835)
Sources of Finance			
Capital Receipts	26	(887,027)	-
Government Grants and Other Contributions	10	(151,321)	(692,007)
Transfers from Earmarked Reserves	26	(467,984)	-
Sums set aside from Revenue:			
Direct Revenue Contributions		-	(739,826)
Minimum Revenue Provision		(5,339,941)	(4,885,747)
Closing Capital Financing Requirement		75,336,644	67,938,102
Explanation of Movements in Year		2018/19 £	2017/18 £
Increase in underlying need to borrow		7,398,542	1,446,957
Assets acquired under finance leases		-	-
Assets acquired under PFI/PPP contracts		-	-
Increase/(decrease) in Capital Financing Requirement		7,398,542	1,446,957

13 Future Capital Commitments

The Council has an ongoing programme of capital works including the following:

Schemes underway at year end amounted to £40m, the majority of which relates to the South Lake Leisure Centre.

	Gross Cost £	Grant Aid £	Net Cost £
Schemes underway	41,832,500	1,581,750	40,250,750
Total	41,832,500	1,581,750	40,250,750

Inventories	2018/19 £	2017/18 £
Oil and Fuel	84,249	52,042
Stores	173,539	193,252
Other Stock	88,655	99,706
Total	346,443	345,000

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £10,622.

15 Debtors		
a Long Term Debtors		
	2018/19	2017/18
	£	£
Government Departments	-	-
Other Councils	-	-
Public corporations and trading funds	-	-
Bodies external to general government	-	-
Employee car loans	-	-
Revenue Grants	-	-
Capital Grants	-	-
Interest Receivable	-	-
Capital Debtors	-	-
Loans and advances	-	-
Finance lease debtors	-	-
Trade debtors	-	-
NIHE Loans	1,267,848	1,387,885
Other	150,659	155,644
Impairment of loans and receivables	-	-
Contract Receivables	-	-
Total Long-Term Debtors	1,418,507	1,543,529

b Short Term Debtors		
	2018/19	2017/18
	£	£
Government Departments	4,619,863	5,476,162
Other Councils	143,787	195,453
Public corporations and trading funds	-	-
Bodies external to general government	376,207	125,375
NIHE loans	120,037	344,578
Employee car loans	-	1,227
Revenue Grants	-	-
Capital Grants	53,000	-
Interest Receivable	-	1,700
Capital Debtors	-	32,322
Value Added Tax	1,776,844	1,361,183
Prepayments	322,249	288,669
Finance lease debtors	-	924
Other	109,830	75,399
Trade receivables	350,168	411,782
Impairment loss - Trade receivables	(266,025)	(217,622)
Contract Receivables	-	-
Total Short-Term Debtors	7,605,960	8,097,152

Total Debtors	9,024,467	9,640,681
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The largest proportion of the reduction of the Council's debtors relates to the movement in the Government Grants.

16 Investments		
a Long Term Investments		
	2018/19	2017/18
	£	£
Investments - general	-	-
Investments - repairs and renewals	-	-
Investments - capital fund	-	-
Investments - other	-	-
Total Long-term Investments	-	-

Analysed over:		
	2018/19	2017/18
	£	£
Money market deposits	-	-
Other deposits	-	-
Total Long-term Investments	-	-

b Short-Term Investments			2018/19	2017/18
			£	£
Investments - general			-	-
Investments - repairs and renewals			-	-
Investments - capital fund			-	-
Investments - other			-	-
Total Short-term Investments			-	-

Analysed over:			2018/19	2017/18
			£	£
Money market deposits			-	-
Other deposits			-	-
Total Short-term Investments			-	-

Total Long Term and Short-term Investments			-	-
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17 Borrowings				
a Short Term Borrowing			2018/19	2017/18
			£	£
Loans re-payable within one year			1,958,733	2,089,422
Finance Lease Principal			39,874	39,874
Total Short Term Borrowing			1,998,607	2,129,296

b Long Term Borrowing			2018/19	2017/18
			£	£
Between 1 and 2 years			1,941,200	1,958,733
Between 2 and 5 years			7,622,142	6,695,272
Between 5 and 10 years			9,866,927	11,312,839
In more than 10 years			19,240,397	20,745,724
Analysed over:				
Loans			5,000,000	5,000,000
Government Loans Fund			33,670,666	35,712,568

Interest rates on Government Loans and the Lender Option Borrower options (LOBO) Loans range from 3% to 15.75%.

Total Long Term Borrowing			38,670,666	40,712,568
Total Borrowing			40,669,273	42,841,864

18 Creditors				
a Short Term Creditors			2018/19	2017/18
			£	£
Government Departments			762,461	754,839
Other Councils			81,321	54,129
Public corporations and trading funds			-	-
Bodies external to general government			-	600
Rates clawback			-	-
VAT			187,395	245,945
Remuneration due to employees			3,923,241	1,465,294
Accumulated Absences			952,742	983,153
Loan Interest Payable			-	-
Capital Creditors			-	-
Receipts in advance			911,405	708,114
Trade creditors			-	-
Other			6,945,212	6,214,232
Contract Payables			-	-
Total Short Term Creditors			13,763,777	10,426,306

The largest proportion of Council's creditors increase relates to remuneration to employees.

b Long Term Creditors		2018/19	2017/18
Other creditors falling due after more than one year		£	£
Other		29,889	30,489
Contract Payables		-	-
Total Long Term Creditors		29,889	30,489
Total Creditors		13,793,666	10,456,795

c Payment of Invoices

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 30,766 invoices totalling £54,973,674. (2017/18 - 30,610 invoices totalling £48,077,025).

The number of disputed invoices were 881.

The Council paid:

22,894 (74.4%) invoices with 30 calendar days target; (17,504 (57.2%) - 2017/18)
 6,784 (22%) invoices within 10 working days target; (5,657 (18.5%) - 2017/18) and
 7,872 (25.6%) invoices outside of the 30 day target. (13,106 (42.8%) - 2017/18)

The average number of days taken to pay suppliers during the year was 20.78 days. (24.81 days 2017/18)

19

Provisions	Balance as at 1 April 2018 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2019 £
Landfill closure - Craigavon	3,550,576	57,396	(51,497)	-	47,713	3,604,188
Single Status	386,185	13,047	-	-	-	399,232
Legal Issues	500,000	-	-	-	-	500,000
Landfill - Armagh	-	-	-	-	-	-
Total	4,436,761	70,443	(51,497)	-	47,713	4,503,420

Current Provisions	386,185	13,047	-	-	-	399,232
Long Term Provisions	4,050,576	57,396	(51,497)	-	47,713	4,104,188
Total	4,436,761	70,443	(51,497)	-	47,713	4,503,420

Comparative Year

Provisions	Balance as at 1 April 2017 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2018 £
Landfill closure - Craigavon	2,564,495	475,259	(60,259)	-	571,081	3,550,576
Single Status	416,921	89,017	(119,753)	-	-	386,185
Legal Issues	400,000	100,000	-	-	-	500,000
Landfill - Armagh	141,019	-	(136,698)	(4,321)	-	-
Total	3,522,435	664,276	(316,710)	(4,321)	571,081	4,436,761

Current Provisions	416,921	89,017	(119,753)	-	-	386,185
Long Term Provisions	3,105,514	575,259	(196,957)	(4,321)	571,081	4,050,576
Total	3,522,435	664,276	(316,710)	(4,321)	571,081	4,436,761

Landfill closure - Craigavon

NI Environment Agency required that an adequate provision is made for landfill aftercare costs. This was formally revalued in 2018/19 by an external company to ensure that the provision is an adequate estimate for the landfill cost liability. During 2017/18 the Council sought independent external professional advice from its financial advisors, Artingclose regarding discount rates for landfill. Based on the advice provided, discount rates based on PWLB borrowing rates factored for inflation have been applied. These have been updated for 2018/19 rates. The movement relating to the discount rates has been mitigated via the Provision Discount Rates Reserves in the unusable reserves in Note 27h.

Single Status

This provision is set aside to provide for costs associated with a review of salaries and wages. This process should be completed during the 2019/20 financial year.

Legal Issues

The provision is set aside for potential legal costs and repayment claims that are currently on-going.

20 Financial Instruments

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. A collective assessment of the outstanding debt balances, was completed based on the Council's credit control procedures and an allowance for impairment loss for trade receivables has been included.

Liquidity Risk

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

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and deposits but the potential risk and exposure is minimal during 2018/19. The Council is in receipt of loans from the Department of Finance, however these loans are at fixed concessionary interest rates that differ from the prevailing market rates.

Foreign Exchange Risk

The Council has a Euro bank account for payments however due to the size of the bank balance this would not be considered a material exposure to loss arising from movements in exchange rates.

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £58,807,205 broken down as follows:

	£
Government Loans	52,476,205
Market Loans	6,331,000
Total	58,807,205

The fair value of these loans is not included in the provision of services.

The Council made a loan to an organisation at less than market rates (soft loans). Thus the fair value of the loan would be less than the amount of the cash lent. The fair value is included below, however the amount taken to the provision of services is immaterial.

Voluntary Body in Receipt of Loan	Amount	Amount	Repayment Due
	£ 2018/19	£ 2017/18	
Armagh Business Centre	36,767	40,000	30/06/2028

21 Retirement Benefits

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

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

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

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

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	2018/19 £	2017/18 £
Net cost of services:			
Current service cost		10,468,000	9,598,000
Past service cost/(gain)		6,131,000	164,000
Gains and losses on settlements or curtailments		-	-
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		1,361,000	1,219,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		17,960,000	10,981,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(17,960,000)	(10,981,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		6,736,000	6,113,000
Net adjustment to General Fund		(11,224,000)	(4,868,000)

The service cost figures include an allowance for administration expenses of £0.126m (1.2%).

Remeasurements recognised in Other Comprehensive Income and Expenditure			
	Note	2018/19 £	2017/18 £
Liability (gains)/losses due to change in assumptions		16,874,000	4,865,000
Liability (gains)/losses due to due to demographic changes		(11,514,000)	-
Liability experience (gains)/losses arising in the year		255,000	823,000
Actuarial (gains)/losses on plan assets		(9,364,000)	(4,783,000)
Other		-	-
Total (gains)/losses recognised in Other Comprehensive Income and Expenditure		(3,749,000)	905,000

Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2018/19 £	2017/18 £
Balance as at 1 April		256,618,000	237,529,000
Current service cost		10,468,000	9,598,000
Interest cost		6,641,000	6,145,000
Contributions by members		1,985,000	1,879,000
Remeasurement (gains) and losses:			
Actuarial (gains)/losses arising from changes in financial assumptions		16,874,000	4,865,000
Actuarial (gains)/losses arising from demographic changes		(11,514,000)	-
Actuarial (gains)/losses arising on liabilities from experience		255,000	823,000
Other (if applicable)		-	-
Past service costs/(gains)		6,131,000	164,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(93,000)	(92,000)
Estimated benefits paid		(4,427,000)	(4,293,000)
Balance as at 31 March		282,938,000	256,618,000

Reconciliation of present value of the scheme assets:			
	Note	2018/19 £	2017/18 £
Balance as at 1 April		200,915,000	187,599,000
Interest Income		5,280,000	4,926,000
Contributions by members		1,985,000	1,879,000
Contributions by employer		6,643,000	6,021,000
Contributions in respect of unfunded benefits		93,000	92,000
Remeasurement gain/(loss)		9,364,000	4,783,000
Assets distributed on settlements		-	-
Unfunded benefits paid		(93,000)	(92,000)
Benefits paid		(4,427,000)	(4,293,000)
Balance as at 31 March		219,760,000	200,915,000

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

The actual return on scheme assets in the year was a gain of £14.644m (2017/18 gain of £9.709m).

Fair Value of Plan Assets		
	2018/19 £	2017/18 £
Equity investments	130,757,200	143,453,310
Bonds	51,643,600	24,913,460
Property	24,613,120	20,091,500
Cash	5,933,520	9,041,175
Other	6,812,560	3,415,555
219,760,000		200,915,000

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):

	2018/19 £	2017/18 £
Fair Value of Employer Assets	219,760,000	200,915,000
Present value of funded defined benefit obligation	(281,632,000)	(255,231,000)
Pension asset/(liability) of Funded Scheme	(61,872,000)	(54,316,000)
Present Value of unfunded defined benefit obligation	(1,306,000)	(1,387,000)
Other movement in the liability (asset) (if applicable)	-	-
Net asset/(liability) arising from the defined benefit obligation	(63,178,000)	(55,703,000)
Amount in the Balance sheet:		
Liabilities	(63,178,000)	(55,703,000)
Assets	-	-
Net Asset/(Liability)	(63,178,000)	(55,703,000)

Scheme History

Analysis of scheme assets and liabilities	2018/19 £	2017/18 £
Fair Value of Assets in pension scheme	219,760,000	200,915,000
Present Value of Defined Benefit Obligation	(282,938,000)	(256,618,000)

Surplus/(deficit) in the Scheme	(63,178,000)	(55,703,000)
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Amount recognised in Other Comprehensive Income and Expenditure:	2018/19 £	2017/18 £
Actuarial (gains)/losses	5,615,000	5,688,000
Expected Return on Plan Assets	(9,364,000)	(4,783,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurements recognised in Other Comprehensive Income and Expenditure	(3,749,000)	905,000
Cumulative actuarial (gains) and losses	12,742,000	16,491,000
History of experience gains and losses:		
Experience (gains) and losses on assets	(9,364,000)	(4,783,000)
Experience (gains) and losses on liabilities	5,615,000	5,688,000

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £63.178m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net Liability of £63.178m.

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 CIES for the year to 31 March 2020

	31/03/2020 £	31/03/2020 %
Projected current cost	11,181,000	34.2%
Net Interest on the net defined benefit liability (asset)	1,288,000	3.9%
Past service cost	-	0.0%
Gains and losses on settlements or curtailments	-	0.0%
	12,469,000	38.1%

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 2020 is £7.133m, of which £0.095m relates to unfunded benefits.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

	2018/19	2017/18
	%	%
Experience gains and losses on Assets	4.26%	2.38%
Experience gains and losses on Liabilities	1.98%	2.22%

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 Limited, 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 2019.

Pension scheme assumptions:	2018/19	2017/18
	%	%
Equity investments	59.5%	71.4%
Bonds	23.5%	12.4%
Property	11.2%	10.0%
Cash	2.7%	4.5%
Other	3.1%	1.7%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	22.6	23.3
Women	24.9	25.9
<i>Longevity at 65 for future pensioners:</i>		
Men	24.3	25.5
Women	26.7	28.2
Inflation/Pension Increase Rate	2.20%	2.10%
Salary Increase Rate	3.70%	3.60%
Expected Return on Assets	7.20%	5.10%
Discount Rate	2.40%	2.60%
Pension accounts revaluation rate	2.20%	2.10%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value (£275.688m) of the funded defined benefit obligation as at 31 March 2019 and the projected service cost (£11.181m) for the period ending 31 March 2020 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	269,962,000	281,536,000
% change in the present value of the total obligation	-2.10%	2.10%
Projected service cost	10,850,000	11,521,000
Approximate % change in projected service cost	-3.00%	3.00%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	277,565,000	273,831,000
% change in the present value of the total obligation	0.70%	-0.70%
Projected service cost	11,181,000	11,181,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions In Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	279,638,000	271,798,000
% change in the present value of the total obligation	1.40%	-1.40%
Projected service cost	11,521,000	10,850,000
Approximate % change in projected service cost	3.00%	3.00%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	284,475,000	266,977,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	11,605,000	10,761,000
Approximate % change in projected service cost	3.80%	-3.80%

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

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:

	31/03/2019 %	31/03/2018 %
Equity investments	59.50%	71.40%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2016 (previously March 2012). This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

h Allowance for the McCloud Judgement and GMP Indexation/Equalisation

Retirement Benefits Note 21 includes an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

The additional liability is shown as a Past Service Cost over the accounting period based on an effective date of 31 March 2019.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

While the judgement was not in relation to members with Local Government Pension Scheme (NI) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NI).

The additional liability was calculated to be 3.2% of the Council's active liabilities using a salary increase assumption of 1.5% above CPI inflation

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NI) was contracted out.

The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time.

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMP's in line with CPI inflation for those reaching Second State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

22 Donated Assets Account	Note	2018/19 £	2017/18 £
Opening balance		-	-
Add: new donated assets received (condition of use not met)		-	-
Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account		-	-
		-	-

Analysis of Donated Assets Account

The Council has no donated assets.

23 Capital Grants Received in Advance	Note	2018/19 £	2017/18 £
Opening balance		-	-
Add: new capital grants received in advance (condition of use not met)		-	-
Less: amounts released to the Comprehensive Income and Expenditure Statement		-	-
		-	-

Analysis of Capital Grants Receipts in Advance Balance

The Council utilised all Capital Grants received in year.

24 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:

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

Holiday Pay on Overtime:

The Council is actively considering matters in respect of holiday pay on overtime following a recent ruling with regards to another public sector body.

Legal:

The Council has a number of ongoing outstanding legal cases the outcomes of which are unclear at this point in time and are difficult to predict.

Armagh City Banbridge & Craigavon Borough Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019

25 Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements			
	Notes	2018/19	2017/18
		£	£
Depreciation	11	8,088,548	8,551,812
Impairment & downward revaluations (& non-sale derecognitions)	11	(236,944)	7,220,671
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories	14	(1,443)	(17,111)
(Increase)/Decrease in Debtors	15	567,811	(2,016,788)
Increase/(decrease) in impairment provision for bad debts	15	48,403	(14,303)
Increase/(Decrease) in Creditors	18	3,282,926	1,038,291
Increase/(Decrease) in Interest Creditors		-	-
Net movements in Pension Reserve	21	11,224,000	4,868,000
Carrying amount of non-current assets sold	8	45,796	383,717
AIC/WIP written off to Net Cost of Services	11	-	577,834
Movement in provisions	19	66,659	914,326
Movement in value of investment properties		(15,000)	-
Amounts posted to CIES from Donated Assets Account		-	-
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		23,070,756	21,506,449

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2018/19	2017/18
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets	8	(12,628)	(335,965)
Capital grants included in "Taxation & non-specific grant income"	10	(151,321)	(692,007)
		(163,949)	(1,027,972)

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:

	2018/19	2017/18	2016/17
	£	£	£
Cash and Bank balances	789,948	1,838,302	7,640,775
Short Term Deposits (considered to be Cash Equivalents)	-	5,000,000	2,000,000
Short Term Investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	-	-	-
	789,948	6,838,302	9,640,775

Council holds monies on behalf of Anderson Trust, a third party Coal Fund which Council administers and makes annual contributions to the charity on its behalf. As at 31 March 2019 third party investments totalled £29,889 (2017-18 £30,489) .

Council administers and operates an Oil Stamp Savings Scheme as part of a Public Health Agency funded project in which retailers supply saving stamps to individuals, lodge the funds and Council reimburses the Oil Companies on redemption of the stamps.

c Cash Flow Statement: Operating Activities

	2018/19	2017/18
	£	£
The cash flows from operating activities include:		
Interest received	154,641	139,469
Interest paid	2,345,346	2,448,602

d Cash flows from Investing Activities

	2018/19	2017/18
	£	£
Purchase of PP&E, investment property and intangible	(12,885,698)	(5,331,848)
Purchase of Short Term Investments (not considered to be cash equivalents)	-	-
Purchase of Long Term Investments	-	-
Other Payments for Investing Activities	-	-
Proceeds from the sale of PP&E, investment property and intangible assets	12,628	335,965
Proceeds from Short Term Investments (not considered to be cash equivalents)	-	-
Proceeds from Long Term Investments	-	-
Capital Grants and Contributions Received	151,321	692,007
Other Receipts from Investing Activities	-	-
Net Cash flows from Investing Activities	(12,721,749)	(4,303,876)

e Cash flows from Financing Activities	2018/19	2017/18
	£	£
Cash Receipts from Short and Long Term Borrowing	-	-
Other Receipts from Financing Activities	-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	-	-
Repayment of Short and Long Term Borrowing	(2,212,465)	(2,234,217)
Other payments for Financing Activities	-	-
Net Cash flows from Financing Activities	(2,212,465)	(2,234,217)

26 Usable Reserves

a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		874,399	538,434
Movement			
		-	-
Proceeds from Sale of Property, Plant and Equipment	8	12,628	335,965
Capital Receipts used to finance capital expenditure	3, 11	(887,027)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		-	-
Other Movements		-	-
At 31 March		-	874,399

b Capital Grants Unapplied Account

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

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

Capital Grants Unapplied account		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			-	-
Movement				
Unapplied Capital Grants received in year			-	-
Unapplied Capital Grants transferred to CAA in year			-	-
At 31 March			-	-

c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Capital Fund		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			4,316,063	4,074,097
Transfers between statutory & other reserves & the General Fund	4		-	241,966
Transfers between Capital Fund & CAA to finance Capital Expenditure	12		(467,984)	-
At 31 March			3,848,079	4,316,063

Analysis		£
South Lake Leisure Centre		3,348,079
Armagh Gaol		500,000
Total		3,848,079

d Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Renewal and Repairs Fund		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			515,517	-
Transfers between statutory & other reserves & the General Fund	4		-	515,517
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure			-	-
At 31 March			515,517	515,517

Analysis		£
Repairs and Renewal		515,517
Total		515,517

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		2,445,728	5,523,796
Transfers between statutory & other reserves & the General Fund	4b	1,476,000	(3,078,068)
Transfers between Capital Fund/Renewal & Repair Fund &		-	-
At 31 March		3,921,728	2,445,728

Analysis	31/03/2019	31/03/2018
	£	£
Development Fund	1,529,000	1,000,000
Transformation Fund	1,000,000	-
Backlog Maintenance	758,000	1,000,000
Financial Assistance	450,000	240,000
Economic Regeneration & Public Realm	184,728	205,728
Total	3,921,728	2,445,728

This reserve is used to fund Economic Regeneration projects, Backlog maintenance, Development Fund, Transformation fund and Financial Assistance. During the year there was a redistribution of funds between projects based on revised cost estimates.

f General Fund

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

General Fund	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		20,382,555	17,096,102
Applied Capital Grants	10, 12	(151,321)	(692,007)
Unapplied Capital Grants received in year		-	-
Direct Revenue Financing	4, 12	-	(739,826)
Depreciation and Impairment adjustment	4	7,836,604	15,772,483
Statutory Provision for financing Capital Investment	4	(5,339,941)	(4,885,747)
Net Revenue expenditure funded from capital under statute	4, 12	1,305,172	2,482,013
Surplus/(Deficit) on the Provision of Services	CIES	(14,020,947)	(16,742,859)
Transfers between Statutory and Other Reserves and the General Fund	4	(1,476,000)	2,320,585
Net movements on Pension Reserve	4, 21	11,224,000	4,868,000
Disposal of Fixed Assets/Capital Sales	3, 4	33,168	47,752
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(30,411)	284,978
Other Movements		35,085	571,081
At 31 March		19,797,964	20,382,555

27 Unuseable Reserves

a Capital Adjustment Account

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

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

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

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

Capital Adjustment Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		50,799,271	58,349,258
Applied Capital Grants	10, 12	151,321	692,007
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue Financing	4, 12	-	739,826
Depreciation & Impairment adjustment	11	(7,836,604)	(15,772,483)
Statutory Provision for financing Capital Investment	4, 12	5,339,941	4,885,747
Net Revenue expenditure funded from Capital under	4, 12	(1,305,172)	(2,482,013)
Disposal of Fixed Assets/ Capital Sales	4, 11	(45,796)	(383,717)
Capital Receipts used to finance capital expenditure	4, 12	887,027	-
Other Movements - CAA/Revaluation	27c	2,839,740	4,770,646
Other Movements		-	-
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	467,984	-
At 31 March		51,297,712	50,799,271

b Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		-	-
Transfers in / out on adoption of IFRS9 - Financial Instruments		-	-
Difference between finance and other costs and income		-	-
At 31 March		-	-

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

c 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 are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		81,455,564	68,204,686
Revaluation & Impairment	11	7,261,110	18,021,526
Movements from associates & joint ventures			-
Other Movements	27a	(2,839,740)	(4,770,648)
At 31 March		85,876,934	81,455,564

d Available for Sale Financial Instruments Adjustment Reserve and Financial Instruments Revaluation Reserve

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

Available for Sale Financial Instruments Adjustment Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		-	-
Transfers out on adoption of IFRS 9 - Financial Instruments		-	-
Revaluation & Impairment		-	-
At 31 March		-	-

Financial Instruments Revaluation Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		-	-
Transfers in on adoption of IFRS 9 - Financial Instruments		-	-
Revaluation & Impairment		-	-
At 31 March		-	-

e Pension Reserve

Pension Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(55,703,000)	(49,930,000)
Net Movements on Pension Reserve	4, 21	(11,224,000)	(4,868,000)
Revaluation & Impairment	21	3,749,000	(905,000)
At 31 March		(63,178,000)	(55,703,000)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

f Deferred Capital Receipts Account

The Deferred Capital Receipts Account holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Capital Receipts Deferred Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		-	-
Other Movements		-	-
At 31 March		-	-

g Accumulated Absences Account

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

Accumulated Absences Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(983,152)	(698,174)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	30,411	(284,978)
At 31 March		(952,742)	(983,152)

h Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DfC circular LG 17/2018), 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.

Provisions Discount Rate Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(571,081)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(35,085)	(571,081)
Other Movements		-	-
At 31 March		(606,166)	(571,081)

28 Disclosure on Transition to IFRS 15

The Council has assessed the impact of adopting IFRS 15 and has not adjusted any balances due to materiality. The following tables show the impact of adopting IFRS 15 on the Council's accounts for the year

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

	Impact of changes in accounting policies		
	As reported (2018/19)	Adjustments	Amounts without adoption of IFRS 15
Income from the provision of services	(18,972,736)	-	(18,972,736)
Expenditure on the provision of services	101,213,434	-	101,213,434
Net expenditure on the provision of services	82,240,698	-	82,240,698
Other operating expenditure	33,168	-	33,168
Financing and investment income and expenditure	3,281,290	-	3,281,290
Surplus or deficit on discontinued operations	-	-	-
Taxation and non-specific grant income and expenditure	(71,534,210)	-	(71,534,210)
(Surplus) or Deficit on Provision of Services	14,020,946	-	14,020,946
Other Comprehensive Income and Expenditure	(11,010,110)	-	(11,010,110)
Total Comprehensive Income and Expenditure	3,010,836	-	3,010,836

Movement In Reserve Statement during 2018/19

	Impact of changes in accounting policies		
	As reported (2018/19)	Adjustments	Amounts without adoption of IFRS 15
Balance at 31 March 2018 Brought Forward	103,531,865	-	103,531,865
Total Comprehensive Income and Expenditure	(3,010,836)	-	(3,010,836)
Adjustments between the accounting basis and the funding basis under regulations	0	-	0
Increase or Decrease in 2018/19	(3,010,836)	-	(3,010,836)
Balance at 31 March 2019 carried forward	100,521,029	-	100,521,029

Balance Sheet as at 31 March 2019

	Impact of changes in accounting policies		
	As reported (2018/19)	Adjustments	Amounts without adoption of IFRS 15
Long-term assets	213,929,798	-	213,929,798
Contract costs	-	-	-
Trade and other receivables	7,605,960	-	7,605,960
Contract assets	-	-	-
Other	1,136,391	-	1,136,391
Current assets	8,742,351	-	8,742,351
Trade and other payables	13,763,777	-	13,763,777
Contract Liabilities	-	-	-
Other	2,397,839	-	2,397,839
Current liabilities	16,161,616	-	16,161,616
Long-term liabilities	105,989,506	-	105,989,506
Net Assets	100,521,027	-	100,521,027
Usable Reserves	28,083,289	-	28,083,289
Unusable Reserves	72,437,738	-	72,437,738
Total Reserves	100,521,027	-	100,521,027

Cash Flow Statement for the year ended 31 March 2019

	Impact of changes in accounting policies		
	As reported (2018/19)	Adjustments	Amounts without adoption of IFRS 15
Net (Surplus) or Deficit on the provision of services	(14,020,946)	-	(14,020,946)
Adjustments to net surplus or deficit on the provision of services for non-cash movements		-	-
Increase/ Decrease in:			
Inventories	(1,443)	-	(1,443)
Contract Costs	-	-	-
Contract assets	-	-	-
Trade and other receivables	567,811	-	567,811
Trade and other payables	3,282,926	-	3,282,926
Contract Liabilities	-	-	-
Deferred Revenue	-	-	-
Other	19,221,462	-	19,221,462
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(163,949)	-	(163,949)
Net cash flows from Operating Activities	8,885,861	-	8,885,861
Investing Activities	(12,721,749)	-	(12,721,749)
Financing Activities	(2,212,465)	-	(2,212,465)
Net increase or decrease in cash and cash equivalents	(6,048,353)	-	(6,048,353)
Cash and cash equivalents at the beginning of the reporting period	6,838,302	-	6,838,302
Cash & cash equivalents at the end of the reporting period	789,949	-	789,949

The objective of this note is to ensure that the Council discloses sufficient information to enable users of its financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with service recipients.

29 Significant Trading Operations

The Council does not have any significant trading operations.

30 Agency Services

The Council does not engage in any agency services.

31 Joint Arrangements

The Council does not have any transactions in this area.

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

Council received an annual operating grant and a special one off payment from the Department for Communities. During 2018/19 it received £7.3m in grant and a one off payment of £1m (2017/18 £8.1m) as reported in note 10a.

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 is as follows:

The Council paid grants of £638,761 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.

Membership of External Bodies	Councillors	Grants	Other
	No	£	£
Armagh, Banbridge and Craigavon Sports Forum	6	62,283	
East Border Region Board	3	20,000	
ICBAN	4	12,500	
National Association of Councillors	8		4,408
NI Amenity Council	2		2,600
NILGA	8	-	6,791
PCSP	10	185,199	
Portadown 2000	2	348,607	990
Somme Advisory Council	2	10,172	1,200
	45	638,761	15,989

Council is represented by 10 Councillors on the Policing & Community Safety Partnership, one of which acts as Chairperson. During 2018/19 Council provided £185k of funding to the Partnership and annually provides legal, financial and personnel services for which it received £nil grant in 2018/19 (2017/18 £nil).

Councillors were also associated with the following organisations to which no payments were made during 18/19.

Membership of External Bodies**Councillors**

	No
Armagh City Centre Management Committee	3
Armagh City Centre Townscape Heritage Partnership	4
Community Development Member Reference Group	10
Community Planning Strategic Partnership	4
Craigavon Heartown Initiative	1
East Border Region Members Forum	3
Elected Member Development Charter	5
Local Action Group (LAG)	12
Mall Steering Group	4
NI Local Government Partner on Travellers Issues	3
NILGA Community Planning and Well-Being Elected Member Network	2
NILGA Planning and Regeneration Elected Member Network	2
Northern Ireland Housing Council	1
Partnership Panel For Northern Ireland	1
Peace IV Partnership	9
Portadown People's Park Reference Group	4
Refugee Working Group	6
Reserve Cadet Forces and Cadets Association for NI	1

75

Payments were also made During 18/19 to the following Local Authorities

	Payment
	£
Ards and North Down Borough Council	9,565
Mid and East Antrim Borough Council	868
Lisburn and Castlereagh City Council	109,200
Mid Ulster District Council	94,547
Newry Mourne & Down District Council	9,799
Belfast City Council	68,625
Fermanagh and Omagh District Council	3,123
Derry City and Strabane District Council	3,102
Antrim Newtownabbey Borough Council	892

299,721

33 Prior Year Re - statement

Council has no prior year restatements

34 Events after the Reporting Period

The Council has no events to report

The Chief Financial Officer authorised these financial statements for issue on **30** September 2019.